

WICKHAM MICHAEL W
Form 4
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FORM 4

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

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
WICKHAM MICHAEL W

(Last) (First) (Middle)

82 ISLAND ESTATES PARKWAY

(Street)

PALM COAST, FL 32137

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

REPUBLIC SERVICES INC [RSG]

3. Date of Earliest Transaction (Month/Day/Year)

01/01/2009

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Title and Amount of Derivative Securities (Instr. 3 and 4)
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ABOUT THIS PROSPECTUS SUPPLEMENT, THE PROSPECTUS AND THE PRICING SUPPLEMENTS

Except as the context otherwise requires or as otherwise specified in this prospectus supplement or the accompanying prospectus, as used herein, the terms the Company, CFC, we, us, and our refer to National Rural Utilities Cooperative Finance Corporation only. References in this prospectus supplement to U.S. dollars or U.S. \$ or \$ are to the currency of the United States of America.

CFC may use this prospectus supplement, together with the accompanying prospectus and an attached pricing supplement, to offer CFC's Medium-Term Notes, Series D, from time to time.

This prospectus supplement sets forth certain terms of the notes that CFC may offer. It supplements the description of the notes contained in the accompanying prospectus. If information in this prospectus supplement is inconsistent with the accompanying prospectus, this prospectus supplement will apply and supersede that information in the accompanying prospectus.

Each time CFC issues notes, it will attach a pricing supplement to this prospectus supplement and the accompanying prospectus. The pricing supplement will contain the specific description of the notes being offered and the terms of the offering. The pricing supplement may also add, update or change information in this prospectus supplement or the accompanying prospectus. Any information in the pricing supplement, including any changes in the method of calculating interest on any note, that is inconsistent with this prospectus supplement or the accompanying prospectus will apply and supersede that information in this prospectus supplement or the accompanying prospectus.

When we refer to the prospectus, we mean the prospectus that accompanies this prospectus supplement. When we refer to a pricing supplement, we mean the pricing supplement we file with respect to a particular note.

It is important for you to read and consider all the information contained in this prospectus supplement, the prospectus and the applicable pricing supplement, together with the documents incorporated by reference and the additional information described in *Where You Can Find More Information* on page 1 of the prospectus, in making your investment decision.

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RISK FACTORS

Before making an investment decision, you should carefully consider the following risks as well as other information we include or incorporate by reference in this prospectus supplement and the accompanying prospectus, including the risk factors relating to us contained in our periodic or current reports filed with the Securities and Exchange Commission (SEC) and incorporated herein by reference. The notes will not be an appropriate investment for you if you are not knowledgeable about significant features of the notes, our financial condition, operations and business and financial matters in general. You should not purchase the notes unless you understand, and know that you can bear, these risks.

If you attempt to sell the notes prior to maturity, the market value of the notes, if any, may be less than the principal amount of the notes.

If you wish to liquidate your investment in the notes prior to maturity, selling your notes may be your only option. At that time, there may be a very illiquid market for the notes or no market at all. Even if you were able to sell your notes, there are many factors outside of our control that may affect the market value of the notes. Some of these factors are interrelated in complex ways. As a result, the effect of any one factor may be offset or magnified by the effect of another factor. These factors include, without limitation:

- the method of calculating the principal, premium, if any, interest or other amounts payable, if any, on the notes;
- the time remaining to the maturity of the notes;
- the outstanding amount of the notes;
- the redemption or repayment features of the notes;
- market rates of interest higher than rates borne by the notes; and
- the level, direction and volatility of interest rates generally and other conditions in credit markets.

There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all.

Floating rate notes bear additional risks.

If your notes bear interest at a floating rate, there will be significant risks not associated with a conventional fixed rate debt security. These risks include fluctuation of the interest rates and the possibility that you will receive an amount of interest that is lower than expected. We have no control over a number of factors, including economic, financial and political events, that are important in determining the existence, magnitude and longevity of these risks and their results. Interest rates can be volatile and such volatility may be expected in the future.

An investment in indexed notes entails significant risks not associated with a similar investment in fixed or conventional floating rate debt securities.

An investment in notes that are indexed, as to interest, to commodities, securities, baskets of securities or securities indices, financial, economic or other measures or other indices, either directly or inversely, entails significant risks that are not associated with similar investments in a fixed rate or conventional floating rate debt security.

These risks include the possibility that an index or indices may be subject to significant changes and that the resulting interest rate will be less than that payable on a fixed or conventional floating rate debt security issued by us at the same time. These risks depend on a number of interrelated factors, including economic, financial and political events,

over which we have no control.

Additionally, if the formula used to determine the amount of interest payable with respect to such notes contains a multiplier or leverage factor, the effect of any change in the applicable index or indices will be magnified. In recent years, values of certain indices have been highly volatile and such volatility may be expected to continue in the future. Fluctuations in the value of any particular index that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

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The secondary market, if any, for indexed notes will be affected by a number of factors independent of our creditworthiness and the value of the applicable index or indices, including the complexity and volatility of the index or indices, the method of calculating the interest in respect of indexed notes, the time remaining to the maturity of such notes, the outstanding amount of such notes, any redemption features of such notes, the amount of other debt securities linked to such index or indices and the level, direction and volatility of market interest rates generally. Such factors also will affect the market value of indexed notes.

In addition, certain indexed notes may be designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and experience more price volatility than conventional debt securities. Investors may not be able to sell such notes readily or at prices that will enable them to realize their anticipated yield. You should not purchase such notes unless you understand and are able to bear the risks that such notes may not be readily saleable, that the value of such notes will fluctuate over time and that such fluctuations may be significant.

Finally, our credit ratings may not reflect the potential impact of all risks related to the structure and other factors on the market value of indexed notes. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks an investment in indexed notes may entail and the suitability of the notes in light of their particular circumstances.

We may choose to redeem notes when prevailing interest rates are relatively low.

If your notes are redeemable at our option, we may choose to redeem your notes from time to time. Prevailing interest rates at the time we redeem your notes likely would be lower than the rate then borne by the notes. In such a case you would not be able to reinvest the redemption proceeds in a comparable note at an effective interest rate as high as the interest rate on the notes being redeemed. Our redemption right also may adversely impact your ability to sell your notes as our redemption date approaches.

The notes may have limited or no liquidity.

There is currently no secondary market for the notes and there can be no assurance that a secondary market will develop. If a secondary market does develop, there can be no assurance that it will continue or that it will be sufficiently liquid to allow you to resell your notes when you want or at a price that you wish to receive for your notes. The agents have advised us that they may from time to time purchase and sell the notes in any secondary market which may develop. However, no agent is obligated to do so and any agent may discontinue making a market in the notes at any time without notice. The notes are not, and will not be, listed on any securities exchange.

Changes in our credit ratings may affect the market value of the notes.

Real or anticipated changes in our credit ratings may affect the market value of the notes. However, because your return on the notes depends upon factors in addition to our ability to pay our obligations, an improvement in our credit ratings will not reduce the other investment risks, if any, related to the notes.

A reduction in the credit ratings for our debt could adversely affect our liquidity and cost of debt.

Nationally recognized statistical rating organizations play an important role in determining, by means of the ratings they assign to issuers and their debt, the availability and cost of debt funding. We currently contract with two nationally recognized statistical rating organizations to receive ratings for our secured and unsecured debt and our commercial paper. Our credit ratings are important to our liquidity. In order to access the commercial paper markets at current levels, we believe that we need to maintain our current ratings for commercial paper. Changes in rating agencies' rating methodology, actions by governmental entities or others, additional losses from impaired loans and other factors could adversely affect the credit ratings on our debt. A reduction in our credit ratings could adversely affect our liquidity, competitive position, or the supply or cost of debt financing available to us. A significant increase in our interest expense could cause us to sustain losses or impair our liquidity by requiring us to seek other sources of financing, which may be difficult to obtain. From time to time, credit rating agencies, including those who provide our credit ratings, evaluate and update their credit rating methodologies. Standard & Poor's Rating Services issued a request for comment in August 2014 on proposed criteria for rating non-bank financial

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institutions globally, and a request for comment in October 2014 on issue credit ratings for non-bank financial institutions. When adopted, whether in the forms proposed or with other changes not included in the proposals, the criteria on which our credit ratings are based may change, which may in turn affect our ratings.

The U.S. federal income tax consequences of indexed notes may be uncertain.

No statutory, judicial or administrative authority directly addresses the characterization for U.S. federal income tax purposes of some types of indexed notes. As a result, significant U.S. federal income tax consequences of an investment in those indexed notes are not certain. We are not requesting, and will not request in the future, a ruling from the Internal Revenue Service (IRS) for any of the indexed notes we may offer, and we give no assurance that the IRS will agree with the statements made in this prospectus supplement or in the applicable pricing supplement.

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USE OF PROCEEDS

Unless we describe a different use in a particular pricing supplement, the net proceeds from the sale of the notes will be added to the general funds of CFC and will be available to fund operations, including the retirement of outstanding debt.

DESCRIPTION OF THE MEDIUM-TERM NOTES

The following description of the particular terms of the notes being offered supplements and, to the extent inconsistent with or to the extent otherwise specified in an applicable pricing supplement, replaces the description of the general terms and provisions of the notes set forth under the heading "Description of Senior Debt Securities" in the prospectus.

Unless otherwise specified in an applicable pricing supplement, the notes will have the terms described below.

Capitalized terms used but not defined below have the meanings given to them in the prospectus and in the indenture relating to the notes.

The Medium-Term Notes, Series D are our senior obligations to be issued under an indenture dated as of December 15, 1987, as supplemented by a first supplemental indenture dated as of October 1, 1990, between CFC and U.S. Bank National Association, as successor trustee (as supplemented, the indenture). CFC has initially designated U.S. Bank National Association as its paying agent and security registrar for the notes. The following statements are summaries of the material provisions of the notes. The prospectus provides summaries of the material provisions of the indenture under the heading "Description of Senior Debt Securities". These summaries do not purport to be complete and are qualified in their entirety by reference to the indenture, including the definition of certain terms.

General

Under the indenture, the notes will constitute a single series of securities. See "Plan of Distribution" on page S-32 of this prospectus supplement and "Plan of Distribution" on page 27 of the accompanying prospectus. The indenture limits the principal amount of senior indebtedness that may be issued under it, as described under "Restriction on Indebtedness" on page 8 of the accompanying prospectus.

Each note will mature nine months or more from the date of issue, as selected by the agent and agreed to by CFC and as specified in the applicable pricing supplement, and may be subject to redemption at the option of CFC or repaid by CFC at the option of the holder prior to stated maturity as set forth below under "Redemption and Repayment."

Notes will be issued in registered form. Notes denominated in U.S. dollars will be sold in denominations of \$2,000 and integral multiples of \$1,000. Notes denominated in other currencies will be sold in denominations specified in the pricing supplement.

The pricing supplement relating to a note will describe the following terms:

the foreign currency (a specified currency) of the note, if any;

the principal amount of the notes offered;

whether the note bears interest at a fixed rate or a floating rate;

if other than 100%, the price (expressed as a percentage of the aggregate principal amount of the note) at which the note will be issued;

the date on which the note will be issued;

the date on which the note will mature;

if the note is a fixed rate note, the interest rate per year at which the note will bear interest, which may be zero in the case of certain discounted notes, and any interest payment dates;

if the note is a floating rate note, the method of determining and paying interest, including the base rate, the initial interest rate, the interest determination date, the interest payment dates, the reset period, the index maturity, any maximum interest rate and minimum interest rate and any spread and/or spread multiplier;

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whether the note may be redeemed or repaid prior to maturity, and if so, the provisions relating to the redemption or repayment;

whether the note will be issued initially as a book-entry note or a certificated note; and
any other terms of the note not inconsistent with the provisions of the indenture.

Each note will be issued initially as either a book-entry note or a certificated note. The depository for the book-entry notes will initially be The Depository Trust Company in The City of New York (DTC). See Book-Entry Notes on page S-19 of this prospectus supplement.

An original issue discount note is a note issued at a price lower than the principal amount and provides that upon redemption or acceleration of the note, an amount less than the principal amount shall become due and payable. In the event of redemption or acceleration of an original issue discount note, the amount payable to the holder of such note will be determined in accordance with the terms of the note. For information respecting original issue discount for U.S. federal income tax purposes, see Material U.S. Federal Income Tax Considerations Tax Consequences to U.S. Holders on page S-22 of this prospectus supplement.

Unless specified otherwise in the applicable pricing supplement, the notes will be denominated in U.S. dollars and payments of principal, premium and any interest on the notes will be made in U.S. dollars. If any of the notes are denominated in a foreign currency (a currency other than U.S. dollars), or if the principal, premium and any interest on any of the notes is payable at the option of the holder or CFC in a currency other than that in which the note is denominated, the applicable pricing supplement will provide additional information, including applicable exchange rate information, pertaining to the terms of those notes and other matters of interest to the holders.

Payments on book-entry notes will be made through the paying agent to DTC. See Book-Entry Notes on page S-19 of this prospectus supplement.

Payments of principal, premium and any interest on certificated notes payable at maturity or upon redemption will be made in immediately available funds at the office of the paying agent in the Borough of Manhattan New York City. Payments in immediately available funds will be made only if the certificated notes are presented to the paying agent in time for the paying agent to make payments in immediately available funds in accordance with its normal procedures. CFC has initially designated U.S. Bank National Association, acting through its office in the Borough of Manhattan, New York City, as its paying agent for the notes. Interest on certificated notes will be paid by wire transfer in immediately available funds, but only if appropriate instructions have been received in writing by the paying agent on or prior to the applicable regular record date for the payment of interest. If no instructions have been received in writing by the paying agent, the funds will be paid by check mailed to the address of the person entitled to the interest.

Certificated notes may be presented for registration of transfer or exchange at the office of U.S. Bank National Association in the Borough of Manhattan, New York City. Book-entry notes may be transferred or exchanged through a participating member of DTC. See Book-Entry Notes on page S-19 of this prospectus supplement.

The notes will be direct, unsecured obligations of CFC.

For a description of the rights attaching to different series of securities under the indenture, see Description of Senior Debt Securities on page 4 of the accompanying prospectus.

Interest and Interest Rates

Each note will bear interest from the date of issue or from the most recent interest payment date to which interest on that note has been paid or duly provided for at the fixed rate per year, or at the rate per year determined by the interest rate formula, stated in the note and in the applicable pricing supplement until its stated maturity or earlier redemption or repayment. Interest will be payable on each interest payment date and at maturity or upon earlier redemption or repayment. See Description of Senior Debt Securities Payment and Paying Agents on page 7 of the accompanying prospectus. Interest will be payable to the registered holder at the close of business on the regular record date; however, interest payable at maturity will be payable to the person to whom principal shall be payable. Unless specified otherwise in the applicable pricing

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supplement, the first payment of interest on any note originally issued between a regular record date and an interest payment date will be made on the interest payment date following the next succeeding regular record date to the registered holder on that next succeeding regular record date.

CFC may change interest rates, or interest rate formulas, from time to time, but no such change will affect any note already issued or for which CFC has accepted an offer to purchase. Interest rates on notes offered by CFC may differ depending upon, among other things, the aggregate principal amount of notes purchased in any transaction. Notes with similar variable terms but different interest rates may be offered concurrently at any time. CFC may also concurrently offer notes having different variable terms (as are described in this prospectus supplement or in any other prospectus supplement or applicable pricing supplement). Unless otherwise indicated in the applicable pricing supplement, the interest payment dates and the regular record dates for fixed rate notes will be as described below under Fixed Rate Notes. Unless otherwise specified in the applicable pricing supplement, the interest payment dates for floating rate notes will be as described below under Floating Rate Notes. Each regular record date for a floating rate note will be the fifteenth calendar day (whether or not a business day) next preceding each interest payment date. If an interest payment date for any floating rate note would otherwise fall on a day that is not a business day with respect to that note, such interest payment date will be postponed to the following day that is a business day with respect to the note. In the case of a LIBOR note, if the postponement date would fall in the next calendar month, such interest payment date will be the preceding day that is a business day with respect to the LIBOR note. If the maturity of a floating rate note falls on a day that is not a business day, the payment of principal, any premium and interest will be made on the next succeeding business day as if made on the date the payment was due, and no interest on the payment will accrue for the period from and after the maturity.

Each note will bear interest at either:

a fixed rate or rates; or

a variable rate determined by reference to an interest rate formula, which may be based upon an index maturity.

Index maturity means the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable pricing supplement.

A floating rate note may also have either or both of the following:

a maximum numerical interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period; and

a minimum numerical interest rate limitation, or floor, on the rate of interest which may accrue during any interest period.

Fixed Rate Notes

Each fixed rate note will bear interest from its date of issue at the annual rate stated in the applicable pricing supplement. Except as provided in the applicable pricing supplement, the interest payment dates for the fixed rate notes will be January 15 and July 15 of each year and the regular record dates will be January 1 and July 1 of each year. Interest on fixed rate notes will be computed and paid on the basis of a 360-day year of twelve 30-day months. Interest payments on fixed rate notes will equal the amount of interest accrued from and including the prior interest payment date or from and including the date of issue, but excluding the related interest payment date or maturity. If any interest payment date or the maturity of a fixed rate note falls on a day that is not a business day, the related payment of principal, any premium or interest will be made on the next business day as if made on the date the payment was due, and no interest will accrue on the amount payable for the period from and after that interest payment date or maturity. The rate of interest may be zero in the case of certain notes issued at a discount from the

principal amount due at maturity.

Floating Rate Notes

The interest rate on each floating rate note will equal the interest rate calculated by reference to the specified interest rate formula set forth in the applicable pricing supplement plus or minus any spread and/or multiplied by any spread multiplier also set forth in such pricing supplement. The spread is the number of

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basis points specified in the applicable pricing supplement as applying to the interest rate for the note and the spread multiplier is the percentage specified in the applicable pricing supplement as applying to the interest rate for the note.

The applicable pricing supplement relating to a floating rate note will designate one or more base interest rates for the floating rate note. The base or bases will be determined by reference to:

- the commercial paper rate, in which case the note will be a commercial paper rate note;
- LIBOR, in which case the note will be a LIBOR note;
- the CD rate, in which case the note will be a CD rate note;
- the federal funds rate, in which case the note will be a fed funds note;
- the prime rate, in which case the note will be a prime rate note;
- the treasury rate, in which case the note will be a treasury rate note; or
- such other interest rate base or formula as is set forth in such pricing supplement.

The applicable pricing supplement for a floating rate note also will specify any spread and/or spread multiplier and any maximum or minimum interest rate limitation applicable to each note. In addition, the pricing supplement may define or specify for each note the following terms, if applicable: calculation date, initial interest rate, interest payment dates, regular record dates, index maturity, interest determination dates and interest reset dates with respect to such note.

The rate of interest on each floating rate note will be reset daily, weekly, monthly, quarterly, semi-annually or annually as specified in the applicable pricing supplement. Unless otherwise specified in the applicable pricing supplement, the interest reset date will be:

- in the case of floating rate notes that reset daily, each business day;
- in the case of floating rate notes (other than treasury rate notes) which reset weekly, the Wednesday of each week;
- in the case of treasury rate notes which reset weekly, except as set forth below, the Tuesday of each week;
- in the case of floating rate notes which reset monthly, the third Wednesday of each month;
- in the case of floating rate notes which reset quarterly, the third Wednesday of March, June, September and December;
- in the case of floating rate notes which reset semi-annually, the third Wednesday of two months of each year, as specified in the applicable pricing supplement; and
- in the case of floating rate notes which reset annually, the third Wednesday of one month of each year, as specified in the applicable pricing supplement.

However, (a) the interest rate in effect from the date of issue to the first interest reset date with respect to a floating rate note will be the initial interest rate (as set forth in the applicable pricing supplement) and (b) unless otherwise specified in an applicable pricing supplement, the interest rate in effect for the ten calendar days immediately prior to maturity, if applicable, will be that in effect on the tenth calendar day preceding maturity. If any interest reset date for any floating rate note would otherwise be a day that is not a business day for that floating rate note, the interest reset date for that floating rate note will be postponed to the next day that is a business day for such floating rate note. In the case of a LIBOR note, if the postponement date is in the next succeeding calendar month, the interest reset date will be the immediately preceding business day. Business day means with respect to any note, any day that is not a Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law to close, and with respect to LIBOR notes only, such day is also a London Business Day. London Business Day means with respect to LIBOR notes only, any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

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The interest determination date pertaining to an interest reset date for a commercial paper rate note, a prime rate note, a fed funds note and a CD rate note will be the second business day prior to the interest reset date with respect to the applicable note. The interest determination date pertaining to an interest reset date for a LIBOR note will be the second London Business Day prior to that interest reset date. The interest determination date pertaining to an interest reset date for a treasury rate note will be the day of the week in which that interest reset date falls on which treasury bills would normally be auctioned. Treasury bills are usually sold at auction on Monday of each week. If that day is a legal holiday, the auction is usually held on the following Tuesday, but may be held on the preceding Friday. If the auction is so held on the preceding Friday, that Friday will be the treasury interest determination date pertaining to the interest reset date occurring in the next succeeding week. If an auction date for treasury bills falls on any interest reset date for a treasury rate note, then the interest reset date will instead be the first business day immediately following that auction date.

The interest rate on the notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application. Under present New York law, subject to certain exceptions, the maximum rate of interest for any loan to an individual is 16% for a loan less than \$250,000, and 25% for a loan of \$250,000 or more but less than \$2,500,000, in each case calculated per year on a simple interest basis. There is no limit on the maximum rate of interest on loans made to individuals in an amount equal to \$2,500,000 or more. Under present New York law, the maximum rate of interest which may be charged to a corporation for any loan up to \$2,500,000 is 25% per year on a simple interest basis. There is no limit on the maximum rate of interest on loans made to corporations in an amount equal to \$2,500,000 or more.

Unless otherwise indicated in the applicable pricing supplement and except as provided below, interest will be payable:

- in the case of floating rate notes which reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year;
 - in the case of floating rate notes which reset quarterly, on the third Wednesday of March, June, September and December of each year;
 - in the case of floating rate notes which reset semi-annually, on the third Wednesday of the two months of each year specified in the applicable pricing supplement;
 - in the case of floating rate notes which reset annually, on the third Wednesday of the month specified in the applicable pricing supplement; and
- in each case, at maturity.

Unless otherwise indicated in the applicable pricing supplement, interest payments for floating rate notes will be the amount of interest accrued from and including the date of issue or the most recent date for which interest has been paid or provided to but excluding the interest payment date or maturity date. However, if the interest reset dates with respect to any floating rate note are daily or weekly, interest payable on any interest payment date, other than interest payable on any date on which principal on any such note is payable, will include interest accrued from but excluding the most recent regular record date for which interest has been paid or provided, or from and including the date of issue, to and including the next preceding regular record date. However, interest payments on floating rate notes made at maturity will include interest accrued to but excluding the date of maturity. Accrued interest from the date of issue or from the last date to which interest has been paid is calculated by multiplying the face amount of a floating rate note by an accrued interest factor. The accrued interest factor is computed by adding the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor for each such day is computed by dividing the interest rate applicable to such date by 360, in the case of commercial paper rate notes, prime rate notes, LIBOR notes, fed funds notes or CD rate notes, or by the actual number of days in the year, in the case of treasury rate notes.

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Upon the request of the holder of any floating rate note, the calculation agent will provide the interest rate then in effect. If it has been determined, the calculation agent will also provide the interest rate which will become effective as a result of a determination made on the most recent interest determination date with respect to that floating rate note. Unless otherwise provided in the applicable pricing supplement, U.S. Bank National Association will be the calculation agent with respect to the floating rate notes. Unless otherwise specified in the applicable pricing supplement, the calculation date, if applicable, pertaining to any interest determination date will be the earlier of (1) the tenth calendar day after such interest determination date, or, if such day is not a business day, the next succeeding business day or (2) the business day preceding the applicable interest payment date or maturity, as the case may be.

Unless otherwise specified in the applicable pricing supplement, all percentages resulting from any calculation on floating rate notes will be rounded to the nearest one hundred-thousandth of a percentage point, with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from this calculation will be rounded to the nearest cent or, in the case of notes denominated other than in U.S. dollars, the nearest unit (with one-half cent or unit being rounded upward).

Commercial Paper Rate

Unless otherwise specified in the applicable pricing supplement, commercial paper rate means, for any interest determination date relating to a floating rate note for which the commercial paper rate is an applicable base rate, to which we refer as a commercial paper rate interest determination date, the money market yield on that date of the rate for commercial paper having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption Commercial Paper Nonfinancial. If the commercial paper rate cannot be determined as described above, the following procedures will apply:

If the rate described above is not published by 3:00 p.m., New York City time, on the relevant calculation date, then the commercial paper rate will be the money market yield of the rate on that commercial paper rate interest determination date for commercial paper of the specified index maturity indicated in the pricing supplement as published in H.15 Daily Update, or in another recognized electronic source used for the purpose of displaying the applicable rate, under the caption Commercial Paper Nonfinancial.

If by 3:00 p.m., New York City time, on the calculation date, the rate described is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, the commercial paper rate for the applicable commercial paper rate interest determination date will be calculated by the calculation agent and will be the money market yield of the arithmetic mean of the offered rates (quoted on a bank discount basis), as of 11:00 a.m., New York City time, on that commercial paper rate interest determination date of three leading dealers of U.S. dollar commercial paper in New York City, which may include one or more of the agents or their affiliates, selected by the calculation agent after consultation with us, for commercial paper of the index maturity specified in the applicable pricing supplement placed for a non-financial issuer whose bond rating is Aa, or the equivalent, from a nationally recognized statistical rating agency.

If the dealers selected as described above by the calculation agent are not quoting as set forth above, the commercial paper rate with respect to that commercial paper rate interest determination date will be the commercial paper rate in effect for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

H.15(519) means the weekly statistical release designated Statistical Release H.15(519), Selected Interest Rates, or any successor publication, published by the Board of Governors of the Federal Reserve System.

H.15 Daily Update means the daily update of H.15(519), available through the Internet site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/update>, or any successor site or

publication. All references to this website are for your informational reference only. Information on that website is not incorporated by reference in this prospectus supplement or the accompanying prospectus.

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Money market yield means the yield, expressed as a percentage, calculated in accordance with the following formula:

$$\text{Money market yield} = \frac{360 \times D}{360 - (D \times M)} \times 100$$

where D is the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal, and M is the actual number of days in the applicable interest period.

LIBOR

Unless otherwise specified in the applicable pricing supplement, LIBOR means the rate determined by the calculation agent in accordance with the following procedures:

For an interest determination date relating to a floating rate note for which LIBOR is an applicable base rate, to which we refer as a LIBOR interest determination date, LIBOR will be the rate for deposits in U.S. dollars having the index maturity specified in the applicable pricing supplement, commencing on the applicable interest reset date that appears on the designated LIBOR page, as defined below, as of 11:00 a.m., London time, on that LIBOR interest determination date.

If no rate appears, as the case may be, on the designated LIBOR page as specified above, the calculation agent will request the principal London offices of each of four major reference banks, which may include one or more of the agents or their affiliates, in the London interbank market, as selected by the calculation agent after consultation with us, to provide its offered quotation for deposits in U.S. dollars for the period of the index maturity specified in the applicable pricing supplement, commencing on the applicable interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR interest determination date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time.

If the reference banks provide at least two such quotations, then LIBOR for that LIBOR interest determination date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, then LIBOR for that LIBOR interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., in New York City on that LIBOR interest determination date by three major banks, which may include one or more of the agents or their affiliates, selected by the calculation agent after consultation with us, for loans in U.S. dollars to leading European banks, having the index maturity specified in the applicable pricing supplement and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time.

If fewer than three banks selected by the calculation agent are quoting as set forth above, LIBOR with respect to that LIBOR interest determination date will be LIBOR for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Designated LIBOR page means the display on the Reuters screen LIBOR01 page (or such other page as may replace such page on that service or such other page as may be nominated by the ICE Benchmark Administration Limited, or its successor, for the purpose of displaying London interbank offered rates for U.S. dollar deposits).

CD Rate

Unless otherwise specified in the applicable pricing supplement, CD rate will be determined, with respect to any interest determination date relating to a floating rate note for which the CD rate is an applicable base rate, which date we refer to as a CD rate interest determination date, according to the following procedures:

Calculated by the calculation agent as the arithmetic mean of the secondary market offered rates as of 10:00 a.m., New York City time, on that CD rate interest determination date, of three leading non-bank dealers in negotiable U.S.

dollar certificates of deposit in New York City, which may include one or more of the agents or their affiliates, selected by the calculation agent, after
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consultation with us, for negotiable U.S. dollar certificates of deposit of major U.S. money market banks with a remaining maturity closest to the index maturity specified in the applicable pricing supplement and in an amount that is representative for a single transaction in that market at that time.

If the dealers selected as described above by the calculation agent are not quoting rates as set forth above, the CD rate for that CD interest rate determination date will be the CD rate in effect for the immediately preceding interest reset period, or if there was no interest reset period, then the rate of interest payable will be the initial interest rate.

Federal Funds Rate

Unless otherwise specified in the applicable pricing supplement, federal funds rate means, with respect to any interest determination date relating to a floating rate note for which the federal funds rate is an applicable base rate, to which we refer as a federal funds rate interest determination date, the rate with respect to that date for U.S. dollar federal funds as published in H.15(519) under the heading Federal Funds (Effective) as that rate is displayed on Reuters on page FEDFUNDS1 or any other page that may replace such page on such service, under the heading EFFECT. If the federal funds rate cannot be determined in this manner, the following procedures will apply:

If the rate described above does not appear on Reuters on page FEDFUNDS1 by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate will be the rate with respect to that federal funds rate interest determination date for U.S. dollar federal funds as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption Federal Funds (Effective).

If the rate described above does not appear on Reuters on page FEDFUNDS1 or is not yet published in H.15(519), H.15 Daily Update or another electronic source by 3:00 p.m., New York City time, on the related calculation date, then the federal funds rate with respect to that federal funds rate interest determination date will be calculated by the calculation agent and will be the arithmetic mean of the rates for the last transaction in overnight U.S. dollar federal funds arranged by three leading brokers of U.S. dollar federal funds transactions in New York City, which may include one or more of the agents or their affiliates, selected by the calculation agent after consultation with us, prior to 9:00 a.m., New York City time, the business day following that federal funds rate interest determination date. If the brokers selected as described above by the calculation agent are not quoting as set forth above, the federal funds rate with respect to that federal funds rate interest determination date will be the federal funds rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Prime Rate

Unless otherwise specified in the applicable pricing supplement, prime rate means, with respect to any interest determination date relating to a floating rate note for which the prime rate is an applicable base rate, to which we refer as a prime rate interest determination date, the rate set forth on such date in H.15(519) under the caption Bank Prime Loan. If the prime rate cannot be determined as described above, the following procedures will apply:

If the rate described above is not published by 3:00 p.m., New York City time, on the related calculation date, then the rate on such prime rate interest determination date as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption Bank Prime Loan will be the prime rate.

If the rate described above is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source by 3:00 p.m., New York City time, on the related calculation date, then the prime rate will be determined by the calculation agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Page US PRIME 1, as defined below, as that bank's prime rate or base lending rate as of 11:00 a.m., New York City time, on that prime rate interest determination date.

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If fewer than four of these rates appear on the Reuters Page US PRIME 1 for that prime rate interest determination date, then the prime rate will be determined by the calculation agent and will be the arithmetic mean of the prime rates or base lending rates quoted on the basis of the actual number of days in the year divided by a 360-day year as of the close of business on that prime rate interest determination date by three major banks in New York City, which may include one or more of the agents or their affiliates, selected by the calculation agent after consultation with us.

If the banks selected by the calculation agent are not quoting as set forth above, the prime rate with respect to that prime rate interest determination date will remain the prime rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

Reuters Page US PRIME 1 means the display on the Reuters 3000 Xtra Service designated as US PRIME 1, or such other page as may replace the US PRIME 1 page on that service, for the purpose of displaying prime rates or base lending rates of major U.S. banks.

Treasury Rate

Unless otherwise specified in the applicable pricing supplement, treasury rate means, with respect to any interest determination date relating to a floating rate note for which the treasury rate is an applicable base rate, to which we refer as a treasury rate interest determination date, the rate from the auction held on such treasury rate interest determination date of direct obligations of the United States, or treasury bills, having the index maturity specified in the applicable pricing supplement under the caption INVESTMENT RATE on the display on the Reuters 3000 Xtra Service designated as USAUCTION10, or any other page as may replace such page on such service. If the treasury rate cannot be determined in this manner, the following procedures will apply:

If the rate described above is not so published by 3:00 p.m., New York City time, on the related calculation date, the bond equivalent yield, as defined below, of the auction rate of such treasury bills as announced by the U.S. Department of the Treasury by 3:00 p.m., New York City time, on the related calculation date will be the treasury rate.

If the auction rate described in the prior paragraph is not so announced by the U.S. Department of the Treasury, or if no such auction is held, then the treasury rate will be the bond equivalent yield of the rate on that treasury rate interest determination date of treasury bills having the index maturity specified in the applicable pricing supplement as published in H.15(519) under the caption U.S. Government Securities/Treasury Bills/Secondary Market or, if not yet published by 3:00 p.m., New York City time, on the related calculation date, the rate on that treasury rate interest determination date of those treasury bills as published in H.15 Daily Update, or another recognized electronic source used for the purpose of displaying that rate, under the caption U.S. Government Securities/Treasury Bills/Secondary Market.

If the rate described in the prior paragraph is not yet published in H.15(519), H.15 Daily Update or another recognized electronic source, then the treasury rate will be calculated by the calculation agent and will be the bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on that treasury rate interest determination date, of three leading primary U.S. government securities dealers, which may include one or more of the agents or their affiliates, selected by the calculation agent after consultation with us, for the issue of treasury bills with a remaining maturity closest to the index maturity specified in the applicable pricing supplement.

If the dealers selected as described above by the calculation agent are not quoting as set forth above, the treasury rate with respect to that treasury rate interest determination date will be the treasury rate for the immediately preceding interest reset period, or if there was no interest reset period, the rate of interest payable will be the initial interest rate.

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Bond equivalent yield means a yield, expressed as a percentage, calculated in accordance with the following formula:

$$\text{Bond equivalent yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where D is the applicable per annum rate for treasury bills quoted on a bank discount basis, N refers to 365 or 366, as the case may be, and M is the actual number of days in the applicable interest reset period.

Indexed Notes

Notes may be issued as indexed notes, the principal amounts payable at maturity and/or the interest rate to be paid thereon to be determined by reference to the relationship between two or more currencies or currency units, to the price of one or more specified securities or commodities, to one or more securities or commodities exchange indices or other indices or by other similar methods or formulas. The pricing supplement relating to an indexed note will describe, as applicable, the method by which the amount of interest payable on any interest payment date and the amount of principal payable at maturity in respect of the indexed note will be determined, certain special tax consequences of the purchase, ownership or disposition of the indexed notes, certain risks associated with an investment in the indexed notes and other information relating to the indexed notes. See also Risk factors An investment in indexed notes entails significant risks not associated with a similar investment in fixed or conventional floating rate debt securities.

Unless otherwise specified in the applicable pricing supplement, the maximum principal amount payable at maturity in respect of any indexed note will be an amount equal to twice the face amount thereof and the minimum principal amount so payable will be zero.

Unless otherwise specified in the applicable pricing supplement, (1) for purposes of determining whether holders of the requisite principal amount of securities outstanding under the indenture have made a demand or given a notice or waiver or taken any other action, the outstanding principal amount of indexed notes will be deemed to be the U.S. dollar equivalent, determined on the original issue date of that indexed note, of that principal amount and (2) if the payment of principal of and interest on any indexed note is accelerated in accordance with the provisions described under Description of Senior Debt Securities Events of Default, Notice and Waiver in the accompanying prospectus, then CFC shall pay to the holder of that indexed note on the date of acceleration the principal amount determined by reference to the formula by which the principal amount of such indexed note would be determined on the stated maturity thereof, as if the date of acceleration were the stated maturity.

Original Issue Discount Notes

We may issue the notes as original issue discount notes. An original issue discount note is a note, including any note that does not provide for the payment of interest prior to its maturity date, which is issued at a price lower than its principal amount and which provides that upon redemption, repayment or acceleration of its stated maturity an amount less than its principal amount will be payable. If an original issue discount note is redeemed, repaid or accelerated prior to its stated maturity, the amount payable to the holder of such a note will be determined in accordance with the terms of the note, but will be an amount less than the amount payable at the stated maturity of such a note. Original issue discount notes and other notes may be treated as issued with original issue discount for U.S. federal income tax purposes. See Material U.S. Federal Income Tax Considerations below.

Amortizing Notes

CFC may from time to time offer amortizing notes. Unless otherwise specified in the applicable pricing supplement, interest on each amortizing note will be computed on the basis of a 360-day year of twelve 30-day months. Payments with respect to amortizing notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and conditions of any issue of amortizing notes will be provided in the applicable pricing supplement. A table setting forth repayment information in respect of each amortizing note will be included in the applicable pricing supplement and set forth on such note.

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Interest Rate Reset

If CFC has the option with respect to any note to reset the interest rate, in the case of a fixed rate note, or to reset the spread and/or spread multiplier, in the case of a floating rate note, the pricing supplement relating to such note will indicate that option, and, if so:

the date or dates on which the interest rate or spread and/or spread multiplier may be reset (each an optional reset date); and

any basis or formula for such resetting.

CFC may exercise its option with respect to a note by notifying the paying agent of that exercise at least 45 but not more than 60 days prior to an optional reset date for that note. Not later than 40 days prior to that optional reset date, the paying agent will mail to the holder of the note a notice (the reset notice), first class, postage prepaid, setting forth:

the election of CFC to reset the interest rate, in the case of a fixed rate note, or the spread and/or spread multiplier, in the case of a floating rate note;

the new interest rate or new spread and/or spread multiplier; and

any provisions for redemption during the period from the optional reset date to the next optional reset date or, if there is no next optional reset date, to the stated maturity of the note (each such period a subsequent interest period), including the date or dates on which or the period or periods during which and the price or prices at which the redemption may occur during the subsequent interest period.

Not later than 20 days prior to an optional reset date for a note, CFC may, at its option, revoke the interest rate, in the case of a fixed rate note, or the spread and/or spread multiplier, in the case of a floating rate note, in either case provided for in the reset notice and establish a higher interest rate, in the case of a fixed rate note, or a higher spread and/or spread multiplier, in the case of a floating rate note, for the subsequent interest period commencing on the optional reset date by mailing or causing the paying agent to mail notice of the higher interest rate or higher spread and/or spread multiplier, as the case may be, first class, postage prepaid, to the holder of the note. Notice will be irrevocable. All notes with respect to which the interest rate or spread and/or spread multiplier is reset on an optional reset date will bear the higher interest rate, in the case of a fixed rate note, or higher spread and/or spread multiplier, in the case of a floating rate note.

If CFC elects to reset the interest rate or the spread and/or spread multiplier of a note, the holder of that note will have the option to elect repayment of the note by CFC on any optional reset date at a price equal to the principal amount thereof plus any accrued interest to the optional reset date. In order for a note to be so repaid on an optional reset date, the holder thereof must follow the procedures set forth below under Redemption and Repayment for optional repayment, except that:

the period for delivery of that note or notification to the paying agent will be a least 25 but not more than 35 days prior to the optional reset date; and

a holder who has tendered a note for repayment pursuant to a reset notice may by written notice to the paying agent revoke its tender for repayment until the close of business on the tenth day prior to the optional reset date.

Extension of Maturity

If CFC has the option to extend the stated maturity of any note for one or more periods (each an extension period) up to but not beyond the date (the final maturity date) set forth in the supplement relating to that note, that supplement will indicate the option and any basis or formula for setting the interest rate, in the case of a fixed rate note, or the spread and/or spread multiplier, in the case of a floating rate note, applicable to any such extension period.

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CFC may exercise its option with respect to a note by notifying the paying agent of its exercise at least 45 but not more than 60 days prior to the stated maturity of that note in effect prior to the exercise of such option. No later than 40 days prior to the original stated maturity, the paying agent will mail to the holder of that note a notice relating to the extension period, first class, postage prepaid, setting forth:

the election of CFC to extend the stated maturity of the note;
the new stated maturity;

in the case of a fixed rate note, the interest rate applicable to the extension period or, in the case of a floating rate note, the spread and/or spread multiplier applicable to the extension period; and
any provisions for redemption during the extension period, including the date or dates on which or the period or periods during which and the price or prices at which redemption may occur during the extension period.

Upon the mailing by the paying agent of an extension notice to the holder of a note, the stated maturity of that note will be extended automatically as set forth in the extension notice, and, except as modified by the extension notice and as described in the next paragraph, the note will have the same terms as prior to the mailing of the extension notice.

Not later than 20 days prior to the original stated maturity for a note, CFC may, at its option, revoke the interest rate, in the case of a fixed rate note, or the spread and/or spread multiplier, in the case of a floating rate note, provided for in the extension notice and establish a higher interest rate, in the case of a fixed rate note, or a higher spread and/or spread multiplier, in the case of a floating rate note, for the extension period by mailing or causing the paying agent to mail notice of the higher interest rate or higher spread and/or spread multiplier, as the case may be, first class, postage prepaid, to the holder of that note. Notice will be irrevocable. All notes with respect to which the stated maturity is extended will bear the higher interest rate, in the case of a fixed rate note, or higher spread and/or spread multiplier, in the case of a floating rate note, for the extension period.

If CFC elects to extend the stated maturity of a note, the holder of that note will have the option to elect repayment of that note by CFC at the original stated maturity at a price equal to the principal amount thereof plus any accrued interest to that date. In order for a note to be so repaid on the original stated maturity, the holder thereof must follow the procedures set forth below under **Redemption and Repayment** for optional repayment, except that:

the period for delivery of the note or notification to the paying agent will be at least 25 but not more than 35 days prior to the original stated maturity; and
a holder who has tendered a note for repayment pursuant to an extension notice may by written notice to the paying agent revoke its tender for repayment until the close of business on the tenth day prior to the original stated maturity.

Renewable Notes

CFC may from time to time offer notes which will mature on an interest payment date specified in the applicable pricing supplement occurring in or prior to the twelfth month following the original issue date of such notes unless the term of all or any portion of any note (a **renewable note**) is renewed in accordance with the procedures described below.

On the interest payment date occurring in the sixth month (unless a different interval (the **special election interval**) is specified in the applicable pricing supplement) prior to the initial maturity date of a renewable note (the **initial renewal date**) and on the interest payment date occurring in each sixth month (or in the last month of each special election interval) after the initial renewal date (each, together with the initial renewal date, a **renewal date**), the term of the renewable note may be extended to the interest payment date occurring in the twelfth month (or, if a special election interval is specified in the applicable pricing supplement, the last month in a period equal to twice the special election interval) after the renewal date, if the holder of such renewable note elects to extend the term of such renewable note

or any portion thereof as described below. If a holder does not elect to extend the term of any portion of the principal amount of a

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renewable note during the specified period prior to any renewal date, that portion will become due and payable on the interest payment date occurring in the sixth month (or the last month in the special election interval) after the renewal date (the new maturity date).

A holder of a renewable note may elect to renew the term of the renewable note, or if so specified in the applicable pricing supplement, any portion thereof, by delivering a notice to the trustee (or any duly appointed paying agent) at the corporate trust office not less than 15 nor more than 30 days prior to the renewal date (unless another period is specified in the applicable supplement as the special election period). Election will be irrevocable and will be binding upon each subsequent holder of such renewable note. An election to renew the term of a renewable note may be exercised with respect to less than the entire principal amount of the renewable note only if so specified in the applicable pricing supplement and only in such principal amount, or any integral multiple in excess thereof, as is specified in the applicable pricing supplement. Notwithstanding the foregoing, the term of the renewable notes may not be extended beyond the stated maturity specified for the renewable notes in the applicable pricing supplement.

If the holder does not elect to renew the term, the renewable note must be presented to the trustee (or any duly appointed paying agent) simultaneously with notice of election (or, in the event notice of election, together with a guarantee of delivery within five business days, is transmitted on behalf of a holder from a member of a national securities exchange, the Financial Industry Regulatory Authority, Inc. (FINRA) or a commercial bank or trust company in the United States, within five business days of the date of that notice). With respect to a renewable note that is a certificated note, as soon as practicable following receipt of the renewable note, the trustee (or any duly appointed paying agent) will issue in exchange therefor in the name of that holder:

a note, in a principal amount equal to the principal amount of the exchanged renewable note for which the election to renew the term thereof was exercised, with terms identical to those specified on such renewable note (except for the original issue date and the initial interest rate and except that such note will have a fixed, nonrenewable stated maturity on the new maturity date); and

if such election is made with respect to less than the full principal amount of the holder's renewable note, a replacement renewable note, in a principal amount equal to the principal amount of the exchanged renewable note for which the election was made, with terms identical to the exchanged renewable notes.

Combination of Provisions

If so specified in the applicable pricing supplement, any note may be subject to all of the provisions, or any combination of the provisions, described above under Interest Rate Reset, Extension of Maturity and Renewable Notes.

Redemption and Repayment

Unless one or more redemption dates are specified in the applicable pricing supplement, the notes will not be redeemable prior to their stated maturity. If one or more redemption dates are specified with respect to any note, the applicable pricing supplement will also specify one or more redemption prices expressed as a percentage of the principal amount of the note and the redemption period or periods during which the redemption prices shall apply.

Unless otherwise specified in the applicable pricing supplement, any such note will be redeemable at the option of CFC at the specified redemption price applicable to the redemption period during which that note is to be redeemed, together with interest accrued to the redemption date. Unless otherwise specified in the applicable pricing supplement, the notes will not be subject to any sinking fund. CFC may redeem any of the notes that are redeemable and remain outstanding either in whole or from time to time in part, upon not less than 30 nor more than 60 days' notice.

Unless otherwise specified in the applicable pricing supplement, notes cannot be repaid prior to stated maturity. If a note is repayable at the option of the holder on a date or dates specified prior to stated maturity, the applicable pricing supplement will set forth the price or prices of such repayment, together with accrued interest to the date of repayment.

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In order for a note that is repayable at the option of the holder to be repaid, the paying agent must receive at least 30 days but not more than 60 days prior to the repayment date:

appropriate wire instructions; and

either:

the note with the form entitled attached to the note duly completed; or

a telegram, telex, facsimile transmission or letter from a member of a national securities exchange or FINRA or a commercial bank or trust company in the United States setting forth the name of the holder of the note, the principal amount of the note, the portion of the principal amount of the note to be repaid, the certificate number or a description of the tenor and terms of the note, a statement that the option to elect repayment is being exercised thereby and a guarantee that the note to be repaid with the form entitled *Option to Elect Repayment* attached to the note duly completed will be received by the paying agent not later than five business days after the date of the telegram, telex, facsimile transmission or letter, and the note and form duly completed must be received by the paying agent by that fifth business day.

Exercise of the repayment option by the holder of a note will be irrevocable, except as otherwise described above under *Interest Rate Reset* and *Extension of Maturity*. The repayment option may be exercised by the holder of a note

for less than the entire principal amount of the note provided that the principal amount of the note remaining outstanding after repayment is an authorized denomination. No transfer or exchange of any note or, in the event that any note is to be repaid in part, the portion of the note to be repaid will be permitted after exercise of a repayment option. All questions as to the validity, eligibility, including time of receipt, and acceptance of any note for repayment will be determined by the trustee, whose determination will be final, binding and non-appealable.

If a note is represented by a book-entry note, DTC's nominee will be the holder of that note and will be the only entity that can exercise a right to repayment. In order to ensure that DTC's nominee will timely exercise a right to repayment with respect to a particular note, the beneficial owner of that note must instruct the broker or other direct or indirect participant through which it holds an interest in that note to notify DTC of its desire to exercise a right to repayment.

Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a note in order to ascertain the cut-off time by which an instruction must be given in order for timely notice to be delivered to DTC.

Unless otherwise specified in the applicable pricing supplement, if a note is an original issue discount note, the amount payable on that note in the event of redemption or repayment prior to its stated maturity will be the amortized face amount of that note, as specified in the applicable pricing supplement, as of the redemption date or the date of repayment, as the case may be.

Replacement of Notes

If any mutilated note is surrendered to the trustee, we will execute and the trustee will authenticate and deliver in exchange for such mutilated note a new note of the same series and principal amount. If we and the trustee receive evidence to our satisfaction of the destruction, loss or theft of any note and such security or indemnity as may be required by them, then we shall execute and the trustee shall authenticate and deliver, in lieu of such destroyed, lost or stolen note, a new note of the same series and principal amount. All expenses, including counsel fees and expenses, associated with issuing the new note shall be borne by the owner of the mutilated, destroyed, lost or stolen note.

Reopening of Issue

We may, from time to time, without the consent of existing noteholders, reopen an issue of notes and issue additional notes with the same terms, including maturity and interest payment terms, as notes issued on an earlier date, except for the issue date, issue price and the first payment date of interest. After such additional notes are issued, they will be fungible with the previously issued notes to the extent specified in the applicable pricing supplement.

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Book-Entry Notes

DTC will act as securities depository for the book-entry notes. The book-entry notes will be issued as fully-registered global securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered global securities will be issued for each issue of the book-entry notes, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The DTC rules applicable to its participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of book-entry notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the book-entry notes on DTC's records. The ownership interest of each actual purchaser of each book-entry note (Beneficial Owner) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the book-entry notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

To facilitate subsequent transfers, all book-entry notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of book-entry notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the book-entry notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such book-entry notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the book-entry notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to book-entry notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy to CFC as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts book-entry notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions, and dividend payments on the book-entry notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from CFC, on payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC or CFC, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of CFC, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the book-entry notes at any time by giving reasonable notice to CFC. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

CFC may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC. Certificates may also be printed and delivered in the event of an event of default under the indenture and the subsequent surrender by DTC of the book-entry notes held by DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that CFC believes to be reliable, but neither CFC nor the agents take any responsibility for the accuracy thereof.

Payments on any book-entry notes would be made by the trustee directly to holders of the book-entry notes in accordance with the procedures set forth herein and in the indenture. Interest payments and any principal payments on the book-entry notes on each interest payment date would be made to holders in whose names the book-entry notes were registered at the close of business on the related record date as set forth under Interest and Interest Rates beginning on page S-6. Such payments would be made by check mailed to the address of such holders as they appear on the note register and, in addition, under the circumstances provided by the indenture, by wire transfer to a bank or depository institution located in the United States and appropriate facilities thereof. The final payment of principal and interest on any book-entry notes, however, would be made only upon presentation and surrender of such book-entry notes at the office of the paying agent for such book-entry notes.

A book-entry note may be transferred free of charge in whole or in part upon the surrender of the book-entry note to be transferred, together with the completed and executed assignment which appears on the reverse of the book-entry note, at the specified office of any transfer agent. In the case of a permitted transfer of any part of a book-entry note, a new book-entry note in respect of the balance not transferred will be issued to the transferor. Each new book-entry note to be issued upon the transfer of a book-entry note will, upon the effective receipt of such completed assignment by a transfer agent at its respective specified office, be available for delivery at such specified office, or at the request of the holder requesting such transfer, will be mailed at the risk of the transferee entitled to the new book-entry note to such address as may be specified in such completed assignment. Neither the registrar nor any transfer agent shall be

required to register the transfer of or exchange of any book-entry notes within 15 days before the maturity date.

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Global Clearance and Settlement Procedures

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system.

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the book-entry notes among its participants, DTC is under no obligation to perform or continue to perform such procedures and such procedures may be changed or discontinued at any time.

Neither CFC, the trustee nor the agents will have any responsibility or obligation to participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, DTC's nominee or any DTC participant with respect to any ownership interest in the book-entry notes, or payments to, or the providing of notice for, DTC participants or beneficial owners.

Registration, Transfer and Payment of Certificated Notes

We do not intend to issue certificated notes, except in the limited circumstances described above. If we ever issue notes in certificated form, those notes may be presented for registration, transfer and payment at the office of the registrar or at the office of any transfer agent designated and maintained by us. We have originally designated U.S. Bank National Association to act in those capacities for the notes. The registrar or transfer agent will make the transfer or registration only if it is satisfied with the documents of title and identity of the person making the request. There will not be a service charge for any exchange or registration of transfer of the notes, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange. At any time, we may change transfer agents or approve a change in the location through which any transfer agent acts. We also may designate additional transfer agents for any notes at any time.

We will not be required to: (1) issue, exchange or register the transfer of any note to be redeemed for a period of 15 days after the selection of the notes to be redeemed; (2) exchange or register the transfer of any note that was selected, called or is being called for redemption, except the unredeemed portion of any note being redeemed in part; or (3) exchange or register the transfer of any note as to which an election for repayment by the holder has been made, except the unrepaid portion of any note being repaid in part.

We will pay principal of and interest on any certificated notes at the offices of the paying agents we may designate from time to time. Generally, we will pay interest on a note by check on any interest payment date other than at stated maturity or upon earlier redemption or repayment to the person in whose name the note is registered at the close of business on the regular record date for that payment. We will pay principal and interest at stated maturity or upon earlier redemption or repayment in same-day funds against presentation and surrender of the applicable notes.

Repurchase

CFC may at any time purchase notes at any price or prices in the open market or otherwise. Notes so purchased by CFC may be held or resold or, at the discretion of CFC, surrendered to the trustee for cancellation.

Other Provisions

Any provisions with respect to the determination of an interest rate basis, the specifications of interest rate basis, calculation of the interest rate applicable to, or the principal payable at maturity on, any note, its interest payment dates or any other matter relating thereto may be modified by the terms as specified under **Other Provisions** on the face of the note, or in an annex relating thereto if specified on the face of the note, and in the applicable pricing supplement.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

General

This section summarizes the material U.S. tax consequences to holders of the notes. However, the discussion is limited in the following ways:

The discussion only covers you if you buy your notes in the initial offering of a particular issuance of notes. The discussion only covers you if you hold your notes as a capital asset (generally, for investment purposes), your functional currency is the U.S. dollar (if you are a U.S. holder) and you do not have a special tax status. The discussion does not cover tax consequences that depend upon your particular tax situation in addition to your ownership of the notes, such as your holding the notes in connection with a hedging, straddle or conversion transaction. We suggest that you consult your tax advisor about the consequences of holding the notes in your particular situation.

The discussion does not cover you if you are a partner in a partnership (or an entity treated as a partnership for U.S. tax purposes). If a partnership holds the notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner of a partnership holding the notes, we suggest that you consult your tax advisor.

The discussion is based on current law. Changes in the law may change the tax treatment of the notes. The discussion does not cover state, local or foreign law, and, except for the U.S. federal estate tax consequences discussed below with respect to Non-U.S. holders, does not cover any U.S. federal tax consequences other than income tax consequences.

This discussion does not cover the Medicare tax that may be imposed on the net investment income of U.S. holders that are individuals, estates or trusts.

The discussion does not cover every type of notes that we might issue. If we intend to issue notes of a type not described in this summary, additional tax information will be provided in the prospectus supplement for the notes. We have not requested a ruling from the IRS on the tax consequences of owning the notes. As a result, the IRS could disagree with portions of this discussion.

If you are considering buying notes, we suggest that you consult your tax advisors about the tax consequences of holding the notes in your particular situation.

Tax Consequences to U.S. Holders

This section applies to you if you are a U.S. holder. A U.S. holder is a beneficial owner of the notes that is, for U.S. federal income tax purposes:

an individual U.S. citizen or resident alien;
a corporation or entity taxable as a corporation for U.S. federal income tax purposes that was created under U.S. law (federal or state);

an estate whose worldwide income is subject to U.S. federal income tax; or
a trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust and if one or more U.S. persons have the authority to control all substantial decisions of the trust, or if it has validly elected to be treated as a U.S. person.

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Interest

The tax treatment of interest paid on the notes depends upon whether the interest is qualified stated interest. The notes may have some interest that is qualified stated interest and some that is not.

Qualified stated interest is any interest that meets all the following conditions:

It is payable at least once each year.

It is payable over the entire term of the notes.

It is payable at a single fixed rate or at certain specified variable rates.

The notes have a maturity of more than one year from their issue date.

If any interest on the notes is qualified stated interest, then:

If you are a cash method taxpayer (as are most individual holders), you must report that interest in your income when you receive it.

If you are an accrual method taxpayer, you must report that interest in your income as it accrues.

If any interest on the notes is not qualified stated interest, it is subject to the rules for original issue discount (OID) described below.

Determining Amount of OID

Notes that have OID are subject to additional tax rules. The amount of OID on the notes is determined as follows:

The amount of OID on the notes is the stated redemption price at maturity of the notes minus the issue price of the notes. If this amount is zero or negative, there is no OID.

The stated redemption price at maturity of the notes is the total amount of all principal and interest payments to be made on the notes, other than qualified stated interest. In a typical case where all interest is qualified stated interest, the stated redemption price at maturity is the same as the principal amount.

The issue price of the notes is the first price at which a substantial amount of the notes are sold to the public (excluding bondhouses, brokers and persons acting in a similar capacity).

Under a special rule, if the OID determined under the general formula is very small, it is disregarded and not treated as OID. This disregarded OID is called *de minimis* OID. If all the interest on the notes is qualified stated interest, this rule applies if the amount of OID is less than the following items multiplied together: (a) .25% (1/4 of 1%), (b) the number of full years from the issue date to the maturity date of the notes and (c) the principal amount.

Accrual of OID Into Income

If the notes have OID, the following consequences arise:

You must include the total amount of OID as ordinary income over the life of the notes.

You must include OID in income as the OID accrues on the notes, even if you are on the cash method of accounting. This means that you are required to report OID income, and in some cases pay tax on that income, before you receive the cash that corresponds to that income.

OID accrues on the notes on a constant yield method. This method takes into account the compounding of interest. Under this method, the accrual of OID on the notes, combined with the inclusion into income of any qualified stated interest on the notes, will result in you being taxable at approximately a constant percentage of your unrecovered investment in the notes.

The amount of OID includible in income by you in a taxable year is the sum of the daily portions of OID with respect to your notes for each day of the taxable year (or portion thereof) in which you held the notes. The daily portion is

determined by allocating to each day in an accrual period a pro rata portion of the OID allocable to that accrual period.

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The accruals of OID on the notes will generally be less in the early years and more in the later years. If any of the interest paid on the notes is not qualified stated interest, that interest is taxed solely as OID. It is not separately taxed when it is paid to you. Your tax basis in the notes is initially your cost. It increases by any OID (not including qualified stated interest) you report as income. It decreases by any principal payments you receive on the notes, and by any interest payments you receive that are not qualified stated interest.

Notes Subject to Additional Tax Rules

Additional or different tax rules apply to several types of notes that we may issue.

Short-term notes: We may issue notes with a maturity of one year or less. These are referred to as short-term notes.

No interest on these notes is qualified stated interest. Otherwise, the amount of OID is calculated in the same manner as described above.

You may make certain elections concerning the method of accrual of OID on short-term notes over the life of the notes.

If you are an accrual method taxpayer, a bank, a securities dealer, or in certain other categories, you must include OID on short-term notes in income as it accrues.

If you are a cash method taxpayer not subject to the accrual rule described above, you do not include OID on short-term notes in income until you actually receive payments on the notes. Alternatively, you can elect to include OID in income as it accrues. This election applies to all short-term notes acquired by you during the first taxable year for which the election is made and all subsequent taxable years, unless the IRS consents to a revocation.

Two special rules apply if you are a cash method taxpayer and you do not include OID on short-term notes in income as it accrues. First, if you sell the note or it is paid at maturity, and you have a taxable gain, then the gain is ordinary income to the extent of the accrued OID on the note at the time of the sale that you have not yet taken into income. Second, if you borrow money (or do not repay outstanding debt) to acquire or hold the note, then while you hold the note you cannot deduct any interest on the borrowing that corresponds to accrued OID on the note until you include the OID in your income.

Floating rate notes: Floating rate notes are subject to special OID rules.

If the interest rate is based on a single fixed formula based on the cost of newly borrowed funds or other objective financial information (which in either case may include a fixed interest rate for the initial period if certain conditions are met), all the interest will be qualified stated interest. The amount of OID (if any), and the method of accrual of OID, will then be calculated by converting the notes floating rate into a fixed rate and by applying the general OID rules described above.

The qualified stated interest allocable to an accrual period is increased (or decreased) if the interest actually paid during such accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period.

If the notes have more than one formula for interest rates, it is possible that the combination of interest rates might create OID. We suggest that you consult your tax advisor concerning the OID accruals on any floating rate notes.

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Other categories of notes: Additional rules may apply to certain other categories of notes. The pricing supplement for these notes may describe these rules. In addition, we suggest that you consult your tax advisor in these situations.

These categories of notes include:

- notes that are denominated in a currency other than U.S. dollars;
- notes with contingent payments;
- notes that you can put to CFC before their maturity;
- notes that are callable by CFC before their maturity, other than typical calls at a premium;
- indexed notes with an index tied to currencies; and
- notes that are extendable at your option or at the option of CFC.

Premium and Discount

Additional special rules apply in the following situations involving discount or premium:

If you buy the notes in the initial offering for more than their stated redemption price at maturity, the excess amount you pay will be bond premium. You can elect to use bond premium to reduce your taxable interest income over the life of your notes. Under the election, the total bond premium will be allocated to interest periods, as an offset to your interest income, on a constant yield basis over the life of the notes—that is, with a smaller offset in the early periods and a larger offset in the later periods. You make this election on your tax return for the year in which you acquire the notes. However, if you make the election, it automatically applies to all debt instruments with bond premium that you own during that year or that you acquire at any time thereafter, unless the IRS permits you to revoke the election. Similarly, if the notes have OID and you buy them in the initial offering for more than the issue price, the excess (up to the total amount of OID) is called acquisition premium. The amount of OID you are required to include in income will be reduced by this amount over the life of the notes.

If you buy the notes in the initial offering for less than the initial offering price to the public, special rules concerning market discount may apply.

Under the market discount rules, absent an election to include market discount in income currently, you will be required to treat any partial principal payment on, or any gain realized on the sale, exchange, retirement or other disposition of a note, as ordinary income to the extent of the lesser of the amount of such payment or realized gain or the market discount which has not previously been included in income and is treated as having accrued on the note at the time of such payment or disposition, unless the amount of such market discount is considered to be *de minimis*. Market discount will accrue ratably unless you elect to accrue market discount under a constant yield method. The election to apply the constant yield method is made on a debt instrument-by-debt instrument basis, and is irrevocable. Special rules apply in applying the accrual methods for amortizing notes.

Appropriate adjustments to tax basis are made in these situations. We suggest that you consult your tax advisor if you are in one of these situations.

Accrual Election

You can elect to be taxed on the income from the notes in a different manner than described above. Under the election:

No interest is qualified stated interest.

You include amounts in income as it economically accrues to you. The accrual of income is in accordance with the constant yield method, based on the compounding of interest. The accrual of income takes into account stated interest, OID (including *de minimis* OID), market discount and premium.

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Your tax basis is increased by all accruals of income and decreased by all payments you receive on the notes. The election is made for the taxable year in which you buy the notes and cannot be revoked without the consent of the IRS.

Sale or Retirement of the Notes

On your sale or retirement of your notes:

You will have taxable gain or loss equal to the difference between the amount received by you and your tax basis in the notes. Your tax basis in the notes is your cost, subject to certain adjustments.

Your gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if you held the notes for more than one year. For non-corporate U.S. holders, net long-term capital gains are generally taxed at preferential rates. The deductibility of capital losses is subject to certain limitations.

If (a) you purchased the notes with *de minimis* OID, (b) you did not make the election to accrue all OID into income, and (c) you receive the principal amount of the notes upon the sale or retirement, then you will generally have capital gain equal to the amount of the *de minimis* OID.

If you sell the notes between interest payment dates, a portion of the amount you receive reflects interest that has accrued on the notes but has not yet been paid by the sale date. That amount is treated as ordinary interest income and not as sale proceeds.

All or part of your gain may be ordinary income rather than capital gain in certain cases. These cases include sales of short-term notes, notes with market discount, notes with contingent payments or foreign currency notes.

Information Reporting and Backup Withholding

Under the tax rules concerning information reporting to the IRS:

Assuming you hold your notes through a broker or other intermediary, the intermediary must provide information to the IRS concerning interest, OID and retirement or sale proceeds on your notes, unless an exemption applies. As discussed above under Premium and Discount, the amount reported to you may have to be adjusted to reflect the amount you must report on your own tax return.

Similarly, unless an exemption applies, you must provide the intermediary with your taxpayer identification number for its use in reporting information to the IRS. If you are an individual, this is your social security number. You are also required to comply with other IRS requirements concerning information reporting.

If you are subject to these requirements but do not comply, the intermediary must apply backup withholding on all amounts payable to you on the notes (including principal payments). If the intermediary withholds, you may claim the withheld amount as a credit against your federal income tax liability if you provide the required information to the IRS.

All individuals are subject to these requirements. Some holders, including all corporations, tax-exempt organizations and individual retirement accounts, are exempt from these requirements.

Tax Consequences to Non-U.S. Holders

This section applies to you if you are a Non-U.S. holder. A Non-U.S. holder is a beneficial owner of the notes, other than a partnership or other entity treated as a partnership for U.S. federal income tax purposes, that is not a U.S. holder.

Withholding Taxes

Generally, payments of principal and interest (including OID) on the notes will not be subject to U.S. withholding taxes.

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However, for the exemption from withholding taxes to apply to you, you must meet one of the following requirements:

You provide a completed Form W-8BEN (or substitute form) to the bank, broker or other intermediary through which you hold your notes. The Form W-8BEN contains your name, address and a statement that you are the beneficial owner of the notes and that you are a Non-U.S. holder.

You hold your notes directly through a qualified intermediary, and the qualified intermediary has sufficient information in its files indicating that you are not a U.S. holder. A qualified intermediary is a bank, broker or other intermediary that (1) is either a U.S. or non-U.S. entity, (2) is acting out of a non-U.S. branch or office and (3) has signed an agreement with the IRS providing that it will administer all or part of the U.S. tax withholding rules under specified procedures.

You are entitled to an exemption from withholding tax on interest under a tax treaty between the U.S. and your country of residence. To claim this exemption, you must generally complete Form W-8BEN and claim this exemption on the form. In some cases, you may instead be permitted to provide documentary evidence of your claim to the intermediary, or a qualified intermediary may already have some or all of the necessary evidence in its files.

The interest income on the notes is effectively connected with the conduct of your trade or business in the U.S., and is not exempt from U.S. tax under a tax treaty. To claim this exemption, you must complete Form W-8ECI and be subject to U.S. federal income tax as described below under U.S. Trade or Business.

Even if you meet one of the above requirements, interest paid to you will be subject to withholding tax under any of the following circumstances:

The withholding agent or an intermediary knows or has reason to know that you are not entitled to an exemption from withholding tax. Specific rules apply for this test.

The IRS notifies the withholding agent that information that you or an intermediary provided concerning your status is false.

An intermediary through which you hold the notes fails to comply with the procedures necessary to avoid withholding taxes on the notes. In particular, an intermediary is generally required to forward a copy of your Form W-8BEN (or other documentary information concerning your status) to the withholding agent for the notes. However, if you hold your notes through a qualified intermediary or if there is a qualified intermediary in the chain of title between you and the withholding agent for the notes the qualified intermediary will not generally forward this information to the withholding agent.

The amount of interest payable on the notes is based on the earnings of CFC or certain other contingencies. If this exception applies, additional information will be provided in the pricing supplement.

You are a bank making a loan in the ordinary course of its business. In this case, you will be exempt from withholding taxes only if you are eligible for a treaty exemption or if the interest income is effectively connected with your conduct of a trade or business in the U.S., as discussed above.

Interest payments (including OID) made to you will generally be reported to the IRS and to you on Form 1042-S.

However, this reporting does not apply to you if one of the following conditions applies:

You hold your notes directly through a qualified intermediary and the applicable procedures are complied with.

The notes have an original maturity of 183 days or less from their issue date.

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The rules regarding withholding are complex and vary depending on your individual situation. They are also subject to change. In addition, special rules apply to certain types of Non-U.S. holders of the notes, including partnerships, trusts and other entities treated as pass-through entities for U.S. federal income tax purposes. We suggest that you consult with your tax advisor regarding the specific methods for satisfying these requirements.

Sale or Retirement of Notes

If you sell the notes or the notes are redeemed, you will not be subject to federal income tax on any gain unless one of the following applies:

The gain is connected with a trade or business that you conduct in the U.S.

You are an individual, you were present in the U.S. for at least 183 days during the year in which you disposed of the notes, and certain other conditions are satisfied.

The gain represents accrued interest or OID, in which case the rules for interest would apply.

U.S. Trade or Business

If you hold your notes in connection with a trade or business that you are conducting in the U.S. and, if required by an applicable income tax treaty, you maintain a U.S. permanent establishment to which the holding of the notes is attributable:

Any interest on the notes, and any gain from disposing of the notes, generally will be subject to U.S. federal income tax as if you were a U.S. holder.

If you are a corporation, you may also be subject to the branch profits tax on your earnings that are connected with your U.S. trade or business (subject to certain adjustments), including earnings from the notes. This tax is 30%, but may be reduced or eliminated by an applicable income tax treaty.

Estate Taxes

If you are an individual, your notes will not be subject to U.S. estate tax when you die. However, this rule only applies if, at your death, payments on the notes were not connected to a trade or business that you were conducting in the U.S.

Information Reporting and Backup Withholding

U.S. rules concerning information reporting and backup withholding are described above. These rules apply to Non-U.S. holders as follows:

Principal and interest payments you receive will be automatically exempt from the usual rules if you are a Non-U.S. holder exempt from withholding tax on interest, as described above. The exemption does not apply if the withholding agent or an intermediary knows or has reason to know that you should be subject to the usual information reporting or backup withholding rules. In addition, as described above, interest payments (including OID) made to you may be reported to the IRS on Form 1042-S.

Sale proceeds you receive on a sale of your notes through a broker may be subject to information reporting and/or backup withholding if you are not eligible for an exemption. In particular, information reporting and backup withholding may apply if you use the U.S. office of a broker, and information reporting (but not backup withholding) may apply if you use the foreign office of a broker that has certain connections to the U.S. In general, you may provide one of the forms described under Withholding Taxes to claim an exemption from information reporting and backup withholding on a sale. We suggest that you consult your tax advisor concerning information reporting and backup withholding on a sale.

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Withholdable Payments to Foreign Financial Entities and Other Foreign Entities on the Notes

The Foreign Account Tax Compliance Act (FATCA) imposes a U.S. federal withholding tax of 30% on certain payments to foreign financial institutions and other non-U.S. persons that fail to comply with information reporting requirements in respect of their direct and indirect U.S. shareholders and/or U.S. accountholders. FATCA withholding currently applies to payments of interest on notes and, beginning January 1, 2017, to payments of gross proceeds from a sale or other disposition of notes. Under certain circumstances, a Non-U.S. holder might be eligible for refunds or credits of such taxes. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implication of this legislation on their investment in the notes.

European Union Tax Reporting and Withholding

Directive 2003/48/EC (the Directive) of the Council of the European Union, relating to the taxation of savings income, became effective on July 1, 2005. Under the Directive, if a paying agent for interest on a debt claim is resident in one member state of the European Union and an individual who is the beneficial owner of the interest is a resident of another member state, then the former member state is required to provide information (including the identity of the recipient) to authorities of the latter member state. Paying agent is defined broadly for this purpose and generally includes any agent of either the payor or payee. Belgium, Luxembourg and Austria have opted instead to withhold tax on the interest during a transitional period (initially at a rate of 15% but rising in steps to 35% after six years), subject to the ability of the individual to avoid withholding taxes through voluntary disclosure of the investment to the individual's Member State. In addition, certain non-members of the European Union (Switzerland, Liechtenstein, Andorra, Monaco and San Marino), as well as dependent and associated territories of the United Kingdom and the Netherlands, have adopted equivalent measures effective on the same date, and some (including Switzerland) have exercised the option to apply withholding taxes as described above.

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CERTAIN ERISA CONSIDERATIONS

The fiduciary standards of the Employee Retirement Income Security Act of 1974, as amended (ERISA), should be considered by the fiduciary of an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA (which we refer to as an ERISA Plan) in the context of the ERISA Plan s particular circumstances before authorizing the acquisition and holding of the notes. Among other factors to consider, the fiduciary should consider whether such acquisition and holding of the notes is in accordance with the documents governing the ERISA Plan and would satisfy the prudence requirements of ERISA and whether such acquisition and holding of the notes is appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio.

Section 406 of ERISA and Section 4975 of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), prohibit (a) ERISA Plans, (b) individual retirement accounts, self-employment retirement plans and other plans or arrangements described in Section 4975(e)(1) of the Internal Revenue Code and (c) entities whose underlying assets include plan assets (within the meaning of ERISA Section 3(42), 29 C.F.R. Section 2510.3-101 or otherwise under ERISA) by reason of such ERISA Plan s or other plan s investment in such entity ((a), (b) and (c) are hereinafter referred to as Plans) from engaging in certain transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Internal Revenue Code with respect to such Plan unless an exemption applies. Therefore, fiduciaries of ERISA Plans and persons making investment decisions for other Plans should also consider whether an investment in the notes might constitute or give rise to a prohibited transaction under ERISA or the Internal Revenue Code. Certain Plans that are not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Internal Revenue Code, such as governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and certain foreign plans (as described in Section 4(b)(4) of ERISA), may nevertheless be subject to federal, state, local, non-U.S. or other laws, rules or regulations that are similar to the foregoing provisions of ERISA and the Internal Revenue Code (collectively, Similar Laws). A violation of the prohibited transaction rules may result in an excise tax or other liabilities under ERISA or Section 4975 of the Internal Revenue Code and require the unwinding of the transaction giving rise to the violation and the disgorgement of any gains. In the case of an individual retirement account, a violation of these prohibited transaction rules could also cause the individual retirement account to lose tax exempt status. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code may be applicable to a Plan s acquisition, holding or disposition of the notes, depending in part on the type of Plan fiduciary making the decision to acquire a note and the circumstances under which such decision is made.

The U.S. Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of the notes. These exemptions include PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 95-60 (for transactions involving certain insurance company general accounts), and PTCE 96-23 (for transactions managed by in-house asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide an exemption for the purchase and sale of notes offered hereby, provided that neither the issuer of notes offered hereby nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more and receives no less than adequate consideration in connection with the transaction to the nonfiduciary service provider.

There can be no assurance that all of the conditions of any of the above exemptions will be satisfied.

Each purchaser and transferee of the notes must represent (or if the notes are issued in book entry form will, by virtue of its acquisition, be deemed to represent) that either the notes are not being acquired with assets of a Plan or the acquisition, holding and, to the extent relevant, disposition of the notes by the purchaser or transferee will not give rise to a transaction that is prohibited by Section 406, 407 and 408 of ERISA or Section 4975 of the Internal Revenue Code for which an exemption is unavailable, or in the case of a governmental plan, church plan or non-U.S. plan subject to Similar Laws, will not violate any applicable

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Similar Laws. In addition, Plan investors should consider the application of PTCE 75-1, for certain transactions by a broker-dealer, to the acquisition, holding or disposition of the notes.

The foregoing discussion is general in nature, is not intended to be all inclusive, and is based on laws in effect on the date hereof. Such discussion should not be construed as legal advice. Due to the complexity of these rules and the penalties imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries and other persons considering the purchase of the notes on behalf of a plan consult with its counsel regarding the consequences under ERISA, the Internal Revenue Code or other Similar Law, of the acquisition, disposition and holding of the notes and the availability of any exemptive relief for these consequences. The sale of any notes is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by, or is appropriate for, any such Plans generally or any particular Plan.

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PLAN OF DISTRIBUTION

The notes are being offered on a continuing basis through RBC Capital Markets, LLC, BBVA Securities Inc., J.P. Morgan Securities LLC, KeyBanc Capital Markets Inc, Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc., PNC Capital Markets LLC, Regions Securities LLC, RBS Securities Inc., Scotia Capital (USA) Inc., SunTrust Robinson Humphrey, Inc., and U.S. Bancorp Investments, Inc., which are acting as agents. The agents have agreed to use their reasonable best efforts to solicit purchases of the notes, under the terms of the Agency Agreement dated November 10, 2014 by and between CFC and the agents listed therein. CFC will pay each agent a commission as shall be specified in the applicable pricing supplement for each note. CFC will have the sole right to accept offers to purchase notes and may reject any offer, in whole or in part. Each agent will have the right, in its discretion reasonably exercised, without notice to CFC, to reject any offer to purchase notes received by it, in whole or in part. CFC also may sell notes to each agent, acting as principal, at or above par or at a discount to be agreed upon at the time of sale, for resale to one or more investors or to one or more broker-dealers (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of such resale, as determined by such agent or, if so agreed, at a fixed public offering price. Unless otherwise specified in the applicable pricing supplement, any note sold to an agent as principal will be purchased by that agent at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to an agency sale of a note of identical maturity. CFC has reserved the right to sell notes directly on its own behalf.

An agent may sell notes it has purchased from CFC as principal to other dealers for resale to investors and other purchasers, and may allow any portion of the discount received in connection with the purchase from CFC to those dealers. After the initial public offering of notes, the public offering price (in the case of notes to be resold at a fixed public offering price), the concession and the discount may be changed.

Unless otherwise indicated in the applicable pricing supplement, payment of the purchase price of notes will be required to be made in funds immediately available in New York City.

The agents may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended. CFC has agreed to indemnify the agents against and contribute toward certain liabilities, including liabilities under such Act. CFC has agreed to reimburse the agents for certain expenses.

CFC also may sell notes or other medium-term notes on its own behalf directly to its members and associates as well as members and associates of Rural Telephone Finance Corporation and National Cooperative Services Corporation.

The agents and/or certain of their affiliates engage in transactions with and perform services for CFC and certain of its affiliates in the ordinary course of business.

In connection with the offering made by this prospectus supplement and the attached prospectus, the agents may purchase and sell the notes in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the agents in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the notes, and short positions created by the agents involve the sale by the agents of a greater aggregate principal amount of notes than they are required to purchase from CFC. The agents also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the notes sold in the offering may be reclaimed by the agents if such notes are repurchased by the agents in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the notes, which may be higher than the price that might otherwise prevail in the open market. These activities, if commenced, may be discontinued at any time. These

transactions may be effected in the over-the-counter market or otherwise.

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In the ordinary course of their respective businesses, the agents and their affiliates have engaged, and may in the future engage, in commercial banking and/or investment banking transactions (including acting as underwriters, initial purchasers or dealers with respect to other securities offerings) with CFC and its affiliates, for which they have received, and in the future expect to receive, customary compensation. In addition, affiliates of the agents from time to time have acted or in the future may continue to act as lenders to CFC and its affiliates, for which they have received or expect to receive customary compensation.

In addition, in the ordinary course of their business activities, the agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of CFC or its affiliates. The agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Conflicts of Interest

In the event that greater than 5% of the net proceeds from this offering are used to repay indebtedness owed to any individual agent and/or its affiliates in the aggregate, this offering will be conducted in accordance with FINRA Rule 5121. In such event, such agent or agents will not confirm sales of the notes to accounts over which they exercise discretionary authority without the prior written approval of the customer.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), an offer of the notes offered hereby to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to such notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of the notes offered hereby to the public in that Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive if they have been implemented in the Relevant Member State:

- (a) to qualified investors as defined in the Prospectus Directive;
 - to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD
 - (b) Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the agents; or
 - (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;
- provided that no such offer of notes referred to in (a) (c) above shall result in a requirement for the publication by the company or any agent of a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any notes in any Relevant

Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant

Member State, and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

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This offering document has been prepared on the basis that all offers of the notes offered hereby will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (EEA), from the requirement to produce a prospectus for offers of the notes offered hereby. Accordingly any person making or intending to make any offer within the EEA of the notes which are the subject of the placement contemplated in this offering document should only do so in circumstances in which no obligation arises for CFC or any of the agents to produce a prospectus for such offer. Neither CFC nor the agents have authorized, nor do they authorize, the making of any offer of the notes offered hereby through any financial intermediary, other than offers made by the agents which constitute the final placement of the Notes contemplated in this offering document.

United Kingdom

This offering document is only being distributed to and is only directed at persons who (i) are outside the United Kingdom or (ii) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the Order) or (iii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order or (iv) such other persons to whom it may lawfully be communicated (all such persons together being referred to as relevant persons). This offering document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering document relates is available only to relevant persons and will be engaged in only with relevant persons.

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LEGAL MATTERS

The validity of the notes offered hereby and certain U.S. tax matters in connection with the offering of the notes will be passed upon for CFC by Hogan Lovells US LLP, Columbia Square, 555 Thirteenth Street NW, Washington, D.C. Certain legal matters will be passed upon for the agents by Hunton & Williams LLP, 200 Park Avenue, New York, New York. Hunton & Williams LLP from time to time has performed and may perform legal services for CFC.

EXPERTS

The consolidated financial statements of National Rural Utilities Cooperative Finance Corporation as of May 31, 2014, and for the year then ended, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

KPMG LLP's report dated August 28, 2014 refers to its audit of the adoption of Accounting Standards Update No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, and Accounting Standards Update No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, as more fully described in Note 16 to the consolidated financial statements. However, KPMG LLP was not engaged to audit, review, or apply any procedures to the 2013 consolidated financial statements other than with respect to this disclosure.

The consolidated financial statements as of May 31, 2013, and for each of the two years in the period ended May 31, 2013, incorporated by reference in this prospectus supplement from our Annual Report on Form 10-K for the year ended May 31, 2014, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference.

Such consolidated financial statements have been so incorporated in reliance upon the reports of such firms given upon their authority as experts in accounting and auditing.

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PROSPECTUS

National Rural Utilities Cooperative Finance Corporation

Senior Debt Securities
Subordinated Debt Securities

We plan to offer from time to time senior debt securities and subordinated debt securities. We will provide the specific terms of these senior debt securities and subordinated debt securities and the offering in one or more supplements to this prospectus. A prospectus supplement or pricing supplement may also add, change or update information contained in this prospectus. You should read this prospectus and any supplements carefully before you invest.

We may sell these securities on a continuous or delayed basis directly, through agents, dealers or underwriters as designated from time to time, or through a combination of these methods. We reserve the sole right to accept, and together with any agents, dealers and underwriters, reserve the right to reject, in whole or in part, any proposed purchase of securities. For additional information on the method of sale, refer to the section entitled **Plan of Distribution** below. The names of any underwriters, dealers or agents involved in the sale of any securities, the specific manner in which they may be offered and any applicable commissions or discounts will be set forth in the prospectus supplement covering the sales of those securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these senior debt securities and subordinated debt securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in the senior debt securities and subordinated debt securities involves risks. See **Risk Factors on page **1**.**

This prospectus may not be used to consummate sales of senior debt securities or subordinated debt securities unless accompanied by a prospectus supplement.

The date of this prospectus is November 6, 2014.

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ABOUT THIS PROSPECTUS

To understand the terms of the senior debt securities and subordinated debt securities (the securities) offered by this prospectus, you should carefully read this prospectus, any prospectus supplement or pricing supplement. You should also read the documents referred to under the heading Where You Can Find More Information and Incorporation By Reference for information on National Rural Utilities Cooperative Finance Corporation (CFC or the Company), also referred to as we, us and our, including its financial statements. Certain capitalized terms used in this prospectus are defined elsewhere in this prospectus.

This prospectus is part of a registration statement that we have filed with the U.S. Securities and Exchange Commission (the SEC or the Commission), using a shelf registration procedure. Under this procedure, we may offer and sell the securities from time to time. Each time we offer the securities, we will provide you with a prospectus supplement or pricing supplement that will describe the specific amounts, prices and terms of the securities being offered, including the names of any underwriters, dealers or agents, the compensation of any underwriters, dealers or agents and the net proceeds to us. The prospectus supplement may contain information about any material U.S. federal income tax considerations relating to the securities covered by the prospectus supplement. The prospectus supplement or pricing supplement may also add, update or change information contained in this prospectus.

We are not making an offer of these securities in any state or jurisdiction where the offer is not permitted.

RISK FACTORS

Investing in the securities involves significant risks. Before you invest in the securities, in addition to the other information contained in this prospectus and in any prospectus supplement or pricing supplement, you should carefully consider the risks and uncertainties discussed under Forward-Looking Statements and the other information included or incorporated by reference in this prospectus including the information under the heading Risk Factors in our Annual Report on Form 10-K for the fiscal year ended May 31, 2014, as our risk factors may be updated from time to time in our Quarterly Report on Form 10-Q and in other filings we may make from time to time with the SEC after the date of the registration statement of which this prospectus is a part. Any of these risk factors, as well as other risks and uncertainties, could harm our financial condition, results of operations or cash flows.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the Public Reference Room. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act of 1933, as amended (the Securities Act) relating to the securities covered by this prospectus. As permitted by SEC rules, this prospectus may not contain all of the information we have included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You may refer to the registration statement, exhibits and schedules for more information about us and the securities. The registration statement, exhibits and schedules are available through the SEC's Public Reference Room or website.

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INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus information we have filed with the SEC, which means that we can disclose important information to you by referring you to those filed documents. The information incorporated by reference is an important part of this prospectus, and the information we subsequently file with the SEC will automatically update and supersede the information in this prospectus. Absent unusual circumstances, we will have no obligation to amend this prospectus, other than filing subsequent information with the SEC. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act) until this offering is completed:

Annual Report on Form 10-K for the year ended May 31, 2014 (filed August 28, 2014);
Quarterly Report on Form 10-Q for the quarter ended August 31, 2014 (filed October 14, 2014);
Current Report on Form 8-K, dated October 6, 2014 (filed October 10, 2014);
Current Report on Form 8-K, dated October 28, 2014 (filed October 31, 2014); and
Current Report on Form 8-K, dated October 31, 2014 (filed October 31, 2014).

We are not incorporating by reference any document or information that is deemed to be furnished and not filed in accordance with SEC rules.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or any other subsequently filed document that is deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings from the SEC as described under Where You Can Find More Information. You may also request, at no cost (other than an exhibit to these filings unless we have incorporated that exhibit by reference into this registration statement), a copy of these filings by writing to or telephoning us at the following address:

National Rural Utilities Cooperative Finance Corporation
20701 Cooperative Way
Dulles, VA 20166-6691
(703) 467-1800
Attn: J. Andrew Don
Senior Vice President and Chief Financial Officer

These filings are also available through the Financial Reporting subsection of the Investor Relations section of our website: www.nrucfc.coop. Information on our website does not constitute a part of this prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus, any prospectus supplement or pricing supplement. We have not authorized anyone, including any salesman or broker, to provide you with different information. You should not assume that the information contained or incorporated by reference in this prospectus, any prospectus supplement or any pricing supplement is accurate

as of any date other than the date on the front cover of the document in question.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference herein, contains forward-looking statements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identified by our use of words such as intend, plan, may, should, will, project, anticipate, believe, expect, continue, potential, opportunity and similar expressions, whether in the negative or affirmative. All statements about future expectations or projections, including statements about loan volume, the appropriateness of the allowance for loan losses, operating income and expenses, leverage and debt-to-equity ratios, borrower financial performance, impaired loans, and sources and uses of liquidity, are forward-looking statements.

Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, actual results and performance could materially differ. Factors that could cause future results to vary from current expectations include, but are not limited to, general economic conditions, legislative changes including those that could affect our tax status, governmental monetary and fiscal policies, demand for our loan products, lending competition, changes in the quality or composition of our loan portfolio, changes in our ability to access external financing, changes in the credit ratings on our debt, valuation of collateral supporting impaired loans, charges associated with our operation or disposition of foreclosed assets, regulatory and economic conditions in the rural electric industry, non-performance of counterparties to our derivative agreements and the costs and effects of legal or governmental proceedings involving CFC or its members. Some of these and other factors are discussed in our annual and quarterly reports previously filed with the SEC. Except as required by law, we undertake no obligation to update or publicly release any revisions to forward-looking statements to reflect new information, events, circumstances or changes in expectations after the date on which the statement is made.

THE COMPANY

CFC is a member-owned cooperative association incorporated under the laws of the District of Columbia in April 1969. CFC's principal purpose is to provide its members with financing to supplement the loan programs of the Rural Utilities Service of the United States Department of Agriculture. CFC makes loans to its rural electric members so they can acquire, construct and operate electric distribution, generation, transmission and related facilities. CFC also provides its members with credit enhancements in the form of letters of credit and guarantees of debt obligations. As a cooperative, CFC is owned by and exclusively serves its membership, which consists solely of not-for-profit entities or subsidiaries or affiliates of not-for-profit entities. CFC is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. As a member-owned cooperative, CFC has no publicly held equity securities outstanding. CFC funds its activities primarily through a combination of publicly and privately held debt securities and member investments. As a member owned cooperative, CFC's objective is not to maximize profit, but rather to offer its members cost-based financial products and services consistent with sound financial management. CFC annually allocates its net earnings, which consists of net income excluding the effect of certain non-cash accounting entries, to a cooperative education fund, a members' capital reserve, a general reserve, if necessary, and to members based on each member's patronage of CFC's loan programs during the year. The Company's headquarters are located at 20701 Cooperative Way, Dulles, VA 20166-6691 and its telephone number is (703) 467-1800.

For financial statement purposes, CFC's results of operations and financial condition are consolidated with and include Rural Telephone Finance Cooperative (RTFC) and National Cooperative Services Corporation (NCSC). CFC also consolidates the financial results of certain entities created and controlled by CFC to hold foreclosed assets and to accommodate loan securitization transactions.

RTFC is a cooperative association originally incorporated in South Dakota in 1987 and reincorporated as a member-owned cooperative association in the District of Columbia in 2005. RTFC's principal purpose is to provide financing for its rural telecommunications members and their affiliates. RTFC's membership consists of a combination of not-for-profit entities and for-profit entities. CFC is the sole lender to and manages the business operations of RTFC through a management agreement in effect until December 1, 2016, which is automatically renewed for one-year terms thereafter unless terminated by either party. Under a guarantee agreement, RTFC pays CFC a fee and, in exchange, CFC reimburses RTFC for loan losses. RTFC is

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headquartered with CFC in Dulles, Virginia. RTFC is a taxable cooperative that pays income tax based on its net income, excluding patronage-sourced net earnings allocated to its patrons, as permitted under Subchapter T of the Internal Revenue Code.

NCSC was incorporated in 1981 in the District of Columbia as a member-owned cooperative association. The principal purpose of NCSC is to provide financing to members of CFC, entities eligible to be members of CFC and the for-profit and non-profit entities that are owned, operated or controlled by, or provide significant benefit to Class A, B and C members of CFC. As of August 31, 2014, NCSC's membership consisted primarily of distribution systems, power supply systems and statewide and regional associations that were members of CFC. CFC is the primary source of funding to and manages the business operations of NCSC through a management agreement that is automatically renewable on an annual basis unless terminated by either party. Under a guarantee agreement, NCSC pays CFC a fee and, in exchange, CFC reimburses NCSC for loan losses. NCSC is headquartered with CFC in Dulles, Virginia. NCSC is a taxable cooperative. Thus, NCSC pays income tax based on its reportable taxable income and deductions.

At August 31, 2014, after taking into consideration systems that are members of both CFC and NCSC and eliminating memberships between CFC, RTFC and NCSC, our consolidated membership totaled 1,460 members and 228 associates. Our consolidated members include 838 electric distribution systems, 71 power supply systems, 486 telecommunication members, 64 statewide and regional associations, and one national association of cooperatives. The service territories of our electric distribution systems, power supply systems and telecommunication members are located in 49 states, the District of Columbia and two U.S. territories.

RATIO OF EARNINGS TO FIXED CHARGES

The ratios of earnings to fixed charges for the Company for each of the five years ended May 31, 2014, 2013, 2012, 2011 and 2010 are included in Exhibit 12 to our Annual Report on Form 10-K for the year ended May 31, 2014, and are incorporated by reference into this prospectus. The ratio of earnings to fixed charges for the Company for the three months ended August 31, 2014 is included in Exhibit 12 to our Quarterly Report on Form 10-Q for the quarter ended August 31, 2014 Form 10-Q, and is also incorporated by reference into this prospectus.

USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement or pricing supplement, the net proceeds from the sale of the securities will be added to the general funds of CFC and will be available for loans and for use in connection with the retirement of debt.

DESCRIPTION OF SENIOR DEBT SECURITIES

The following description summarizes the general terms and provisions that may apply to the senior debt securities. Each prospectus supplement or pricing supplement will state the particular terms of the senior debt securities and the extent, if any, to which the general terms and provisions described herein may apply to the senior debt securities included in the prospectus supplement or pricing supplement.

The senior debt securities will be issued under a senior indenture dated as of December 15, 1987, as supplemented by a First Supplemental senior indenture dated as of October 1, 1990, between CFC and U.S. Bank National Association, as successor trustee (as so supplemented, the senior indenture). The senior indenture does limit the aggregate principal

amount of senior indebtedness which may be issued under it, as described below under Restriction on Indebtedness .

Additionally, CFC may, without the consent of the holders of the senior debt securities of any series, re-open a previous series of senior debt securities and issue additional senior debt securities of the same series, which additional senior debt securities will have the same terms as the original series except for the issue price, issue date and, in some cases, the first interest payment date. CFC will not issue any additional senior debt securities of the same series unless the additional senior debt securities will be fungible with all senior debt securities of the same series for U.S. federal income tax purposes.

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The statements in this prospectus concerning the senior indenture, one or more supplemental senior indentures and the senior debt securities do not purport to be complete and are qualified in their entirety by reference to the senior indenture and any supplemental senior indenture, each of which is or will be incorporated by reference into this prospectus.

General

The senior debt securities will be issued in fully registered form without coupons unless the applicable prospectus supplement provides for an issuance to be in a form registered as to principal only with or without coupons or in bearer form with or without coupons or any combination thereof. Senior debt securities may also be issued in temporary or definitive global bearer form. Unless specified otherwise in the prospectus supplement or pricing supplement, all senior debt securities will be denominated in U.S. dollars, registered senior debt securities will be issued in denominations of \$1,000 and multiples of \$1,000 and bearer senior debt securities will be issued in denominations of \$5,000 and multiples of \$5,000. (Sections 201 and 302)

The senior debt securities will be direct, unsecured obligations of CFC. CFC also issues secured senior debt in the form of collateral trust bonds and privately placed senior secured notes, secured by a pledge of member loans. At August 31, 2014, CFC had \$6,258 million in aggregate principal amount of collateral trust bonds and \$1,474 million of senior secured notes outstanding.

If any of the senior debt securities are offered in a foreign currency or currency unit or if principal of, any premium or any interest on any of the senior debt securities is payable in any foreign currency or currency unit, the applicable prospectus supplement will describe the restrictions, elections, specific terms and other information relative to those senior debt securities.

CFC may issue senior debt securities in one or more series with the same or various maturities at or above par or with an original issue discount. Original issue discount securities bearing no interest or interest at a rate which at the time of issuance is below market rates will be sold at a discount (which may be substantial) below their stated principal amount. See disclosure regarding taxation contained in the relevant prospectus supplement for a discussion of certain federal income tax considerations with respect to any original issue discount securities.

The prospectus supplement or pricing supplement relating to the particular series of senior debt securities being offered will specify the amounts, prices and terms of such securities. These terms may include:

- the title of and the limit on the aggregate principal amount of senior debt securities to be issued;
- the percentage of their principal amount at which the senior debt securities will be sold;
- the date or dates on which the senior debt securities will mature;
- the annual rate or rates (which may be fixed or variable) or the method of determining any rate or rates at which the senior debt securities will bear interest;
- the date or dates from which such interest shall accrue and the date or dates at which interest will be payable;
- the place where payments may be made on the senior debt securities;
- any redemption or sinking fund terms;
- the denominations in which the senior debt securities will be issuable, if other than \$1,000 and any integral multiple thereof (if registered) or \$5,000 and any integral multiple thereof (if bearer);
- the principal amount of original issue discount senior debt securities payable upon acceleration;
- the means of satisfaction and discharge of the senior indenture with respect to the senior debt securities;

if the amount payable in respect of principal of or any premium or interest on any of such senior debt securities may be determined with reference to an index or other fact or event ascertainable outside the senior indenture, the manner in which the amounts will be determined;

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if other than the currency of the United States, the currency, currencies or currency unit or units in which the payment of principal of and any premium and interest on such senior debt securities will be made;

if other than the principal amount of the senior debt securities, the portion of the principal amount of the senior debt securities payable upon declaration of acceleration of the maturity;

if the principal of or premium or interest on the senior debt securities are to be payable in securities or other property, the type and amount of securities or other property, or the method of determining the amount, and the terms and conditions of the election;

the terms, if any, on which senior debt securities may be converted into or exchanged for securities of CFC or any other person;

the obligations or instruments, if any, considered eligible obligations in respect of senior debt securities denominated in a currency other than dollars or in a composite currency, and any additional or alternative provisions for the reinstatement of CFC's indebtedness in respect of the senior debt securities after their satisfaction and discharge;

if either CFC or the holders of senior debt securities may elect payment in a currency, currencies or currency unit or units other than that in which the senior debt securities are stated to be payable, then the period or periods within which, and the terms upon which, the election may be made and, if the amount of those payments may be determined with reference to an index based on a currency, currencies or currency unit or units, other than that in which the senior debt securities are stated to be payable, then the manner in which such amounts shall be determined;

whether the senior debt securities will be issued as registered senior debt securities, in a form registered as to principal only with or without coupons, or as bearer senior debt securities including temporary and definitive global form, or any combination thereof and applicable exchange provisions;

whether CFC will pay additional amounts to any holder of senior debt securities who is not a United States person (as defined in the disclosure relating to tax matters contained in the relevant prospectus supplement) in respect of any tax, assessment or governmental charge required to be withheld or deducted and whether CFC will have the option to redeem the applicable senior debt securities rather than pay additional amounts;

the applicability to the series of the senior indenture defeasance provisions;

whether the covenants described below under **Restriction on Indebtedness** will apply to the senior debt securities; any limitations on the rights of the holders of senior debt securities to transfer or exchange or to obtain the registration of transfer of senior debt securities, and the amount or terms of a service charge if any for the registration of transfer or exchange of senior debt securities;

any changes or additions to the events of default or covenants described in this prospectus; and

any other terms of the senior debt securities not inconsistent with the provisions of the senior indenture. (Section 301)

Exchange, Registration and Transfer

Unless otherwise specified in the applicable prospectus supplement, registered senior debt securities of any series that are not global senior debt securities will be exchangeable for other registered senior debt securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations. In addition, if senior debt securities of any series are issuable as both registered senior debt securities and bearer senior debt securities, the holder may choose, upon written request and subject to the terms of the senior indenture, to exchange bearer senior debt securities and the appropriate related coupons of that series into registered senior debt securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. Bearer senior debt securities with attached coupons surrendered in

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exchange for registered senior debt securities between a regular record date or a special record date and the relevant interest payment date must be surrendered without the coupon relating to that interest payment date and interest will not be payable on that interest payment date in respect of the registered senior debt security issued in exchange for that bearer debt security. The interest will be payable only to the holder of that coupon when due in accordance with the terms of the senior indenture. Bearer senior debt securities will not be issued in exchange for registered senior debt securities. No service charge will be made for any registration of transfer or exchange of the senior debt securities but CFC may require payment of a sum sufficient to cover any applicable tax or other governmental charge. (Section 305)

You may present senior debt securities for exchange as provided above. In addition, you may present registered senior debt securities for registration of transfer together with the duly executed form of transfer at the office of the security registrar or at the office of any transfer agent designated by CFC for that purpose with respect to any series of senior debt securities referred to in an applicable prospectus supplement. The security registrar or the transfer agent will effect the transfer or exchange upon being satisfied with the documents of title and identity of the person making the request. CFC has appointed U.S. Bank National Association as security registrar. (Section 305) If a prospectus supplement refers to any transfer agents (in addition to the security registrar) initially designated by CFC with respect to any series of senior debt securities, CFC may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts. However, if senior debt securities of a series are issuable solely as registered senior debt securities, CFC will be required to maintain a transfer agent in each place of payment for such series and, if senior debt securities of a series are issuable as bearer senior debt securities, CFC will be required to maintain (in addition to the security registrar) a transfer agent in a place of payment for such series. CFC may at any time designate additional transfer agents with respect to any series of senior debt securities. (Section 1002)

In the event of any redemption in part, CFC will not be required to:

issue, register the transfer of or exchange senior debt securities of any series during a period beginning at the opening of business 15 days before any selection of senior debt securities of that series to be redeemed and ending at the close of business on:

if senior debt securities of the series are issuable only as registered senior debt securities, the day of mailing of the relevant notice of redemption;

if senior debt securities of the series are issuable only as bearer senior debt securities, the day of the first publication of the relevant notice of redemption; or

if senior debt securities of the series are issuable as registered senior debt securities and bearer senior debt securities and there is no publication of the relevant notice of redemption, the day of mailing of the relevant notice of redemption;

register the transfer of or exchange any registered senior debt security, or portion thereof, so called for redemption, except the unredeemed portion of any registered senior debt security being redeemed in part; or exchange any bearer senior debt security so called for redemption, except to exchange such bearer senior debt security for a registered senior debt security of that series and like tenor which is simultaneously surrendered for redemption. (Section 305)

Payment and Paying Agents

Unless otherwise specified in an applicable prospectus supplement or pricing supplement, payment of principal and any premium and any interest on registered senior debt securities will be made at the office of the paying agent or paying agents that CFC may designate from time to time. Unless otherwise specified in an applicable prospectus supplement or pricing supplement, CFC will make payment of any installment of interest on registered senior debt securities to the person in whose name that registered senior debt security is registered at the close of business on the

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regular record date for such interest. (Section 307)

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Unless otherwise specified in an applicable prospectus supplement or pricing supplement, the office of U.S. Bank National Association in the Borough of Manhattan, The City of New York will be designated as sole paying agent for payments with respect to senior debt securities that are issuable solely as registered senior debt securities and as CFC s paying agent in the Borough of Manhattan, The City of New York, for payments with respect to senior debt securities. Any paying agents outside the United States and any other paying agents in the United States initially designated by CFC for the senior debt securities of a particular series will be named in an applicable prospectus supplement or pricing supplement. CFC may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, but if senior debt securities of a series are issuable solely as registered senior debt securities, CFC will be required to maintain a paying agent in each place of payment for such series. (Section 1002)

If senior debt securities of a series are issuable as bearer senior debt securities, CFC will be required to maintain: a paying agent in the Borough of Manhattan, The City of New York, for payments with respect to any registered senior debt securities of that series and for payments with respect to bearer senior debt securities of that series in certain circumstances; and a paying agent in a place of payment located outside the United States where senior debt securities of such series and any coupons may be presented and surrendered for payment. (Section 1002)

All moneys paid by CFC to a paying agent for the payment of principal, premium or interest on any senior debt security that remains unclaimed at the end of two years after becoming due and payable will be repaid to CFC. After that time, the holder of that senior debt security or relevant coupon will, as an unsecured general creditor, look only to CFC for payment of those amounts. (Section 1003)

Redemption

Any terms for the optional or mandatory redemption of senior debt securities will be set forth in the applicable prospectus supplement or pricing supplement. Unless otherwise provided in the applicable prospectus supplement with respect to senior debt securities that are redeemable at the option of the holder, senior debt securities will be redeemable only upon notice not less than 30 nor more than 60 days prior to the date fixed for redemption. If less than all of the senior debt securities of a series or tranche are to be redeemed, the particular senior debt securities to be redeemed will be selected by a method of selection that the trustee deems fair and appropriate. (Sections 1103 and 1104)

Restriction on Indebtedness

CFC may not incur any indebtedness (including senior debt securities) or make any optional prepayment on any capital term certificate if, as a result, the principal amount of indebtedness outstanding, less the principal amount of government or government insured obligations held by CFC, on the date of such incurrence or prepayment or on any future date would exceed 20 times the sum of the members equity in CFC at the time of determination plus the principal amount of capital term certificates outstanding at the time of determination or at the given future date. The principal amounts of indebtedness and capital term certificates to be outstanding on any future given date will be computed after giving effect to maturities and sinking fund requirements. (Section 1007) For purposes of this restriction, indebtedness means all secured and unsecured indebtedness of CFC (including all guarantees by CFC of indebtedness of others) except capital term certificates. A capital term certificate is defined as a note of CFC substantially in the form of the capital term certificates of CFC outstanding on the date of the senior indenture and any other indebtedness having substantially similar provisions as to subordination. As of August 31, 2014, CFC had \$20.1 billion outstanding of senior indebtedness. As of such date, within the restrictions of the senior indenture, CFC was

permitted to have outstanding an additional \$39 billion of indebtedness. As of August 31, 2014, CFC had \$7,732 million of senior secured indebtedness outstanding.

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Consolidation, Merger and Sale of Assets

CFC may not consolidate with or merge into any other corporation or transfer its assets substantially as an entirety to any person unless:

the successor is a corporation organized under the laws of any domestic jurisdiction;
the successor corporation executes a supplemental senior indenture pursuant to which it assumes the payment of principal of (and premium, if any) and interest on all the senior debt securities and the performance of every covenant of CFC under the senior indenture;
immediately after giving effect to the transaction, no event of default and no event that, after notice or lapse of time, or both, would become an event of default, has occurred and is continuing; and
CFC delivers to the trustee an officer's certificate and an opinion of counsel as provided in the senior indenture.
(Section 801)

Modification of the Senior Indenture

Without the consent of any holder of senior debt securities, CFC and the trustee may enter into one or more supplemental senior indentures for any of the following purposes:

to evidence the assumption by any permitted successor to CFC of the covenants of CFC in the senior indenture and the senior debt securities;
to add to the covenants of CFC for the benefit of the holders of all or any series of senior debt securities or to surrender any right or power conferred upon CFC by the senior indenture;
to add to or change any of the provisions of the senior indenture to the extent necessary to facilitate the issuance of senior debt securities in bearer form, change or eliminate any restrictions on the manner or place of payment of principal of or any premium or interest on bearer securities, or permit bearer securities to be issued in exchange for registered securities or to permit bearer securities to be issued in exchange for bearer securities of other authorized denominations so long as such addition or change does not adversely affect the interests of holders of senior debt securities;
to provide for the creation of any series of senior debt securities and to establish the form or terms of any such series as permitted by the senior indenture;
to cure any ambiguity or to correct or supplement any provision in the senior indenture which may be defective or inconsistent with any other provision in the senior indenture, so long as such action does not adversely affect the interest of holders of the senior debt securities;
to modify, eliminate or add to the provisions of this senior indenture to such extent as might be necessary to continue the qualification of the senior indenture under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act);
to add any additional event of defaults with respect to all or any series of senior debt securities;
to change or eliminate any of the provisions of the senior indenture, provided that such change or elimination shall become effective only when there is no series of senior debt securities created prior to the execution of such supplemental senior indenture that is adversely affected by such change or elimination;
to provide for the issuance of uncertificated senior debt securities of one or more series in addition to or in place of certificated senior debt securities;
to provide for the acceptance of appointment by a successor trustee with respect to the senior debt securities of one or more series and to add to or change any of the provisions of the senior indenture as necessary to provide for or facilitate the administration of the trusts under the senior indenture by more than one trustee; or
to permit payment in the United States of principal, premium or interest on bearer securities. (Section 901)

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CFC's rights and obligations and the rights of the holders may be modified with the consent of the holders of at least a majority in principal amount of the then outstanding senior debt securities of all affected series, considered as one class. However, no supplemental senior indenture may, without the consent of the holders of all the affected outstanding senior debt securities:

change the stated maturity of the principal of, or any installment of principal of or interest on, any senior debt securities;

reduce the principal amount, any premium or the interest rate of any of the senior debt securities;

reduce the amount of the principal of original issue discount senior debt securities payable on any acceleration of maturity;

change the currency, currencies or currency unit or units in which any principal, premium or interest of any of the senior debt securities is payable;

change any of CFC's obligations to maintain an office or agency in the places and for the purposes required by the senior indenture;

impair any right to take legal action for an overdue payment;

reduce the percentage required for modifications to or waivers of compliance with the senior indenture; or with certain exceptions, modify the provisions for the waivers of certain covenants and defaults and any of the foregoing provisions. (Section 902)

A supplemental senior indenture that changes or eliminates any provision of the senior indenture expressly included solely for the benefit of a particular series of senior debt securities, or modifies the rights of the holders of senior debt securities of the series with respect to the provision, will be deemed not to affect the rights under the senior indenture of the holders of the senior debt securities of any other series. (Section 902)

The senior indenture provides that in determining whether the holders of the requisite principal amount of the outstanding senior debt securities have given or taken any direction, notice, consent, waiver or other action under the senior indenture as of any date:

the principal amount of an original issue discount security that shall be deemed to be outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to the senior indenture,

the principal amount of a senior debt security denominated in a foreign currency or currency unit shall be the dollar equivalent as of the date of original issuance of such senior debt security of the principal amount of such security, and senior debt securities owned by the company or any other obligor upon the senior debt securities or any affiliate of the company or of such other obligor shall be disregarded and deemed not to be outstanding, except in determining whether the trustee shall be protected in relying upon any such request, demand or authorization. (Section 101)

If CFC solicits from holders of senior debt securities any request, demand, authorization, direction, notice, consent, election, waiver or other act, CFC may, at its option, by board resolution, fix in advance a record date for the determination of holders of senior debt securities entitled to give such request, demand, authorization, direction, notice, consent, election, waiver or other act, but CFC shall have no obligation to do so. If a record date is fixed, the request, demand, authorization, direction, notice, consent, election, waiver or other act may be given before or after the record date, but only the holders of record at the close of business on the record date shall be deemed holders for the purposes of determining whether holders of the requisite proportion of the outstanding senior debt securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for that purpose the outstanding senior debt securities shall be computed as of the record date. Any request, demand, authorization, direction,

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notice, consent, election, waiver or other act of a holder shall bind every future holder of the same security and the holder of every security issued upon the registration of transfer or in exchange or in lieu of the security in respect of anything done, omitted or suffered to be done by the trustee or CFC in reliance thereon, whether or not notation is made upon security. (Section 104)

Waiver of Certain Covenants

CFC will not be required to comply with certain restrictive covenants (including that described above under Restriction on Indebtedness) if the holders of at least a majority in principal amount of all series of outstanding senior debt securities affected waive compliance with the restrictive covenants. (Section 1009)

Events of Default, Notice and Waiver

Each of the following will constitute an event of default under the senior indenture with respect to the senior debt securities of any series:

failure to pay interest on any senior debt security for 30 days after such interest becomes due and payable;
failure to pay the principal of or any premium on any senior debt security at maturity;
failure to deposit any sinking fund payment when such payment becomes due;
failure to perform or breach of the covenant described above under Restriction on Indebtedness that continues for 60 days after the default becomes known to an officer of CFC;
failure to perform or breach of any other covenant or warranty in the senior indenture that continues for 60 days after written notice to CFC from the trustee or the holders of at least 25% in principal amount of the outstanding senior debt securities of the series;
certain events of bankruptcy, insolvency or reorganization of CFC; and
such other events as may be specified for each series. (Section 501).

If an event of default with respect to any series of senior debt securities has occurred and is continuing, either the trustee or the holders of not less than 25% in principal amount of the outstanding senior debt securities of such series may declare the principal amount (or, if the senior debt securities are original issue discount senior debt securities, such portion of the principal amount as may be specified by the terms of such senior debt securities) of all of the senior debt securities of that series to be immediately due and payable. (Section 502)

At any time after a declaration of acceleration with respect to the senior debt securities of any series and before a judgment or decree for payment of the money due has been obtained, the events of default giving rise to the declaration of acceleration will be deemed waived, and the declaration and its consequences will be deemed rescinded and annulled, if:

CFC has paid or deposited with the trustee a sum sufficient to pay:
all overdue interest on all senior debt securities of such series;
the principal of and premium, if any, on any senior debt securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such senior debt securities;
interest upon overdue interest at the rate or rates prescribed therefor in such senior debt securities, to the extent that payment of such interest is lawful; and
all amounts due to the trustee under the senior indenture; and
any other events of default with respect to the senior debt securities of such series, other than the nonpayment of the principal of the senior debt securities of such series which has become due solely by such

declaration of acceleration, have been cured or waived as provided in the senior indenture. (Section 502)

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The holders of a majority in principal amount of the outstanding senior debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the senior debt securities of that series provided that such direction shall not be in conflict with any rule of law or the senior indenture. The trustee may take any other action that is consistent with such directions and may decline to act if the trustee determines that such direction would involve it in personal liability. (Section 507)

The holders of not less than a majority in principal amount of the outstanding senior debt securities of any series may, on behalf of the holders of all of the outstanding senior debt securities of such series, waive any past default with respect to such series and its consequences, except a default:

in the payment of the principal of or any premium or any interest on any senior debt security of such series; or in respect of a covenant or provision which, under the terms of the senior indenture, cannot be modified or amended without the consent of the holders of all of the outstanding senior debt securities of such series. (Section 508)

The senior indenture contains provisions entitling the trustee, subject to the duty during an event of default in respect of any series of senior debt securities to act with the required standard of care, to be indemnified by the holders of the senior debt securities of the relevant series before proceeding to exercise any right or power at the request of those holders. (Sections 601 and 603)

No holder of a senior debt security of any series will have any right to institute any proceeding with respect to the senior indenture, or for the appointment of a receiver, or for any other remedy, unless:

an event of default with respect to the senior debt securities of such series shall have occurred and be continuing, written notice of which has previously been given to the trustee by such holder;

the holders of at least 25% in aggregate principal amount of the outstanding senior debt securities of such series have made written request for institution of such proceeding to the trustee and have offered reasonable indemnity to the trustee; and

the trustee has failed to institute such proceeding, and has not received from the holders of a majority in aggregate principal amount of the outstanding senior debt securities of such series a direction inconsistent with such request, within 60 days after receipt of such notice, request and offer. (Section 509)

The senior indenture provides that the trustee will, within 90 days after the occurrence of a default in respect of any series of senior debt securities, give to the holders of the senior debt securities of such series notice of all uncured and unwaived defaults known to it; provided that, except in the case of a default in the payment of the principal of or any premium or any interest on, or any sinking fund or purchase fund installment with respect to, any of the senior debt securities of such series, the trustee will be protected in withholding this notice if it in good faith determines that the withholding of such notice is in the interest of those holders. Such notice shall not be given until at least 60 days after the occurrence of default in respect of the performance or breach of any covenant or warranty other than for the payment of the principal of or premium or any interest on, or any sinking fund installment with respect to, any of the senior debt securities of such series. (Section 602)

The senior indenture requires CFC to file annually with the trustee a certificate, executed by two officers of CFC, indicating each such officer's supervision of a review of CFC's activities and performance under the senior indenture and whether, based on such review, CFC has performed its obligations under the senior indenture or if there has been a default in the fulfillment of such obligations. (Section 1008)

Meetings

The senior indenture contains provisions for convening meetings of the holders of senior debt securities of a series if senior debt securities of such series are issuable as bearer senior debt securities. (Section 1201) A meeting may be called at any time by the trustee and also, upon request, by CFC or the holders of at least 10% in principal amount of the outstanding senior debt securities of such series, upon notice given in

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accordance with Notices below. (Section 1202) Persons entitled to vote a majority in principal amount of the outstanding senior debt securities of a series shall constitute a quorum at a meeting of holders of senior debt securities of such series. In the absence of a quorum, a meeting called by the holders of senior debt securities shall be dissolved and a meeting called by CFC or the trustee shall be adjourned for a period of at least 10 days, and in the absence of a quorum at the adjourned meeting, the meeting shall be further adjourned for a period of at least 10 days, at which further adjourned meeting persons entitled to vote 25% in aggregate principal amount of the outstanding senior debt securities of such series shall constitute a quorum. Except for any consent which must be given by the holder of each outstanding senior debt security affected thereby, as described above under Modification of the Senior Indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of the lesser of:

the holders of a majority in principal amount of the outstanding senior debt securities of such series, and 66 2/3% in aggregate principal amount of outstanding senior debt securities of such series represented and voting at such meeting.

However, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of outstanding senior debt securities of such series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the lesser of:

the holders of such specified percentage in principal amount of the outstanding senior debt securities of such series, and

a majority in principal amount of outstanding senior debt securities of such series represented and voting at the meeting.

Any resolution passed or decision taken at any meeting of holders of senior debt securities of any series duly held in accordance with the senior indenture will be binding on all holders of senior debt securities of such series and the related coupons. (Section 1204)

Notices

Notices to holders of registered senior debt securities will be given by mail to the address of each such holder as it appears in the security register. (Section 106) Except as otherwise provided in the senior indenture or such bearer senior debt securities, notices to holders of bearer senior debt securities will be given by publication at least once in a daily newspaper in The City of New York and London and will be mailed to the persons whose names and addresses were previously filed with the trustee, within the time prescribed for the giving of such notice.

Title

CFC, the trustee and any agent of CFC or the trustee may treat the person in whose name a registered senior debt security is registered, in the case of registered senior debt securities, and the bearer of any bearer senior debt security and the bearer of any coupon, in the case of bearer senior debt securities, as the absolute owner thereof whether or not such senior debt security or coupon is overdue and notwithstanding any notice to the contrary for the purpose of making payment and for all other purposes. (Section 308)

Title to any bearer senior debt security (including any bearer senior debt security in temporary or definitive global bearer form) and any coupons will pass by delivery.

Replacement of Senior Debt Securities and Coupons

CFC will replace any mutilated senior debt security and any senior debt security with a mutilated coupon at the expense of the holder upon surrender of such mutilated senior debt security or senior debt security with a mutilated coupon to the trustee. CFC will replace senior debt securities or coupons that become destroyed, stolen or lost at the expense of the holder upon delivery to the trustee of evidence of the destruction, loss or

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theft thereof satisfactory to CFC and the trustee. In the case of any coupon which becomes destroyed, stolen or lost, that coupon will be replaced upon surrender to the trustee of the senior debt security with all related coupons not destroyed, stolen or lost by issuance of a new senior debt security in exchange for the senior debt security to which such coupon relates. In the case of a destroyed, lost or stolen senior debt security or coupon an indemnity satisfactory to the trustee and CFC may be required at the expense of the holder of such senior debt security or coupon before a replacement senior debt security will be issued. (Section 306)

Satisfaction and Discharge; Defeasance

At CFC's request, the senior indenture will cease to be in effect as to any specified series of senior debt securities (except for certain obligations to register the transfer or exchange of senior debt securities and hold moneys for payment in trust) if:

all the senior debt securities of such series have been cancelled by the trustee, or in the case of senior debt securities and coupons not delivered to the trustee for cancellation, the senior debt securities or coupons have become due and payable, will become due and payable at their stated maturity within one year or are to be called for redemption within one year and, in each case, CFC has deposited with the trustee, in trust, money and, in the case of senior debt securities and coupons denominated in U.S. dollars, U.S. government obligations or, in the case of senior debt securities and coupons denominated in a foreign currency, foreign government senior debt securities, which through the payment of interest and principal in accordance with their terms will provide money in an amount sufficient to pay in the currency, currencies or currency units or units in which the offered senior debt securities are payable all the principal of, and interest on, the offered senior debt securities on the dates such payments are due in accordance with the terms of the offered senior debt securities, or the senior debt securities or coupons are deemed paid and discharged in the manner described in the next paragraph. (Section 401)

Unless the prospectus supplement or pricing supplement relating to the offered senior debt securities provides otherwise, CFC at its option:

will be discharged from any and all obligations in respect of such series of senior debt securities (except for certain obligations to register the transfer or exchange of senior debt securities, replace stolen, lost or mutilated senior debt securities and coupons, maintain paying agencies and hold moneys for payment in trust), or need not comply with certain restrictive covenants of the senior indenture (including those described above under **Restriction on Indebtedness**),

in each case after CFC deposits with the trustee, in trust, money, and, in the case of senior debt securities and coupons denominated in U.S. dollars, U.S. government obligations or, in the case of senior debt securities and coupons denominated in a foreign currency, foreign government senior debt securities, which through the payment of interest and principal in accordance with their terms will provide money in an amount sufficient to pay in the currency, currencies or currency unit or units in which the offered senior debt securities are payable all the principal of, and interest on, the offered senior debt securities on the dates such payments are due in accordance with the terms of the offered senior debt securities.

Among the conditions to CFC's exercising any such option, CFC is required to deliver to the trustee an opinion of counsel to the effect that the deposit and related defeasance would not cause the holders of the offered senior debt securities to recognize income, gain or loss for U.S. federal income tax purposes and that the holders will be subject to U.S. federal income tax in the same amounts, in the same manner and at the same times as would have been the case if such option had not been exercised. (Section 403)

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At CFC's request, the trustee will deliver or pay to CFC any U.S. government obligations, foreign government securities or money deposited, for the purposes described in the preceding two paragraphs, with the trustee by CFC and which, in the opinion of a nationally-recognized firm of independent public accountants, are in excess of the amount which would then have been required to be deposited for such purposes. In addition, the trustee, in exchange for, simultaneously, other U.S. government obligations, foreign government securities or money, will deliver or pay to CFC, at CFC's request, U.S. government obligations, foreign government securities or money deposited with the trustee for the purposes described in the preceding two paragraphs, if, in the opinion of a nationally-recognized firm of independent public accountants, immediately after such exchange, the obligations, securities or money then held by the trustee will be in the amount then required to be deposited with the trustee for such purposes. (Section 403)

Governing Law

The senior indenture, the senior debt securities and the coupons will be governed by, and construed in accordance with, the laws of the State of New York. (Section 113)

The Trustee

U.S. Bank National Association is the trustee under the senior indenture.

Limitations on Issuance of Bearer Securities

Under U.S. federal tax laws, certain limitations on offers, sales and delivery apply to bearer senior debt securities. CFC will set forth these limitations, as well as additional information regarding the U.S. federal income tax consequences in respect of a bearer senior debt security, in any prospectus supplement providing for the issuance of bearer senior debt securities.

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DESCRIPTION OF SUBORDINATED DEBT SECURITIES

The following description summarizes the general terms and provisions that may apply to the subordinated debt securities. Each prospectus supplement or pricing supplement will state the particular terms of the subordinated debt securities and the extent, if any, to which the general terms and provisions described herein may apply to the subordinated debt securities included in the prospectus supplement or pricing supplement.

The subordinated debt securities will be issued under an indenture dated as of October 15, 1996 between CFC and U.S. Bank National Association, as successor trustee, or other trustee to be named (the subordinated indenture). The subordinated indenture does not limit the aggregate principal amount of subordinated debt securities which may be issued under it. Additionally, CFC may, without the consent of the holders of the subordinated debt securities of any series, re-open a previous series of subordinated debt securities and issue additional subordinated debt securities of the same series, which additional subordinated debt securities will have the same terms as the original series except for the issue price, issue date and, in some cases, the first interest payment date. CFC will not issue any additional subordinated debt securities of the same series unless the additional subordinated debt securities will be fungible with all the subordinated debt securities of the same series for U.S. federal income tax purposes.

The statements in this prospectus concerning the subordinated indenture, one or more supplemental subordinated indentures and the subordinated debt securities do not purport to be complete and are qualified in their entirety by reference to the subordinated indenture and any supplemental subordinated indenture, each of which is or will be incorporated by reference into this prospectus.

General

The subordinated debt securities will be issued in fully registered form without coupons unless the applicable prospectus supplement provides for an issuance to be in a form registered as to principal only with or without coupons or if provided for in a supplemental subordinated indenture or board resolution, in bearer form with or without coupons, or any combination thereof. Unless specified otherwise in the prospectus supplement, all subordinated debt securities will be denominated in U.S. dollars in denominations of \$1,000 and multiples of \$1,000. (Sections 201 and 302)

The subordinated debt securities will be direct, unsecured and subordinated obligations of CFC.

If any of the subordinated debt securities are offered in a foreign currency or currency unit or if principal of, any premium or any interest on any of the subordinated debt securities is payable in any foreign currency or currency unit, the applicable prospectus supplement will describe the restrictions, elections, specific terms and other information relative to those subordinated debt securities.

CFC may issue subordinated debt securities in one or more series with the same or various maturities at or above par or with an original issue discount. Original issue discount securities bearing no interest or interest at a rate which at the time of issuance is below market rates will be sold at a discount (which may be substantial) below their stated principal amount. See the disclosure regarding taxation contained in the relevant prospectus supplement for a discussion of certain federal income tax considerations with respect to any original issue discount securities.

The prospectus supplement or pricing supplement relating to the particular series of subordinated debt securities being offered will specify the amounts, prices and terms of such securities. These terms may include:

the title of and the limit on the aggregate principal amount of subordinated debt securities to be issued;
the percentage of their principal amount at which the subordinated debt securities will be sold;
the date or dates on which the subordinated debt securities will mature;
the annual rate or rates (which may be fixed or variable) or the method of determining any rate or rates at which the subordinated debt securities will bear interest;

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the date or dates from which such interest shall accrue and the date or dates at which interest will be payable;
the place where payments may be made on the subordinated debt securities;
any redemption or sinking fund terms;

the denominations in which the subordinated debt securities will be issuable, if other than \$1,000 and any integral multiple thereof;

the principal amount of original issue discount subordinated debt securities payable upon acceleration;

the means of satisfaction and discharge of the subordinated indenture with respect to the subordinated debt securities;

if the amount payable in respect of principal of or any premium or interest on any of such subordinated debt securities may be determined with reference to an index or other fact or event ascertainable outside the subordinated indenture, the manner in which the amounts will be determined;

if other than the currency of the United States, the currency, currencies or currency unit or units in which the payment of principal of and any premium and interest on any subordinated debt securities will be payable;

if other than the principal amount of the subordinated debt securities, the portion of the principal amount of the subordinated debt securities payable upon declaration of acceleration of the maturity;

if the principal of or premium or interest on the subordinated debt securities are to be payable in securities or other property, the type and amount of securities or other property, or the method of determining the amount, and the terms and conditions of the election;

the terms, if any, on which subordinated debt securities may be converted into or exchanged for securities of CFC or any other person;

the obligations or instruments, if any, considered eligible obligations in respect of subordinated debt securities denominated in a currency other than dollars or in a composite currency, and any additional or alternative provisions for the reinstatement of CFC's indebtedness in respect of the subordinated debt securities after their satisfaction and discharge;

if either CFC or the holders of subordinated debt securities may elect payment in a currency, currencies or currency unit or units other than that in which the subordinated debt securities are stated to be payable, then the period or periods within which, and the terms upon which, the election may be made and, if the amount of those payments may be determined with reference to an index based on a currency, currencies or currency unit or units, other than that in which the subordinated debt securities are stated to be payable, then the manner in which such amounts shall be determined;

whether the subordinated debt securities will be issued as registered subordinated debt securities, in a form registered as to principal only with or without coupons, or as bearer subordinated debt securities including temporary and definitive global form, or any combination thereof and applicable exchange provisions;

whether CFC will pay additional amounts to any holder of subordinated debt securities who is not a United States person (as defined in the disclosure relating to tax matters contained in the relevant prospectus supplement) in respect of any tax, assessment or governmental charge required to be withheld or deducted and whether CFC will have the option to redeem the applicable subordinated debt securities rather than pay additional amounts;

the applicability to the series of the subordinated indenture defeasance provisions;

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any limitations on the rights of the holders of subordinated debt securities to transfer or exchange or to obtain the registration of transfer of subordinated debt securities, and the amount or terms of a service charge if any for the registration of transfer or exchange of subordinated debt securities;

any changes to the events of default or covenants described in this prospectus; and

any other terms of the subordinated debt securities not inconsistent with the provisions of the subordinated indenture. (Section 301)

Except as otherwise described in the applicable prospectus supplement, the covenants contained in the subordinated indenture would not afford holders of subordinated debt securities protection in the event of a highly-leveraged transaction involving CFC.

Subordination

The subordinated debt securities will be subordinate and junior in right of payment to all senior indebtedness of CFC.

No payment of principal of, including redemption and sinking fund payments, or premium or interest on, the subordinated debt securities may be made if any senior indebtedness is not paid when due, or a default has occurred with respect to the senior indebtedness permitting the holders to accelerate its maturity and the default has not been cured or waived and has not ceased to exist. Upon any acceleration of the principal amount due on the subordinated debt securities or any payment or distribution of assets of CFC to creditors upon any dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, and premium, if any, and interest due or to become due on, all senior indebtedness must be paid in full before the holders of the subordinated debt securities are entitled to receive or retain any payment. The holders of the subordinated debt securities will be subrogated to the rights of the holders of senior indebtedness to receive payments or distributions until all amounts owing on the senior indebtedness are paid in full. (Article 15)

The term "senior indebtedness" is defined in the subordinated indenture to mean:

all indebtedness heretofore or hereafter incurred by CFC for money borrowed unless by its terms it is provided that such indebtedness is not senior indebtedness;

all other indebtedness hereafter incurred by the CFC which by its terms provides that such indebtedness is senior indebtedness;

all guarantees, endorsements and other contingent obligations in respect of, or obligations to purchase or otherwise acquire or service, indebtedness or obligations of others; and

any amendments, modifications, deferrals, renewals or extensions of any such senior indebtedness, or debentures, notes or evidences of indebtedness heretofore or hereafter issued in evidence of or exchange of such senior indebtedness.

The subordinated indenture does not limit the aggregate amount of senior indebtedness that CFC may issue. As of August 31, 2014, outstanding senior indebtedness of CFC aggregated approximately \$20.1 billion, including contingent guarantees of \$1 billion.

Exchange, Registration and Transfer

Unless otherwise specified in the applicable prospectus supplement, subordinated debt securities of any series that are not global subordinated debt securities will be exchangeable for other subordinated debt securities of the same series and of a like aggregate principal amount and tenor of different authorized denominations. (Section 305)

Subject to the terms of the subordinated indenture and the limitations applicable to global securities, subordinated debt securities may be presented for exchange as provided above or for registration of transfer, duly endorsed or accompanied by a duly executed instrument of transfer, at the office of the security registrar or at the office of any transfer agent designated by CFC for such purpose. CFC may designate itself the security registrar. No service charge will be made for any registration of transfer or exchange of subordinated debt securities, but CFC may require payment of a sum sufficient to cover any applicable tax or other

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governmental charge. The transfer or exchange will be effected upon the security registrar or such transfer agent, as the case may be, being satisfied with the documents of title and identity of the person making the request. (Section 305) Any transfer agent in addition to the security registrar initially designated by CFC for any subordinated debt securities will be named in the applicable prospectus supplement. CFC may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts, but CFC will be required to maintain a transfer agent in each place of payment for the subordinated debt securities of each series. (Section 602)

CFC will not be required to:

register the transfer of, or exchange any subordinated debt securities or any tranche thereof during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of any such subordinated debt security called for redemption and ending at the close of business on the day of such mailing; or register the transfer of or exchange any subordinated debt security so selected for redemption, in whole or in part, except the unredeemed portion of any such subordinated debt security being redeemed in part. (Section 305)

Payment and Paying Agents

Unless otherwise specified in an applicable prospectus supplement or pricing supplement, payment of principal and any premium and interest on the subordinated debt securities of a particular series will be made at the office of the paying agent or paying agents that CFC may designate from time to time. Unless otherwise specified in an applicable prospectus supplement or pricing supplement, CFC will make payment on any installment of interest on registered subordinated debt securities to the person in whose name that registered subordinated debt security is registered at the close of business on the regular record date for such interest. (Section 307)

Unless otherwise specified in an applicable prospectus supplement or pricing supplement, the office of U.S. Bank National Association in the Borough of Manhattan, The City of New York will be designated as sole paying agent for payments with respect to subordinated debt securities. Any paying agents outside the United States and any other paying agents initially designated by CFC for the subordinated debt securities of a particular series will be named in an applicable prospectus supplement or pricing supplement. CFC may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts, but CFC will be required to maintain a paying agent in each place of payment for the subordinated debt securities of a particular series. (Section 602)

All moneys paid by CFC to a paying agent for the payment of the principal, premium or interest on any subordinated debt security that remains unclaimed at the end of two years after becoming due and payable will be repaid to CFC. After that time, the holder of that subordinated debt security will, as an unsecured general creditor, look only to CFC for payment of those amounts. (Section 603)

Redemption

Any terms for the optional or mandatory redemption of subordinated debt securities will be set forth in the applicable prospectus supplement or pricing supplement. Unless otherwise provided in the applicable prospectus supplement with respect to subordinated debt securities that are redeemable at the option of the holder, subordinated debt securities will be redeemable only upon notice by mail not less than 30 nor more than 60 days prior to the date fixed for redemption. If less than all the subordinated debt securities of a series or tranche are to be redeemed, the particular subordinated debt securities to be redeemed will be selected by a method of random selection that the security registrar deems fair and appropriate. (Section 403 and 404)

Any notice of redemption at the option of CFC may state that the redemption will be conditional upon receipt by the paying agent or agents, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such subordinated debt securities. The notice may also state that if the money has not been received, the notice will be of no force and effect and CFC will not be required to redeem such subordinated debt securities. (Section 404)

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Consolidation, Merger, and Sale of Assets

CFC may not consolidate with or merge into any other corporation or transfer its assets substantially as an entirety to any person unless:

the successor is a corporation organized under the laws of any domestic jurisdiction;
the successor corporation executes a supplemental subordinated indenture pursuant to which it assumes the payment of principal of (and premium, if any) and interest on all the subordinated debt securities and the performance of every covenant of CFC under the subordinated indenture;
immediately after giving effect to the transaction, no event of default, and no event that, after notice or lapse of time, or both, would become an event of default, has occurred and is continuing; and
CFC delivers to the trustee an officer's certificate and an opinion of counsel as provided in the subordinated indenture. (Section 1101)

Modification of the Subordinated Indenture

Without the consent of any holder of subordinated debt securities, CFC and the trustee may enter into one or more supplemental subordinated indentures for any of the following purposes:

to evidence the assumption by any permitted successor to CFC of the covenants of CFC in the subordinated indenture and the subordinated debt securities;

to add one or more covenants of CFC or other provisions for the benefit of the holders of all or any series of the subordinated debt securities or to surrender any right or power conferred upon CFC by the subordinated indenture;
to add any additional events of default with respect to all or any series of outstanding subordinated debt securities;
to change or eliminate any provision of the subordinated indenture or to add any new provision to the subordinated indenture, but if the change, elimination or addition will adversely affect the interests of the holders of subordinated debt securities of any series in any material respect, the change, elimination or addition will not become effective with respect to the series;

to provide collateral security for the subordinated debt securities;

to establish the form or terms of subordinated debt securities of any series as permitted by the subordinated indenture;
to provide for the acceptance of appointment by a successor trustee with respect to the subordinated debt securities of one or more series and to add to or change any of the provisions of the subordinated indenture as necessary to provide for or facilitate the administration of the trusts under the subordinated indenture by more than one trustee;
to provide for the procedures required to permit the utilization of a noncertificated system of registration for any series of subordinated debt securities;

to change any place where:

the principal of and premium, if any, and interest, if any, on any subordinated debt securities is payable;

any subordinated debt securities may be surrendered for registration of transfer or exchange;

notices and demands to or upon CFC in respect of subordinated debt securities and the subordinated indenture may be served; or

to cure any ambiguity or inconsistency or to make or change any other provisions with respect to matters and questions arising under the subordinated indenture, so long as such changes or additions do not adversely affect the interests of the holders of subordinated debt securities of any series in any material respect. (Section 1201)

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If the Trust Indenture Act is amended after the date of the subordinated indenture to require changes to the subordinated indenture or the incorporation of additional provisions or to permit changes to, or the elimination of, provisions which, at the date of the subordinated indenture, were required by the Trust Indenture Act to be contained in the subordinated indenture, the subordinated indenture will be deemed amended so as to conform to the amendment or to effect the changes or elimination. CFC and the trustee may, without the consent of any holders, enter into one or more supplemental subordinated indentures to evidence or effect the amendment. (Section 1201)

Except as provided above, the consent of the holders of not less than a majority in aggregate principal amount of the subordinated debt securities of all series then outstanding, considered as one class, is required to add any provisions to, or change in any manner, or eliminate any of the provisions of, the subordinated indenture. However, if less than all of the series of subordinated debt securities outstanding are directly affected by a proposed supplemental subordinated indenture, then the consent only of the holders of a majority in aggregate principal amount of outstanding subordinated debt securities of all series so directly affected, considered as one class, will be required. If the subordinated debt securities of any series have been issued in more than one tranche and if the proposed supplemental subordinated indenture directly affects the rights of the holders of one or more, but less than all, tranches, the consent only of the holders of a majority in aggregate principal amount of the outstanding subordinated debt securities of all tranches directly affected, considered as one class, will be required. However, no supplemental subordinated indenture may, without the consent of the holders of all of the affected outstanding subordinated debt securities:

- change the stated maturity, installment or interest rate of any of the subordinated debt securities;
- reduce the principal amount, any premium or the interest rate on any of the subordinated debt securities;
- reduce the amount of the principal of original issue discount subordinated debt securities payable on acceleration of maturity;
- change the coin or currency or other property in which any principal, premium or interest of any of the subordinated debt securities is payable;
- impair any right to take legal action for an overdue payment;
- reduce the percentage required for modifications to or waivers of compliance with the subordinated indenture;
- reduce the requirements for quorum or voting; or

with certain exceptions, modify the provisions for the waivers of certain covenants and defaults and any of the foregoing provisions. (Section 1202)

A supplemental subordinated indenture that changes or eliminates any provision of the subordinated indenture expressly included solely for the benefit of a particular series of subordinated debt securities or tranches, or modifies the rights of the holders of subordinated debt securities of the series or tranches with respect to the provision, will be deemed not to affect the rights under the subordinated indenture of the holders of the subordinated debt securities of any other series or tranche. (Section 1202)

The subordinated indenture provides that in determining whether the holders of the requisite principal amount of the outstanding subordinated debt securities have given or taken any direction, notice, consent, waiver or other action under the subordinated indenture as of any date:

subordinated debt securities owned by CFC or any other obligor upon the securities or any affiliate of CFC or of the other obligor unless CFC, the affiliate or obligor owns all securities outstanding under the subordinated indenture, or all outstanding subordinated debt securities of each the series and the tranche, as the case may be, determined without regard to this bullet point shall be disregarded and deemed not outstanding;

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the principal amount of a discount subordinated debt security deemed outstanding shall be the amount of the principal that would be due and payable as of the date of determination upon a declaration of acceleration of the maturity as provided in the subordinated indenture; and

the principal amount of a subordinated debt security denominated in foreign currencies or a composite currency deemed outstanding will be the dollar equivalent, determined as of that date in the manner prescribed for that subordinated debt security, of the principal amount of that subordinated debt security, or, in the case of a subordinated debt security described in the second bullet point above, of the amount described in that bullet point. (Section 101)

If CFC solicits from holders of subordinated debt securities any request, demand, authorization, direction, notice, consent, election, waiver or other act, CFC may, at its option, by board resolution, fix in advance a record date for the determination of holders of subordinated debt securities entitled to give such request, demand, authorization, direction, notice, consent, election, waiver or other act, but CFC shall have no obligation to do so. If a record date is fixed, the request, demand, authorization, direction, notice, consent, election, waiver or other act may be given before or after the record date, but only the holders of record at the close of business on the record date shall be deemed holders for the purposes of determining whether holders of the requisite proportion of the outstanding subordinated debt securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for that purpose the outstanding subordinated debt securities shall be computed as of the record date. Any request, demand, authorization, direction, notice, consent, election, waiver or other act of a holder shall bind every future holder of the same security and the holder of every security issued upon the registration of transfer or in exchange or in lieu of the security in respect of anything done, omitted or suffered to be done by the trustee or CFC in reliance thereon, whether or not notation is made upon security. (Section 104)

Waiver of Certain Covenants

CFC will not be required to comply with certain restrictive covenants if the holders of at least a majority in principal amount of all series of outstanding subordinated debt securities affected waive compliance with the restrictive covenants. (Section 606)

Events of Default, Notice and Waiver

Each of the following will constitute an event of default under the subordinated indenture with respect to subordinated debt securities of any series:

failure to pay interest on any subordinated debt securities for 60 days after the interest becomes due and payable; failure to pay principal or premium, if any, on any subordinated debt security within three business days after the subordinated debt security becomes due;

failure to perform or breach of any other covenant or warranty in the subordinated indenture that continues for 60 days after written notice to CFC from the trustee, or holders of at least 33% in principal amount of the outstanding subordinated debt securities of the series;

certain events of bankruptcy, insolvency or reorganization of CFC; and
such other events as may be specified for each series.

No event of default with respect to one series of subordinated debt securities necessarily constitutes an event of default with respect to another series of subordinated debt securities. (Section 801)

If an event of default with respect to any series of subordinated debt securities has occurred and is continuing, either the trustee or the holders of not less than 33% in principal amount of the outstanding subordinated debt securities of such series may declare the principal amount (or if the subordinated debt securities are original issue discount subordinated debt securities, such portion of the principal amount as may be specified by the terms of such

subordinated debt securities) of all of the subordinated debt securities of that series to be immediately due and payable. However, if an event of default has occurred and is continuing with respect to more than one series of subordinated debt securities, the trustee or the holders of not less than 33%

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in aggregate principal amount of the outstanding subordinated debt securities of all such series, considered as one class, and not the holders of the subordinated debt securities of any one series may make the declaration of acceleration. (Section 802)

At any time after a declaration of acceleration with respect to the subordinated debt securities of any series and before a judgment or decree for payment of the money due has been obtained, the events of default giving rise to the declaration of acceleration will be deemed waived, and the declaration and its consequences will be deemed rescinded and annulled, if:

CFC has paid or deposited with the trustee a sum sufficient to pay:
all overdue interest on all subordinated debt securities of such series;
the principal of and premium, if any, on any subordinated debt securities of such series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such subordinated debt securities;
interest upon overdue interest at the rate or rates prescribed therefor in such subordinated debt securities, to the extent that payment of such interest is lawful; and

all amounts due to the trustee under the subordinated indenture; and
any other events of default with respect to the subordinated debt securities of such series, other than the nonpayment of the principal of the subordinated debt securities of such series which has become due solely by such declaration of acceleration, have been cured or waived as provided in the subordinated indenture. (Section 802)

If an event of default has occurred and is continuing, in respect of a series of subordinated debt securities, the holders of a majority in principal amount of the outstanding subordinated debt securities of such series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee, with respect to the subordinated debt securities of such series; provided that if an event of default has occurred and is continuing in respect of more than one series of subordinated debt securities, the holders of a majority in aggregate principal amount of the outstanding subordinated debt securities of all such series, considered as one class, may make such direction; provided further that such direction shall not be in conflict with any rule of law or the subordinated indenture, or involve the trustee in personal liability where indemnification would not, in the trustee's discretion, be adequate. The trustee may take any other action that is consistent with such directions. (Section 812)

The holders of not less than a majority in principal amount of the outstanding subordinated debt securities of any series may, on behalf of the holders of all of the outstanding subordinated debt securities of such series, waive any past default under the subordinated indenture with respect to such series and its consequences, except a default:

in the payment of principal, premium or interest on any subordinated debt security of such series; or
in respect of a covenant or provision of the subordinated indenture which cannot be modified or amended without the consent of the holders of all of the outstanding subordinated debt securities of such series. (Section 813)

The subordinated indenture contains provisions entitling the trustee, subject to the duty during an event of default in respect of any series of subordinated debt securities to act with the required standard of care, to be indemnified by the holders of the subordinated debt securities of the relevant series before proceeding to exercise any right or power at the request of those holders. (Sections 901 and 903)

No holder of a subordinated debt security of any series will have any right to institute any proceeding with respect to the subordinated indenture, or for the appointment of a receiver or a trustee, or for any other remedy, unless:

an event of default with respect to the subordinated debt securities of such series shall have occurred and be continuing, written notice for which has previously been given to the trustee by such holder;

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the holders of not less than 33 1/3% in aggregate principal amount of the outstanding subordinated debt securities of all series in respect of which an event of default has occurred and is continuing, considered as one class, have made written request to the trustee for institution of such proceeding and have offered reasonable indemnity to the trustee; and

the trustee has failed to institute such proceeding and has not received from the holders of a majority in aggregate principal amount of the outstanding subordinated debt securities of all series in respect of which an event of default has occurred and is continuing, considered as one class, a direction inconsistent with such request, within 60 days after such notice, request and offer. (Section 807)

These limitations do not apply to a suit instituted by a holder of a subordinated debt security for the enforcement of payment of the principal of or any premium or interest on the subordinated debt security on or after the applicable maturity date specified in such subordinated debt security. (Section 808)

The subordinated indenture provides that the trustee will give notice of any uncured and unwaived default under the subordinated indenture with respect to any series of subordinated debt securities to the holders of such series in the manner and to the extent required by the Trust Indenture Act, except that no notice of any default with respect to any of CFC's covenants or warranties shall be given until at least 75 days after the occurrence of such default. (Section 902)

The subordinated indenture requires CFC to file annually with the trustee a certificate, executed by an officer of CFC as to such officer's knowledge of CFC's compliance with all conditions and covenants under the subordinated indenture, determined without regard to any grace period or notice requirements. (Section 605)

Meetings

A meeting may be called at any time by the trustee and also, upon request to the trustee, by CFC or the holders of at least 33% in principal amount of the outstanding subordinated debt securities of all series and tranches upon notice given in accordance with Notices below. (Section 1302) Persons entitled to vote a majority in principal amount of the outstanding subordinated debt securities of such series or tranches shall constitute a quorum at a meeting of holders of subordinated debt securities of such series or tranches. However, if any action is to be taken at such meeting which the subordinated indenture provides may be taken by holders of subordinated debt securities of a specified percentage that is less than a majority in principal amount of the outstanding subordinated debt securities of such series and tranches, considered as one class, the persons entitled to vote such specified percentage in principal amount of the outstanding subordinated debt securities of such series and tranches, considered as one class, shall constitute a quorum. In the absence of a quorum, a meeting called by holders of subordinated debt securities shall be dissolved and a meeting called by CFC or the trustee shall be adjourned as determined by the chairman of the meeting. In the absence of a quorum at the adjourned meeting, the meeting shall be further adjourned for such period as may be determined by the chairman of the meeting. Except for any consent which must be given by the holder of each outstanding subordinated debt security affected thereby, as described above under Modification of the Subordinated Indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present may be adopted by the affirmative vote of a majority in aggregate principal amount of the outstanding subordinated debt securities. (Section 1304)

However, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of outstanding subordinated debt securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the outstanding subordinated debt securities of that series. (Section 1304)

Any resolution passed or decision taken at any meeting of holders of subordinated debt securities of any series duly held in accordance with the subordinated indenture will be binding on all holders of subordinated debt securities of that series and the related coupons. (Section 1304)

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Notices

Notices to holders of registered subordinated debt securities will be given by mail to the address of each such holder as it appears in the security register. (Section 106)

Title

CFC, the trustee and any agent of CFC or the trustee may treat the person in whose name a subordinated debt security is registered as the absolute owner of such subordinated debt security, whether or not such subordinated debt security may be overdue and notwithstanding any notice to the contrary, for the purpose of making payment and for all other purposes. (Section 308)

Satisfaction and Discharge; Defeasance

Unless otherwise indicated in the applicable prospectus supplement or pricing supplement, any subordinated debt security, or any portion of the principal amount, will be deemed paid for purposes of the subordinated indenture, and, at CFC's election, the entire indebtedness of CFC in respect thereof will be deemed satisfied and discharged, if there has been irrevocably deposited with the trustee or any paying agent other than CFC in trust any of the following in an amount sufficient to pay when due the principal of and premium, if any, and interest, if any, due and to become due on the subordinated debt securities or portions thereof:

money;
eligible obligations; or
a combination of the above bullet points. (Section 701)

For this purpose, unless otherwise indicated in the applicable prospectus supplement or pricing supplement, eligible obligations include direct obligations of, or obligations unconditionally guaranteed by, the United States, entitled to the benefit of its full faith and credit, and certificates, depositary receipts or other instruments which evidence a direct ownership interest in such obligations or in any specific interest or principal payments due on them, in each case which do not contain provisions permitting the redemption or other prepayment at the option of the issuer. Among the conditions to CFC's making the election to have all indebtedness issued under the subordinated indenture deemed satisfied and discharged, CFC is required to deliver to the trustee an opinion of counsel to the effect that the deposit and related defeasance would not cause the holders of the subordinated debt securities to recognize income, gain or loss for U.S. federal income tax purposes and that the holders will be subject to U.S. federal income tax in the same amounts, in the same manner and at the same times as would have been the case if the deposit and related defeasance had not occurred.

Replacement of Subordinated Debt Securities

CFC will replace any mutilated subordinated debt security at the expense of the holder upon surrender of such mutilated subordinated debt security to the trustee. CFC will replace subordinated debt securities that become destroyed, stolen or lost at the expense of the holder upon delivery to the trustee of evidence of the destruction, loss or theft thereof satisfactory to CFC and the trustee. In the case of a destroyed, lost or stolen subordinated debt security, an indemnity satisfactory to the trustee and CFC may be required at the expense of the holder of such subordinated debt security before a replacement subordinated debt security will be issued. (Section 306)

Governing Law

The subordinated indenture and the subordinated debt securities will be governed by, and construed in accordance with, the laws of the State of New York. (Section 112)

The Trustee

U.S. Bank National Association is the trustee under the subordinated indenture.

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Limitations on Issuance of Bearer Securities

Under U.S. federal tax laws, certain limitations on offers, sales and delivery apply to bearer subordinated debt securities. CFC will set forth these limitations, as well as additional information regarding the U.S. federal income tax consequences in respect of a bearer subordinated debt security, in any prospectus supplement providing for the issuance of bearer subordinated debt securities.

GLOBAL SECURITIES

The Depository Trust Company (DTC) will act as securities depository for the securities. The securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered certificates will be issued as global securities for each issue of the securities in the aggregate principal amount of such issue, and will be deposited with, or held for the benefit of, DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in direct participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of the securities under the DTC system must be made by or through direct participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of the securities (beneficial owner) is in turn to be recorded on the participants' records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all the securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the securities with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the securities; DTC's records reflect only the identity of the direct participants to whose accounts such securities are credited, which may or may not be the beneficial owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the securities are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in the securities to be redeemed.

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Neither DTC nor Cede & Co. will consent or vote with respect to the securities unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC would mail an omnibus proxy to CFC as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Payments of principal and interest and redemption proceeds on the securities will be made to DTC. DTC's practice is to credit direct participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC, CFC or the trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest and redemption proceeds to DTC is the responsibility of CFC or the trustee, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursements of such payments to the beneficial owners shall be the responsibility of participants.

DTC may discontinue providing its services as securities depository with respect to the securities at any time by giving reasonable notice to CFC or the trustee. Under such circumstances, in the event that a successor securities depository is not obtained, the securities certificates are required to be printed and delivered.

CFC may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the securities certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that CFC believes to be reliable (including DTC), but CFC takes no responsibility for the accuracy thereof.

Neither CFC, the trustee nor any underwriter will have any responsibility or obligation to participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any participant with respect to any ownership interest in the securities, or payments to, or the providing of notice for, participants or beneficial owners.

PLAN OF DISTRIBUTION

CFC may sell the securities being offered hereby:

directly to purchasers,
through agents, or
through underwriters or dealers.

Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a reasonable best-efforts basis for the period of its appointment.

If underwriters are utilized in the sale, CFC will enter into an underwriting agreement with those underwriters and the names of the underwriters and the terms of the transaction will be set forth in the prospectus supplement, which will be used by the underwriters to make resales of the securities or warrants in respect of which this prospectus is delivered to the public.

If a dealer is utilized in the sale of any of the securities, CFC will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale.

The agents and underwriters may be deemed to be underwriters and any discounts, commissions or concessions received by them from CFC or any profit on the resale of the securities or warrants by them may be deemed to be underwriting discounts and commissions under the Securities Act. Any such person who may be deemed to be an underwriter and any such compensation received from CFC will be described in the prospectus supplement.

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Under agreements entered into with CFC, agents and underwriters who participate in the distribution of the securities may be entitled to indemnification by CFC against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which the agents or underwriters may be required to make.

If indicated in the prospectus supplement, CFC will authorize agents and underwriters to solicit offers by certain institutions to purchase the securities from CFC at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date stated in the prospectus supplement. Each contract will be for an amount not less than, and unless CFC otherwise agrees the aggregate principal amount of the securities sold pursuant to contracts will be not less nor more than, the respective amounts stated in the prospectus supplement. Institutions with whom contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to CFC's approval. Contracts will not be subject to any conditions except that the purchase by an institution of the securities covered by its contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject. A commission indicated in the prospectus supplement or pricing supplement will be granted to agents and underwriters soliciting purchases of the securities pursuant to a contract accepted by CFC. Agents and underwriters will have no responsibility in respect of the delivery or performance of contracts.

The place and time of delivery for the securities in respect of which this prospectus is delivered will be set forth in the prospectus supplement or pricing supplement.

Each underwriter, dealer and agent participating in the distribution of any of the securities which are issuable in bearer form will agree that it will not offer, sell or deliver, directly or indirectly, the securities in bearer form in the United States or its possessions or to United States persons (other than qualifying financial institutions) in connection with the original issuance of the securities. See Limitations on Issuance of Bearer Securities.

All the securities will be a new issue of securities with no established trading market. Any underwriters to whom the securities are sold by CFC for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the securities.

Certain of the underwriters or agents and their associates may engage in transactions with and perform services for CFC in the ordinary course of business.

In connection with offerings made hereby, the underwriters or agents may purchase and sell the securities in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the underwriters or agents in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the securities, and short positions created by the underwriters or agents involve the sale by the underwriters or agents of a greater aggregate principal amount of securities than they are required to purchase from CFC. The underwriters or agents also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the securities sold in an offering may be reclaimed by the underwriters or agents if such securities are repurchased in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the securities, which may be higher than the price that might otherwise prevail in the open market. These activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

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LEGAL OPINIONS

The validity of the securities offered hereby and certain U.S. tax matters in connection with an offering of the securities will be passed upon for CFC by Hogan Lovells US LLP, Columbia Square, 555 Thirteenth Street NW, Washington, D.C. The agents, dealers or underwriters, if any, will be represented by Hunton & Williams LLP, 200 Park Avenue, New York, New York. Hunton & Williams LLP from time to time has performed and may perform legal services for CFC.

EXPERTS

The consolidated financial statements of National Rural Utilities Cooperative Finance Corporation as of May 31, 2014, and for the year then ended, have been incorporated by reference herein in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

KPMG LLP's report dated August 28, 2014, refers to its audit of the adoption of Accounting Standards Update No. 2011-11, *Disclosures about Offsetting Assets and Liabilities*, and Accounting Standards Update No. 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*, as more fully described in Note 16 to the consolidated financial statements. However, KPMG LLP was not engaged to audit, review, or apply any procedures to the 2013 consolidated financial statements other than with respect to this disclosure.

The consolidated financial statements as of May 31, 2013, and for each of the two years in the period ended May 31, 2013, incorporated by reference in this prospectus from our Annual Report on Form 10-K for the year ended May 31, 2014, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference.

Such consolidated financial statements have been so incorporated in reliance upon the reports of such firms given upon their authority as experts in accounting and auditing.

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**National Rural Utilities
Cooperative Finance Corporation**

Medium-Term Notes, Series D

RBC CAPITAL MARKETS

BBVA

J.P. MORGAN

KEYBANC CAPITAL MARKETS

MIZUHO SECURITIES

MUFG

PNC CAPITAL MARKETS LLC

REGIONS SECURITIES LLC

RBS

SCOTIABANK

SUNTRUST ROBINSON HUMPHREY

US BANCORP

PROSPECTUS SUPPLEMENT

November 10, 2014

and 18.87%, respectively; and the percentage of target annual bonuses accordingly payable under the EICP and LTIP with respect to such units' performance was 138%.

In 2006, the target annual bonus for each named executive officer, other than Mr. Koch, under the EICP and under the LTIP were respectively the following percentages of their annual base salaries:

Mr. Frissora 100% and 0%; Mr. Siracusa 70% and 57%; Mr. Nothwang 75% and 68%; Mr. Taride 65% and 45%; and Mr. Plescia 65% and 47%. The actual bonuses paid to each of these named executive officers under the EICP and, where applicable, the LTIP, for 2006 were determined by applying the percentages of target bonuses payable, computed as described above and weighted between our overall performance and the performance of relevant business units as described above, to those target annual bonuses. The actual bonuses paid for 2006 under the EICP and LTIP are, in accordance with the SEC's rules, reflected in the "Non-equity incentive plan compensation" column of the Summary Compensation Table, except that the portion of Mr. Frissora's bonus that was guaranteed under his employment agreement instead is reflected in the "Bonus" column of that table. For more information on Mr. Frissora's employment agreement, see "Compensation Discussion and Analysis Employment and Change in Control Agreements."

In connection with Mr. Koch's transition from CEO to Chairman and his subsequent retirement, we had agreed in 2005 that if Mr. Koch remained employed by us through the end of 2006 (as he did), his annual bonus would be 100% of his base salary, and he would receive a lump sum payment of \$2.4 million to settle out all his remaining payments under the LTIP through the expiration of that plan. Because those payments were guaranteed by a contract with Mr. Koch, they are, in accordance with the SEC's rules, reflected in the "Bonus" column of the Summary Compensation Table.

In accordance with an action of our Board in February 2007, we paid Mr. Frissora a special discretionary bonus of \$250,000 in recognition of his efforts in connection with our initial public offering of common stock during 2006. This payment is reflected in the "Bonus" column of the Summary Compensation Table appearing above.

Long-Term Equity Incentives

In 2006, while still a private company, we established an equity investment and incentive program for our named executive officers and select other executives. Through this program we sought to instill in our named executive officers a true "ownership" culture, where they viewed themselves as equity stakeholders in our business, with a significant personal financial stake in the long-term increase in shareholder value. The main features of this program involved:

Each named executive officer making an investment in our shares of common stock in an amount that was, for him, a material personal investment.

The grant of a significant number of options to purchase shares of our common stock.

Vesting terms relating to the options under which they are generally earned over a five-year period through continued employment, which we believe will be an important tool to help retain the services of our executives. Vesting ceases upon termination of employment except in the case of death or disability. Upon termination of employment, unvested options expire, and employees have a limited period, the length of which is determined by the reason for termination, to exercise vested options. Prior to the exercise of an option, the holder has no rights as a stockholder with respect to the shares subject to such option, including voting rights and the right to receive dividends or dividend equivalents.

The grant of some options with an exercise price i.e., the purchase price for the shares of fair market value at the time of grant, and other options at premiums of 50% and 100% over that value, so that individuals would receive some value under the options only if the shares appreciated over the initial fair market value, but for the other options the share value would have to appreciate materially.

The actual number of options that we granted to a particular named executive officer was determined based on several factors, including the amount of his investment in our shares and our judgment as to the appropriate level of gain that an individual (based on his position with the company

and anticipated contribution to our success) should achieve if our share price increased to certain levels.

In the case of Mr. Koch, given the special circumstances surrounding his transition from the role of CEO and his retirement, all of the options we granted had an exercise price equal to the then-current fair market value and would generally vest or become exercisable over three years. Shortly after we granted Mr. Koch's stock options, we determined that the fair market value of our shares was higher than the value used when the options were granted; therefore, we cancelled those stock options and replaced them with options with a fair market value exercise price but otherwise identical terms.

We provided Messrs. Koch and Frissora the opportunity to invest in shares of our common stock at the same purchase price as that paid per share by our controlling shareholders when we were acquired from Ford Motor Company. We did this because we felt it was equitable in the light of the fact that all other named executive officers had purchased shares at that price only a few months earlier. In addition, in Mr. Koch's case, he had been employed by us continuously since the Acquisition, while in Mr. Frissora's case, such a purchase was part of the bargained-for consideration for his move to Hertz, in which he forfeited substantial equity incentive awards granted by his prior employer. When Messrs. Koch and Frissora purchased their shares, we determined that the fair market value per share was greater than that purchase price. Because the difference was taxable to them, we provided them with a payment equal to 80% of the difference between fair market value and their purchase price, to facilitate their payment of the related tax liability. This amount is reflected in the Summary Compensation Table under the column "All other compensation."

On June 30, 2006, we entered into the Hertz Holdings Loan Facility. We primarily used the proceeds of the Hertz Holdings Loan Facility, together with cash on hand, to pay special cash dividends of \$4.32 per share, or approximately \$999.2 million in the aggregate, to our common stockholders on June 30, 2006. In connection with the June 30 special cash dividend and the special cash dividend of approximately \$1.12 per share of our common stock, or \$260.3 million in the aggregate, that was paid upon the completion of our initial public offering to holders of record of our common stock on the dividend record date, our outstanding stock options (including options held by Messrs. Koch and Frissora) were adjusted to preserve the intrinsic value of the options, consistent with applicable tax law and the terms of the Stock Incentive Plan. We had an unrecognized stock-based compensation cost of approximately \$28.3 million related to the cost of modifying the exercise prices of the stock options for the special cash dividends. This cost will be recognized over the remainder of the requisite service period that began on the grant dates.

All of the options issued to our named executive officers were issued under the Hertz Global Holdings, Inc. Stock Incentive Plan, or the "SIP," and are governed by the terms of the SIP and written option agreements entered into with the officers. The SIP and the related option agreements establish the exercise price of the options; the schedule on which the options vest; the period in which vested options may be exercised; the effect of termination of employment on the options; and the effect of a change in control, as defined in the SIP, on the options. Details regarding the grant dates, exercise prices and vesting schedules for options granted to our named executive officers are described in the Grants of Plan-Based Awards and Outstanding Equity Awards at Year-End tables below.

The options held by Mr. Koch are not affected by the termination of his employment (other than a termination for Cause, as defined in the SIP, or a termination of his employment prior to January 1, 2007), since they were granted in contemplation of his planned retirement on January 1, 2007. For the other named executive officers, except in the case of death or disability, the SIP and the related option agreements provide that upon termination of the officer's employment, all unvested options then held by the officer will immediately terminate, and all vested options may be exercised only for 60 days following termination (or 180 days if the termination is the result of retirement at "normal age").

The SIP generally defines a "Change in Control" as the acquisition by any person of 50% or more of the combined voting power of Hertz Holdings, then outstanding voting securities, the merger of Hertz Holdings if its stockholders immediately prior to the merger do not own more than 50% of the combined voting power of the merged entity, a majority of Hertz Holdings' incumbent directors ceasing to be directors within a 24 month period or the sale of all or substantially all the assets of Hertz Holdings to non-affiliates.

The SIP and the related option agreements for our named executive officers provide that upon a Change in Control, our Board may determine that their options will be honored or assumed, or new rights substituted for their options, so long as certain conditions are met; the honored or assumed options or other rights are referred to as an "Alternative Award." Those conditions are that the Alternative Award must provide rights and entitlements substantially equivalent to, or better than, those under the original options and also provide that if, within two years following the Change in Control, the holder's employment is involuntarily or constructively terminated other than for Cause, the Alternative Award will vest in full and the holder will either receive a cash payment equal to the excess of the fair market value of the stock subject to the Alternative Award on the date of surrender over the exercise price of the Alternative Award or have an immediate right to exercise the Alternative Award and receive publicly traded shares. To the extent that our Board does not make the determination to grant Alternative Awards, then the SIP and related option agreements for our named executive officers provide that their options, whether vested or unvested, will be cancelled in exchange for a payment equal to the excess of the per share consideration offered in the transaction giving rise to the Change in Control over the exercise price of the options.

The SIP further provides that in connection with a Change in Control, the benefits flowing to a holder of options, including any of our named executive officers, from the Change in Control provisions just described may not exceed the amount that, when taken with all other payments the holder may receive under any other plan, program or arrangement, would cause the holder to receive an "excess parachute payment" as that term is defined in Section 280G of the Internal Revenue Code of 1986, or the "Code." This limitation could materially reduce the benefits a named executive officer would otherwise receive with respect to his options in the event of a Change in Control, particularly if his employment were then being terminated and he were receiving severance payments under his employment or change in control agreement. For more details regarding payments to be made to named executive officers in the event of the termination of their employment, see "Employment and Change in Control Agreements" below.

The following table sets forth, for each named executive officer, the amount that would be payable to him under the SIP and his related option agreements if a Change in Control had occurred on December 31, 2006, our Board had not determined to grant Alternative Awards, the transaction giving rise to the Change in Control was a transaction subject to Section 280G of the Code and his employment was not terminated. (For the reasons discussed in the preceding paragraph, if the employment of a named executive officer was terminated on December 31, 2006, he might receive substantially less than the amount set forth below.)

Name	Amount Payable
Mr. Koch	\$ 1,212,960
Mr. Frissora	12,928,000
Mr. Siracusa	8,547,000
Mr. Nothwang	8,547,000
Mr. Taride	7,264,000
Mr. Plescia	6,760,792

Grants of Plan-Based Awards

The following table sets forth, for each named executive officer, possible payouts under all non-equity incentive plan awards granted in 2006; all grants of plan-based option awards in 2006; the exercise or base price of all such option awards; the grant date fair value of all such option awards; and the incremental fair value of all such awards.

Name	Grant date	Estimated possible payouts under non-equity incentive plan awards			Estimated future payouts under equity incentive plan			All other stock awards: Number of shares of stock or units (#)	All other option awards: Number of securities underlying options (#)	Exercise or base price of option awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards ⁽¹⁾⁽²⁾ (\$)	Incremental Fair Value of Stock and Option Awards ⁽¹⁾⁽²⁾ (\$)
		Thres-hold (\$)	Target (\$)	Maxi-mum (\$)	Thres-hold (\$)	Target (\$)	Maxi-mum (\$)					
Craig R. Koch	October 19, 2005 August 15, 2006	3,375,000	3,375,000	3,375,000					112,000	6.56 ^{(3)(a)}	388,000 ⁽⁴⁾	287,000 ⁽⁴⁾
Mark P. Frissora	July 10, 2006 August 15, 2006 August 15, 2006 August 15, 2006	950,000	950,000	1,900,000 ⁽⁵⁾					800,000 400,000 400,000	6.56 ^{(3)(a)} 9.56 ^{(3)(b)} 14.56 ^{(3)(c)}	9,600,000 4,020,000 3,328,000	672,000 324,000 236,000
Paul J. Siracusa	February 15, 2006 May 5, 2006 May 18, 2006 May 18, 2006 May 18, 2006	0	667,500	1,335,000 ⁽⁵⁾					200,000 300,000 200,000 200,000	4.56 ^{(6)(d)} 4.56 ^{(6)(d)} 9.56 ^{(6)(e)} 14.56 ^{(6)(f)}	1,126,000 1,689,000 764,000 606,000	412,000 618,000 308,000 210,000
Joseph R. Nothwang	February 15, 2006 May 5, 2006 May 18, 2006 May 18, 2006 May 18, 2006	0	842,500	1,685,000 ⁽⁵⁾					200,000 300,000 200,000 200,000	4.56 ^{(6)(d)} 4.56 ^{(6)(d)} 9.56 ^{(6)(e)} 14.56 ^{(6)(f)}	1,126,000 1,689,000 764,000 606,000	412,000 618,000 308,000 210,000
Michel Taride	February 15, 2006 May 5, 2006 May 18, 2006 May 18, 2006 May 18, 2006	0	584,100	1,168,200 ⁽⁵⁾					100,000 300,000 200,000 200,000	4.56 ^{(6)(d)} 4.56 ^{(6)(d)} 9.56 ^{(6)(e)} 14.56 ^{(6)(f)}	563,000 1,689,000 764,000 606,000	206,000 618,000 308,000 210,000
Gerald Plescia	February 15, 2006 May 5, 2006 May 18, 2006	0	476,250	952,500 ⁽⁵⁾					80,000 300,000 200,000 200,000	4.56 ^{(6)(d)} 4.56 ^{(6)(d)} 9.56 ^{(6)(e)} 14.56 ^{(6)(f)}	450,000 1,689,000 764,000 606,000	164,800 618,000 308,000 210,000

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May 18, 2006 May 18, 2006	All other stock awards: Number of shares of stock or units (#)	All other option awards: Number of securities underlying options (#)	Grant Date Fair Value of Stock and Option Awards (1)(2) (\$)
(1)	The full grant date fair value of each award excludes the cost of the modifications indicated in Notes 3 and 6 below. The incremental fair value of each award represents the cost of the modifications indicated in Notes 3 and 6 below.		

(2) The grant date fair value and the incremental fair value of stock option awards are calculated in accordance with FAS 123(R). The value of each option award is estimated on the grant date using a Black-Scholes option valuation model that incorporates the assumptions noted in the following table. Because the stock of Hertz Holdings was not publicly traded at the time of these grants, we have used the calculated value method, substituting the historical volatility of an appropriate industry sector index for the expected volatility of Hertz Holdings' common stock price as an assumption in the valuation model. We measure the compensation cost related to employee stock options based on the calculated value instead of fair value of the options because we could not reasonably estimate the volatility of Hertz Holdings' common stock. We selected the Dow Jones Specialized Consumer Services sub-sector within the consumer services industry, and we used the U.S. large capitalization component, which includes the top 70% of the index universe (by market value).

The calculation of the historical volatility of the index was made using the daily historical closing values of the index for the preceding 6.5 years, because that is the expected term of the options using the simplified approach allowed under SAB No. 107.

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The risk-free interest rate is the implied zero-coupon yield for U.S. Treasury securities having a maturity of 6.5 years as of the grant date, which is the expected term of the options. The assumed dividend yield is zero. We assume that in each year 1% of the options that are outstanding but not vested will be forfeited because of employee attrition.

Assumption	2006 Grants
Expected volatility	50.2%
Expected dividends	0.0%
Expected term (years)	6.5
Risk-free rate	4.89% 5.07%
Forfeiture rate (per year)	1.0%

(3) Grant date exercise prices shown in table have been adjusted for special dividend of \$1.12 paid on November 21, 2006

(a) Grant date exercise price \$7.68

(b) Grant date exercise price \$10.68

(c) Grant date exercise price \$15.68

(4) The entire value of Mr. Koch's grant and modification was expensed in 2006.

(5) In accordance with the plan, any payment under the LTIP was capped at 200% of its target amount. The EICP did not place maximums on payments to participants; however, maximum payments under the EICP are reflected in the table, for illustrative purposes only, at 200% of their target amounts.

(6) Grant date exercise prices shown in table have been adjusted for special dividends of \$4.32 paid on June 30, 2006 and \$1.12 paid on November 21, 2006

(d) Grant date exercise price \$10.00

(e) Grant date exercise price \$15.00

(f) Grant date exercise price \$20.00

Outstanding Equity Awards at Year-End

The following table sets forth, for each named executive officer, details of all option and stock awards outstanding on December 31, 2006.

Name	Option awards				Stock awards				
	Number of securities underlying unexercised options	Number of securities underlying unexercised options	Equity incentive plan awards: number of securities underlying unexercised unearned options	Option exercise price	Option expiration date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested	Equity incentive awards: number of unearned shares, units or other rights that have not vested	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested
	(#) exercisable	(#) unexercisable	(#)	(\$)		(#)	(\$)	(#)	(\$)
Craig R. Koch					37,333 expire June 12, 2009				
					37,333 expire June 12, 2010				
		112,000 ⁽¹⁾		6.56	37,334 expire June 12, 2011				
Mark P. Frissora					August 15, 2016				
		800,000 ⁽²⁾		6.56	August 15, 2016				
		400,000 ⁽²⁾		9.56	August 15, 2016				
		400,000 ⁽²⁾		14.56	August 15, 2016				
Paul J. Siracusa					May 5, 2016				
		200,000 ⁽³⁾		4.56	May 18, 2016				
		300,000 ⁽⁴⁾		4.56	May 18, 2016				
		200,000 ⁽⁴⁾		9.56	May 18, 2016				
		200,000 ⁽⁴⁾		14.56	May 18, 2016				
Joseph R. Nothwang					May 5, 2016				
		200,000 ⁽³⁾		4.56	May 18, 2016				
		300,000 ⁽⁴⁾		4.56	May 18, 2016				
		200,000 ⁽⁴⁾		9.56	May 18, 2016				
		200,000 ⁽⁴⁾		14.56	May 18, 2016				
Michel Taride					May 5, 2016				
		100,000 ⁽³⁾		4.56	May 18, 2016				
		300,000 ⁽⁴⁾		4.56	May 18, 2016				
		200,000 ⁽⁴⁾		9.56	May 18, 2016				
		200,000 ⁽⁴⁾		14.56	May 18, 2016				
Gerald Plescia		80,000 ⁽³⁾		4.56	May 5, 2016				
		300,000 ⁽⁴⁾		4.56	May 18, 2016				

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Option awards

Stock awards

200,000 ⁽⁴⁾	9.56	2016
200,000 ⁽⁴⁾	14.56	May 18, 2016
		May 18, 2016

- (1) The options will vest in three equal installments on June 12, 2007, June 12, 2008 and June 12, 2009.
- (2) The options will vest in five equal installments on July 19, 2007, July 19, 2008, July 19, 2009, July 19, 2010 and July 19, 2011.
- (3) The options will vest in five equal installments on May 5, 2007, May 5, 2008, May 5, 2009, May 5, 2010 and May 5, 2011.
- (4) The options will vest in five equal installments on May 18, 2007, May 18, 2008, May 18, 2009, May 18, 2010 and May 18, 2011.

Option Exercises and Stock Vested

The following table sets forth, for each named executive officer, details of any awarded stock options that were exercised and any stock awards that were vested in 2006.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
Craig R. Koch		N/A		N/A
Mark P. Frissora		N/A		N/A
Paul J. Siracusa		N/A		N/A
Joseph R. Nothwang		N/A		N/A
Michel Taride		N/A		N/A
Gerald Plescia		N/A		N/A

Perquisites and Other Personal Benefits

We provide perquisites and other personal benefits that we and our Compensation Committee believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The named executive officers are provided use of company- or third party manufacturer-provided cars, financial planning assistance, free lunches, annual physicals and, in certain cases, country club memberships. In addition, our Chairman and CEO, for security purposes, uses corporate aircraft for personal and business related air travel within the one-stop range from the base for our corporate aircraft, and is provided with the services of a driver trained in evasive driving techniques employed by us. We also provide Mr. Taride with housing under an arrangement described below. Attributed costs of these personal benefits for the named executive officers for the fiscal year ending December 31, 2006 are included in the "All other compensation" column of the Summary Compensation Table.

We own an aircraft for the purpose of encouraging and facilitating business travel by our senior executives, primarily our CEO, generally for travel in the United States and, less frequently, internationally. The pilots who fly our aircraft are our salaried employees. Under our security policy, our CEO uses our aircraft for travel within a one-stop range of the aircraft's base of operations. We believe that this policy provides several business benefits to us. Our policy is intended to ensure the personal safety of our CEO, who maintains a significant public role as the leader of our company. In addition, our policy is intended to facilitate our CEO's availability and to maximize his time available for company business. The methodology that we use to value personal use of our aircraft as a perquisite, as reported in the Summary Compensation Table, calculates the incremental cost to us of providing the benefits based on the actual cost of fuel, crew expenses, on-board catering and other, small variable costs. Because our aircraft is used primarily for business travel, this valuation methodology excludes fixed costs which do not change based on usage, such as pilots' salaries, the purchase cost of the aircraft and fixed maintenance costs.

In August 2006, Hertz Europe Limited ("Hertz Europe"), an indirect wholly owned subsidiary of Hertz that employs Mr. Taride, entered into an agreement with Mr. Taride regarding the provision of living accommodations for Mr. Taride and his family. Pursuant to this agreement, Hertz Europe purchased a property in London for a purchase price of £2.3 million, made an estimated £100,000 in improvements to it and paid all fees associated with the purchase. The agreement provides that the property will be made available to Mr. Taride and his family rent-free for an initial period through June 2011, which term may be extended by agreement of Mr. Taride and the CEO of Hertz. The agreement also provides that Hertz Europe will reimburse Mr. Taride for any tax liability which arises because he has the benefit of the property through June 2011 or, if sooner, the date at which Mr. Taride purchases the property. The agreement grants to Mr. Taride an option to purchase the

property at any time through June 2011. In the event that Mr. Taride exercises the option to purchase the property, any increase in the value of the property (defined as the difference between the purchase price paid by Hertz Europe and the appraised fair market value at the time of the sale) will be allocated between Hertz Europe and Mr. Taride, with one-third of the increase falling to Mr. Taride and two-thirds to Hertz Europe. In the event that Mr. Taride's employment is terminated by himself or by Hertz Europe, the agreement provides that he will vacate the property within one month. We believe this arrangement is appropriate in light of the circumstances of Mr. Taride's transfer from France to the United Kingdom in 2000, the living arrangements made for him at that time and the conditions of the residential property market in London.

In accordance with an action of our Board in October 2006, we paid Mr. Frissora \$75,000 (subject to gross-up in order to offset all applicable taxes) to partially compensate him for certain unanticipated costs associated with the relocation of his primary residence from Illinois to the New York metropolitan area that were not contemplated by his employment agreement. The payment is included in the "All other compensation" column of the Summary Compensation Table.

Retirement and Savings Benefits

We have adopted retirement, savings and post-retirement assigned car benefit plans. Benefits under some of those plans are broadly available to our employees, while others are restricted to executives. We feel these plans promote retention of our key executives and other participants by providing a reasonable level of retirement income reflecting their careers with us. We believe such plans are customary in the industries in which we operate.

Pension Benefits

Our retirement plan for U.S.-based employees, The Hertz Corporation Account Balance Defined Benefit Pension Plan, or the "Hertz Retirement Plan," was established on August 30, 1985. Previously, our employees participated in the retirement plan for the employees of RCA Corporation, when we were a wholly owned subsidiary of that corporation.

The Hertz Retirement Plan is tax-qualified. Contributions were made by the employees and by us up to June 30, 1987. Effective July 1, 1987, we pay the entire cost.

Under the Hertz Retirement Plan, full and part time employees who work more than 1,000 hours in a 12 month period, and who have completed one year of continuous employment with Hertz Holdings, including the named executives, with the exception of Mr. Taride, earn the right to receive benefits upon retirement at the normal retirement age of 65 or upon early retirement on or after age 55 and the completion of five years of vesting service. The benefit an employee receives is based on a combination of the following factors:

A percentage of final average compensation (using the highest five consecutive of the last ten years of eligible compensation);

Years of credited service up to July 1, 1987; and

The accrued value of a cash account after July 1, 1987, which gets credited each year at a predetermined percentage of eligible compensation.

We maintain three non-qualified, unfunded pension plans for certain of our U.S.-based executives: the Supplemental Retirement and Savings Plan, or "SERP," the Benefit Equalization Plan, or "BEP," and the Supplemental Executive Retirement Plan, or "SERP II." Mr. Taride does not participate in these plans. These plans provide benefits in excess of the qualified plans as follows:

The SERP provides benefits to participants that, when combined with benefits paid to them under the Hertz Retirement Plan, would cause them to receive overall benefits generally similar to those that would have been provided to them if the pre-July 1, 1987 benefit formula for the

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Hertz Retirement Plan had remained in effect until their normal retirement date. Eligibility for the SERP is limited to employees who, on June 30, 1987, actively participated in the Hertz Retirement Plan and had the title of Staff or Division Vice President, or higher, at Hertz; accordingly, this plan is closed to new participants. Of the named executive officers, only Messrs. Koch and Nothwang participated or participate in the SERP. Benefits under the SERP are fully vested.

The BEP provides equalization benefits in lieu of benefits that cannot be provided under the Hertz Retirement Plan due to limitations on tax-qualified retirement plans imposed by the Code. Eligibility for the BEP is limited to members of a select group of management or highly compensated employees whose benefits under the Hertz Retirement Plan are limited by the Code and who do not participate in the SERP. Messrs. Siracusa and Plescia participate in the BEP, and Mr. Frissora began to participate in the BEP in 2007. Benefits under the BEP are fully vested after five years of vesting service or at age 65.

The SERP II provides benefits to participants that, when combined with benefits paid to them under the Hertz Retirement Plan, the BEP and the SERP, would cause them to receive overall benefits generally similar to those that would have been provided if the pre-July 1, 1987 benefit formula for the Hertz Retirement Plan had remained in effect until their normal retirement date but had the Hertz Retirement Plan computed their final average compensation on the basis of the highest five in the last ten years of eligible compensation, whether or not those five years were consecutive. Eligibility for the SERP II is discretionary. Messrs. Koch, Siracusa, Nothwang and Plescia participated or participate in the SERP II, and Mr. Frissora began to participate in the SERP II in 2007. Benefits under the SERP II are generally payable only to participants who, upon the termination of their employment, have been credited with five vesting years of service under the Hertz Retirement Plan and whose employment terminates due to death or disability or after their attainment of the age of 55 years. Those benefits are also payable to participants who have not attained the age of 55 years if their employment is terminated (other than voluntarily or for cause) within thirty days prior to, or one year after, certain changes in control of Hertz or its subsidiaries.

Mr. Taride participates in two retirement plans applicable to certain of our employees in Europe, the Hertz UK 1972 Pension Plan and the Hertz UK Supplementary Unapproved Pension Scheme, or the "Hertz UK Supplementary Plan." These two plans are generally similar defined benefit plans that provide for, in the case of Mr. Taride, 1/30th of his final salary for each year of service in the plans subject to a maximum of two thirds of his final salary at the time of this retirement. Under these plans, Mr. Taride has a right to retire at age 60.

Pension Plan Table

The following table sets forth, for each named executive officer, in which of the foregoing plans he participated in 2006, how many years of credited service in each such plan he had at December 31, 2006, what the present value of his accumulated benefit in each such plan was at December 31, 2006, and what payments from such plan he received during the year 2006:

Name	Plan name	Number of years credited service	Present value of accumulated benefit ⁽¹⁾	Payments during last fiscal year
		(#)	(\$)	(\$)
Craig R. Koch	Hertz Retirement Plan	33	568,800	
	SERP	33	14,041,000	
	SERP II	33	639,600	
Mark P. Frissora	None			
Paul J. Siracusa	Hertz Retirement Plan	37	747,400	
	BEP	37	326,600	
	SERP II	37	5,677,500	
Joseph R. Nothwang	Hertz Retirement Plan	30	516,600	
	SERP	30	5,463,900	
	SERP II	30	207,000	
Michel Taride ⁽²⁾	Hertz UK 1972 Pension Plan	6	856,586	
	Hertz UK Supplementary Plan	6	1,213,273	
Gerald Plescia ⁽³⁾	Hertz Retirement Plan	20	149,200	
	BEP	20	186,100	
	SERP II	20	1,377,600	

(1) The present value calculations use the same assumptions (except for retirement and pre-retirement decrements) used for financial reporting purposes and reflect current compensation levels. The assumptions used in the calculations are as follows:

Discount Rate = 5.7% as of 12/31/06 and 5.5% as of 12/31/05

Mortality Table = RP2000 Mortality Table projected to 2006

Retirement Age = 60 or current age if older (earliest unreduced retirement age)

Pre-retirement Decrement = None assumed

Payment Form = Five year certain and life annuity

(2) Amounts for Mr. Taride have been translated from pounds sterling to U.S. dollars at the 12 month average rate of 1.85735. Mr. Taride's number of actual years of services with us is 21.

(3) Mr. Plescia's number of actual years of service with us is 27.

Deferred Compensation Plans

Mr. Koch is eligible, under a predecessor RCA Corporation executive deferred compensation plan, to receive supplemental retirement benefits at age 65 payable in 180 equal installments. Mr. Koch is eligible to receive approximately \$4.4 million, payable in 180 equal installments, commencing November 2011. In the event Mr. Koch dies prior to the commencement of this benefit, a portion of such amount will be paid to Mr. Koch's beneficiary in 120 monthly installments. We do not maintain non-qualified deferred compensation plans for any other named executive officer.

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The table below sets forth, for each named Non-Qualified Deferred Compensation Table executive officer, the contributions to non-qualified deferred compensation plans for him made by us and him in 2006, his aggregate earnings in such plans in 2006, his aggregate withdrawals and distributions from such plans in 2006 and the aggregate balance in such plans at December 31, 2006.

Name	Executive Contributions in Last Fiscal Year (\$)	Contributions by Hertz Holdings in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Craig R. Koch			133,987		1,413,546
Mark P. Frissora					
Paul J. Siracusa					
Joseph R. Nothwang					
Michel Taride					
Gerald Plescia					
Income Savings Plan					

Our Income Savings Plan, or the "Hertz Savings Plan," is a tax-qualified defined contribution plan that is available to certain full time and part time U.S.-based employees who have been credited with at least 1,000 hours of service during any calendar year, and who have completed one year of continuous service. The named executive officers, except for Mr. Taride, are eligible to participate in the Hertz Savings Plan.

Eligible employees may generally elect to contribute 1% to 30% of their annual eligible pre-tax compensation, subject to certain limitations imposed by the Code; as a result of those limitations, the named executive officers are limited to a 6% contribution. We will match 50% of the first 6% of the employee's contribution. All employee contributions are immediately vested upon contribution. Matching contributions made after January 1, 2002 become fully vested after the employee completes three or more years of service. Matching contributions made prior to January 1, 2002 become fully vested after the employee completes five years of service.

Post-retirement Assigned Car Benefit

We also maintain a post-retirement assigned car benefit plan under which we provide certain executives who, at the time of retirement, meet minimum age at retirement and service requirements, with a car from our fleet and insure the car for the participant's benefit. The assigned car benefit is available for 15 years post-retirement or until the participant reaches the age of 80, whichever is longer. As of December 31, 2006, Messrs. Koch, Siracusa and Nothwang had satisfied the minimum age and service requirements of this plan and will, upon retirement, be entitled to its benefits; Messrs. Taride and Plescia had satisfied the minimum service, but not the minimum age, requirement; and Mr. Frissora had satisfied neither the minimum service nor minimum age requirement.

Employment and Change in Control Agreements

Hertz Holdings and its subsidiaries enter into employment agreements and change in control agreements with certain key employees, including the named executive officers, to promote stability and continuity of senior management. Information about such agreements with the named executive officers is set forth below.

Mr. Koch

Hertz had an employment agreement and a change in control agreement with Mr. Koch. Mr. Koch retired effective January 1, 2007, and those agreements terminated at that time.

Mr. Frissora

We entered into an employment agreement with Mr. Frissora in connection with his becoming our CEO, and a director of Hertz Holdings and of Hertz, in July 2006. The agreement with Mr. Frissora provides for an annual base salary of not less than \$950,000 and an annual bonus opportunity of 100% of such base salary. For 2006, the agreement provides that Mr. Frissora's bonus will be no less than the target bonus amount. In order to compensate Mr. Frissora for certain forfeitures in connection with his termination of employment with Tenneco Inc., he will receive a cash payment of \$4,000,000, payable in two equal installments, 50% on December 31, 2006 and 50% on December 31, 2007, or the "replacement award." In addition, we agreed to reimburse Mr. Frissora for his expenses in relocating his principal residence to the New York metropolitan area. Mr. Frissora will also be entitled to receive the benefits and perquisites we provide to our senior executives.

If Mr. Frissora's employment terminates because of his death or disability, he will be entitled to receive his base salary through the date of termination plus a pro rata bonus for the year of termination based on the achievement of performance goals for that year and any unpaid portion of the replacement award. If his employment is terminated by Hertz Holdings without "Cause" or by Mr. Frissora for "Good Reason" (each a defined list of acts of misconduct set forth in the employment agreement), Mr. Frissora is, if he executes a release of claims against us, entitled to severance plus any unpaid portion of the replacement award. Severance in this case would be equal to two and a half times his base salary and bonus for the preceding year, continuation of health care coverage for two years, and a pro rata bonus for the year in which his termination occurs, based on actual performance. If Mr. Frissora's employment is terminated for Cause or without Good Reason, he is only entitled to his base salary through the date of termination. Upon termination of Mr. Frissora's employment for any reason, he will be subject to non-compete and non-solicitation provisions for two years following the termination. In the event that Mr. Frissora's employment is terminated following a "Change in Control" (as defined in the agreement), he will be entitled to a gross-up for any excise tax, more commonly known as golden parachute tax, imposed on him by Section 4999 of the Code in connection with his severance benefits. We determined that the severance and gross-up provisions in Mr. Frissora's contract were appropriate and consistent with market practice, and important factors as we sought to induce him to leave his prior employer.

In accordance with his employment agreement, Mr. Frissora invested \$6,000,000 in our common stock at a price of \$5.68 per share. We made a payment of \$1,690,141 to Mr. Frissora in respect of the tax liability in connection with his share purchase. Mr. Frissora's shares cannot be sold until the earliest of (i) the fifth anniversary of their purchase or grant, (ii) the time at which Sponsors have sold down to less than 25% of their initial combined total holdings, (iii) a termination of Mr. Frissora's employment by us without Cause, by Mr. Frissora for Good Reason or due to his death or disability or (iv) a Change in Control. To the extent not previously lapsed (as described above), the sale restrictions will lapse on 25% of Mr. Frissora's initial shares on the second anniversary of the commencement of his employment.

Other Named Executive Officers

Prior to the Acquisition, Hertz and Ford entered into agreements, or the "Change in Control Agreements," with each of Messrs. Nothwang, Siracusa, Plescia and Taride which provide for certain compensation and benefits upon certain terminations of employment following a "change in control" of Hertz, as described below, and provide for certain non-compete and non-solicitation terms that the executives have agreed to for our benefit. By virtue of the initial public offering of our shares in November 2006 and the provisions of the agreements relating to that circumstance, each of the agreements now has a term that ends in November 2008 and will thereafter be automatically extended each year for additional one-year periods, unless Hertz or the executive give 180 days' written notice that the terms will not be extended. A "change in control" means the direct or indirect acquisition by

any person or group within a 24 month period of Hertz's securities entitling such person or group to exercise 50% or more of the combined voting power of Hertz's securities, the transfer by sale, merger or otherwise of all or substantially all of Hertz's business or assets to any person or group within a 24 month period or the adoption of a plan of liquidation or dissolution applicable to Hertz. The Acquisition constituted a "change in control" under these agreements. At the time we entered into these agreements, we determined that the terms were consistent with market practice and would provide the key executives with the appropriate level of protection in connection with a potential change in control.

Each Change in Control Agreement provides that the executive will be entitled to the severance benefits described below if Hertz terminates the executive's employment in the two-year period following a change in control for any reason other than death, long-term disability or "Cause," or if the executive terminates the executive's employment for "Good Reason." "Cause" under the agreements consists of (i) an act of dishonesty or knowing or willful breach of fiduciary duty intended to result in the executive's enrichment or gain at the expense of Hertz or of any of Hertz's affiliates, (ii) the commission of a felony involving moral turpitude or unlawful, dishonest or unethical conduct damaging to Hertz's reputation or image or improper and unacceptable conduct, (iii) material violation of Hertz's standards of business conduct that warrants termination, (iv) refusal to comply with the lawful directions of the executive's superiors, (v) a deliberate, willful or intentional act that causes Hertz substantial harm, loss or injury or (vi) material failure or inability to perform duties in a satisfactory and competent manner or to achieve reasonable profit or performance goals or objectives following warning and a reasonable opportunity to cure; provided, however, that no such failure or inability may be deemed to occur if the executive performs the duties he is reasonably expected to perform to achieve such goals or objectives. "Good Reason" under the agreements consists of (i) the occurrence, without the executive's written consent, during the two-year period after a change in control of a reduction in the executive's annual base salary, (ii) Hertz's failure to pay the executive any portion of the executive's aggregate compensation, including annual bonus, long-term incentive and any portion of his compensation deferred under any plan, agreement or arrangement with Hertz within 30 days, (iii) failure by Hertz to afford the executive annual bonus and long-term cash incentive compensation target opportunities with a value that in the aggregate, is at least equal to 80% of the aggregate value of annual bonus and long-term cash incentive compensation target opportunities made available to the executive immediately prior to a change in control, (iv) certain changes in the executive's principal work location, (v) a material diminution in the executive's title or responsibilities, (vi) changes or terminations, in the aggregate materially adverse to the executive, in or of the terms of the health, life insurance and disability insurance benefits provided by Hertz to the executive (or, in the case of health benefits, to the executive's dependents) from those in effect immediately prior to the change in control, (vii) an adverse change or termination, as to the executive, of the terms of, or of the executive's participation in, any retirement plan provided by Hertz in which the executive participates or would, upon normal retirement, be entitled to participate or (viii) the failure of a successor to Hertz to assume our obligations under the agreements.

Under the terms of each Change in Control Agreement, the severance benefits Hertz would be obligated to pay or provide upon termination of the executive's employment in the manner described are as follows:

a lump sum cash payment reflecting accrued but unpaid compensation equal to the sum of (i) the executive's annual base salary earned but not paid through the date of termination, the amount of such salary attributable to vacation earned but not taken and unreimbursed expenses incurred by the executive through the date of termination, and (ii) (x) one-twelfth of the average of the annual bonuses payable to the executive, including any amounts deferred at the election of the executive, with respect to the three calendar years preceding the change in control, or (y) in the event the executive has not been eligible to earn an annual bonus from us in his

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position as a senior executive officer for three full calendar years preceding the change in control, one-twelfth of 100% of the target annual bonus the executive is eligible to earn in respect of the fiscal year in which the change in control occurs, or if no target annual bonus has yet been established for such fiscal year, 100% of the target annual bonus for the prior fiscal year (z) in each case multiplied by the number of full and partial months from the beginning of the calendar year during which the termination occurs;

a lump sum cash payment equal to a multiple, as set forth below for each executive, of the sum of (i) the executive's annual base salary in effect immediately prior to the date of termination and (ii) (x) the average of the annual bonuses payable to the executive, including any amounts deferred at the election of the executive, with respect to the three calendar years preceding the change in control or (y) in the event the executive has not been eligible to earn an annual bonus from Hertz in his position as a senior executive officer for three full calendar years preceding the change in control, 100% of the target annual bonus the executive is eligible to earn in respect of the fiscal year in which the change in control occurs, or if no target annual bonus has yet been established for such fiscal year, 100% of the target annual bonus for the prior fiscal year;

receipt of future payouts in accordance with any LTIP in which the executive participated immediately prior to the date of termination, based on the performance results at the end of each performance period in respect of which there was a LTIP grant in place for the executive as of the date of termination, as if the executive had retired in a company-approved retirement;

(i) maintenance, without any change in terms that is adverse to the executive, of any retirement plan of, or provided by Hertz in which the executive, immediately prior to the date of termination, participated or would, upon normal retirement (as such term is defined in the applicable retirement plan), be entitled to participate, and (ii) credit of an additional number of years, as set forth below, to the executive's years of age and "Years of Service" for all purposes under our SERP II (which is described above under " Retirement and Savings Benefits Pension Benefits");

continuation of (i) all health benefits with respect to the executive (and, to the extent applicable, the executive's dependents) for an additional period of years, as set forth below, following the date of termination (with health benefits thereafter being available, but at the executive's expense, until the earlier of (x) the date the executive becomes reemployed and is (along with the executive's applicable dependents) covered, without qualification for preexisting conditions, under another employer's health plan and (y) the date on which the executive and the executive's spouse become eligible for coverage under any other comprehensive health benefit plan including Medicare), and (ii) all life insurance benefits, until the expiration of a set number of years, as set forth below, from the date of termination, provided, that any coverage for life insurance benefits shall cease on the date the executive becomes reemployed and receives at least an equal amount of life insurance coverage under another employer's benefit plan;

continued participation in Hertz's post-retirement assigned car benefit plan at all times following termination without change to the terms and conditions of our post-retirement assigned car benefit plan that is adverse to the executive; and

within the twelve months following the termination date, outplacement assistance up to a maximum of \$25,000 paid directly to an outplacement service provider.

For the purposes of the provisions above, the multiples and number of years for each of Messrs. Nothwang, Siracusa, Taride and Plescia, are two and a half times and two and a half years, respectively. In addition, under the terms of each agreement, in the event that the compensation provided for in the agreement or in any other plan or arrangement covering the named executive is

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subject to excise tax imposed by Section 4999 of the Code, or any interests or penalties thereon, the executive will be entitled to receive a gross-up payment in an amount such that after payment by the executive of all taxes on the gross-up payment, the executive shall retain a portion of the gross-up payment equal to the excise tax. However, to the extent compensation under the agreement does not exceed 110% of the specified statutory threshold amount giving rise to excise tax, then no additional payment will be paid and the compensation will be reduced below such statutory threshold. We believe that Mr. Taride would not be subject to the excise tax because he performs services for us outside the United States.

Under the non-competition terms of each Change in Control Agreement, each named executive has agreed that while employed by us and for a period of one year following termination of employment due to a resignation, other than for a Good Reason, or for Cause, the executive will not directly or indirectly work, invest in or associate with any "competing enterprise," consisting of any entity that engages in the car or equipment rental business, subject to limited exceptions. In addition, pursuant to each agreement, for a period of two years after an executive's termination, each executive has agreed not to solicit any of our or our affiliates' employees. Each agreement also contains a covenant by the executive not to disclose any secret or confidential information relating to us and any of our affiliates during his employment and at all times thereafter.

In addition, Hertz Europe Limited and Mr. Taride have entered into a non-compete agreement which provides that for the twelve months after leaving employment with us, Mr. Taride will not (i) compete with us in the countries in which we operated or actively made arrangements to plan to operate during the twelve months preceding such termination of employment or (ii) solicit or entice away any key employees from us. Hertz Europe Limited would be required to give Mr. Taride twelve months notice to terminate his employment for any reason other than misconduct.

The table below sets forth, for each named executive officer, the severance benefits that would have been payable under his employment or change in control agreement if his employment had been terminated by us, other than for "Cause" (as defined in the relevant agreement) or by him for "Good Reason" (as defined in the relevant agreement), as of December 31, 2006. Because the Acquisition gave rise to a "change in control" under the Change in Control Agreements, the table below is not based on an assumption that a second "change in control" occurred on December 31, 2006.

Name	Amount Payable
Mr. Koch	
Mr. Frissora	\$ 8,636,900
Mr. Siracusa	\$ 4,249,175
Mr. Nothwang	\$ 4,662,891
Mr. Taride	\$ 4,157,606
Mr. Plescia	\$ 5,139,416

Policy On Recovering Bonuses In The Event of A Restatement

Section 304 of the Sarbanes-Oxley Act of 2002 provides for the forfeiture of certain bonuses and profits by our CEO and CFO in connection with certain accounting restatements. Our Board has not elected to enlarge upon that statutory scheme.

Policies On Timing of Option Grants

It is our policy not to grant options to purchase shares of our common stock, other than pursuant to legally binding, pre-existing commitments (such as our obligation to grant options to our directors at specific times in accordance with our written director compensation policy), at any time when we possess material, non-public information about ourselves. It is our policy not to grant options with

effect from, or with an exercise price based on market conditions as they existed on, any date prior to the date on which the party in which granting authority is vested (typically our Compensation Committee or our CEO) takes formal action to grant them. It is our policy to document promptly any option grants that we make; we would normally regard documenting to be prompt if we were to communicate the terms of options grants to their recipients, and to obtain signed option agreements governing the grants back from them, within one month of the date formal action is taken to issue them.

Tax and Accounting Considerations

Hertz Holdings is subject to the transition rules of Section 162(m) of the Code and U.S. Treasury regulations thereunder applicable to entities that become publicly traded during a taxable year. Therefore, Hertz Holdings will first be subject to the limitations on deductibility of compensation in excess of \$1,000,000 that is paid to certain individuals beginning in calendar year 2010. As part of its role, our Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code. We believe that compensation paid under the EICP and the LTIP is performance-based and therefore fully deductible for federal income tax purposes. However, in certain situations, our Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our executive officers.

Board Compensation

Our directors who are not also our employees each receive a \$150,000 annual retainer fee, of which 40% (i.e., \$60,000) will be payable in cash and 60% (i.e., \$90,000) will be payable in the form of stock options granted under the Hertz Global Holdings, Inc. Director Stock Incentive Plan, or the "Director Stock Incentive Plan," described below, and having a Black Scholes value equal to such dollar amount. The chairperson of our Audit Committee will be paid an additional annual cash fee of \$25,000 and each other member of our Audit Committee will be paid an additional annual cash fee of \$10,000. The chairperson of our Compensation Committee will be paid an additional annual cash fee of \$15,000 and each other member of our Compensation Committee will receive an additional annual cash fee of \$10,000. Stock options will be granted annually in arrears, and cash fees will be payable quarterly in arrears, although a director may elect to receive in lieu of cash fees, shares of our common stock having the same value as such fees pursuant to the Director Stock Incentive Plan, described below. We will also reimburse our directors for reasonable and necessary expenses they incur in performing their duties as directors, and our directors will be entitled to free worldwide Hertz car rentals upon completion of evaluation forms. In the case of a member of our Board who is also one of our employees, no additional compensation will be paid for serving as a director. Each of our directors who is employed by or affiliated with one of the Sponsors may assign all or any portion of the compensation the director would receive for his services as a director to that Sponsor or its affiliates.

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For services rendered during the year ended December 31, 2006, our directors received the following:

2006 Director Compensation Table

Name	Fees Earned or Paid in Cash ⁽¹⁾⁽²⁾ (\$)	Stock Awards (\$)	Option Awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Change in pension value and non- qualified deferred compensation earnings (\$)	All other compensation (\$)	Total (\$)
Barry Beracha	9,541		10,103				19,644
Brian Bernasek ⁽³⁾⁽⁴⁾	2,108		2,710				4,819
Carl Berquist ⁽³⁾	7,858		10,103				17,960
George Bitar ⁽⁵⁾	6,735		10,103				16,838
William Conway ⁽⁴⁾⁽⁵⁾	5,092		7,639				12,731
Michael Durham	7,858		10,103				17,960
Robert End ⁽⁵⁾	7,858		10,103				17,960
Gregory Ledford ⁽³⁾	7,578		10,103				17,680
Nathan Sleeper ⁽⁵⁾	6,735		10,103				16,838
George Tamke ⁽⁵⁾	6,735		10,103				16,838
David Wasserman ⁽⁵⁾	8,419		10,103				18,522
Henry Wolf	7,858		10,103				17,960

(1) All compensation is for services rendered as directors. Compensation was pro-rated for time served from November 21, 2006 to December 31, 2006 and was paid following year end.

(2) Under the terms of the Director Stock Incentive Plan, certain directors elected in advance to receive fees that would otherwise be payable in cash in the form of shares. Certain directors also elected to defer receipt of the cash portion of the fee. Any fee that a director elected to defer was credited to the director's stock account and was deemed to be invested in a number of shares of Phantom Stock equal to the number of shares that would otherwise have been delivered.

(3) Elected to defer receipt of the cash portion of their fees and instead receive Phantom Stock equal to the number of shares of Hertz Holdings common stock equal to the deferred fees.

(4) Mr. Conway resigned from the Board of Directors effective December 21, 2006, at which time Mr. Bernasek was elected to fill Mr. Conway's unexpired term.

(5) Elected to receive fees that would otherwise be payable in cash in the form of shares.

Director Stock Incentive Plan

On October 12, 2006, our Board approved the Director Stock Incentive Plan. Our stockholders approved the Director Stock Incentive Plan on October 20, 2006. The Director Stock Incentive Plan provides for the grant of shares of our common stock, options to purchase shares of our common stock and "phantom shares," which are the right to receive shares of our common stock at a specified point in the future. A maximum of 3,500,000 shares are reserved for issuance under the Director Stock Incentive Plan.

Options granted under the Director Stock Incentive Plan must be granted at an exercise price not less than fair market value of such shares on the date of grant. Options granted as part of a director's annual retainer fee will be fully vested at the time of grant and will generally have a 10 year term.

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As noted above, a director may generally elect to receive all or a portion of fees that would otherwise be payable in cash in the form of shares of our common stock having a fair market value at such time equal to the amount of such fees. Any such shares will be paid to the director when cash fees would otherwise be payable, although, if a director so chooses, these shares may be payable on a tax-deferred basis in phantom shares if the requirements regarding such deferral are met in accordance with applicable tax law, in which case the actual shares of our common stock will be paid to the

director promptly following the date on which he or she ceases to serve as a director (or, if earlier, upon a change in control, as defined in the Director Stock Incentive Plan).

A director will recognize ordinary income upon exercising options granted under the Director Stock Incentive Plan in an amount equal to the fair market value of the shares acquired on the date of exercise, less the exercise price, and we will have a corresponding tax deduction at that time. In the case of shares issued in lieu of cash fees, a director who is an individual will generally recognize ordinary income equal to the fair market value of such shares on the date such shares are paid to the director and we will have a corresponding tax deduction at that time.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

The following people served on our compensation committee during the year 2006: David H. Wasserman (Chair), Brian A. Bernasek, Robert F. End and Gregory S. Ledford (who is no longer a member of the committee). None of these individuals (a) served as an officer or employee of Hertz Holdings during 2006 or (b) was formerly an officer of Hertz Holdings, with the exception of Mr. Wasserman, who served as President of CCMG Holdings, Inc. (which subsequently changed its name to Hertz Global Holdings, Inc.) prior to the completion of the Acquisition. Messrs. Wasserman, Bernasek, End and Ledford also served as executives of Clayton, Dubilier & Rice, Inc., The Carlyle Group, Merrill Lynch & Co., Inc. and The Carlyle Group (or affiliates thereof), respectively. For information regarding relationships among Hertz Holdings and Clayton, Dubilier & Rice, Inc., Merrill Lynch & Co., Inc. and The Carlyle Group and related entities, see "Certain Relationships and Related Party Transactions."

During the year 2006, none of our executive officers served as a member of a compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served on our Compensation Committee; none of our executive officers served as a director of another entity, any of whose executive officers served on our Compensation Committee; and none of our executive officers served as a member of the compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served as one of our directors.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,
MANAGEMENT AND SELLING STOCKHOLDERS**

The following table sets forth information as of May 17, 2007 with respect to the beneficial ownership of the common stock of Hertz Holdings by:

each person known to own beneficially more than 5% of the common stock of Hertz Holdings;

each of our directors;

each of the named executive officers in the Summary Compensation Table above;

all of our executive officers and directors as a group; and

other selling stockholders.

The selling stockholders may be deemed to be underwriters within the meaning of the Securities Act of 1933, as amended. The selling stockholders are selling all of the shares in this offering. To the extent the underwriters sell more than 45,000,000 shares, the selling stockholders have granted the underwriters an option to purchase 6,750,000 shares of common stock. The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in the footnotes to this table, each of the beneficial owners listed has, to our knowledge, sole voting and investment power with respect to the indicated shares of common stock. Unless otherwise indicated, the address for each individual listed below is Hertz Global Holdings, Inc., 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713.

Name and Address of Beneficial Owner	Shares Beneficially Owned Before the Offering and After the Offering Assuming the Underwriters' Option is Not Exercised					Shares Beneficially Owned After the Offering Assuming the Underwriters' Option is Exercised in Full	
	Number	Percent Before the Offering*	Shares Offered Hereby	Shares Beneficially Owned After the Offering	Percent After the Offering*	Number	Percent*
Investment Funds Associated With or Designated							
By Clayton, Dubilier & Rice ⁽¹⁾⁽²⁾	77,500,000	24.17%	15,196,078	62,303,922	19.43%	60,024,510	18.72%
Clayton, Dubilier & Rice Fund VII, L.P.	49,651,532	15.48%	9,735,595	39,915,937	12.45%	38,455,598	11.99%
CDR CCMG Co-Investor L.P.	27,520,000	8.58%	5,396,078	22,123,922	6.90%	21,314,510	6.65%
CD&R Parallel Fund VII, L.P.	328,468	0.10%	64,405	264,063	0.08%	254,402	0.08%

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Investment Funds Associated With or Designated							
By The Carlyle Group ⁽²⁾⁽³⁾	76,500,000	23.86%	15,000,000	61,500,000	19.18%	59,250,000	18.48%
Carlyle Partners IV, L.P.	63,918,543	19.93%	12,533,048	51,385,495	16.03%	49,505,538	15.44%
CP IV Coinvestment, L.P.	2,581,457	0.81%	506,168	2,075,289	0.65%	1,999,364	0.62%
CEP II U.S. Investments, L.P.	9,622,633	3.00%	1,886,791	7,735,842	2.41%	7,452,824	2.32%
CEP II Participations S.à.r.l. SICAR	377,367	0.12%	73,993	303,374	0.09%	292,274	0.09%
Investment Funds Associated With or Designated By MLGPE and Their Affiliates ⁽⁴⁾⁽⁵⁾⁽⁶⁾							
ML Global Private Equity Fund, L.P.	41,507,542	12.95%	8,136,471	33,371,071	10.41%	32,150,601	10.03%
Merrill Lynch Ventures L.P. 2001	5,000,000	1.56%	980,392	4,019,608	1.25%	3,872,549	1.21%
ML Hertz Co-Investor, L.P.	4,004,000	1.25%	785,098	3,218,902	1.00%	3,101,137	0.97%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	28,133	0.01%		28,133	0.01%	28,133	0.01%
CMC-Hertz Partners, L.P. ⁽⁷⁾	25,000,000	7.80%	4,901,961	20,098,039	6.27%	19,362,745	6.04%
FMR Corp. and related entities ⁽⁸⁾	18,614,700	5.81%		18,614,700	5.81%	18,614,700	5.81%
Directors and Executive Officers							
Craig R. Koch	50,000	**		50,000	**	50,000	**
George W. Tamke ⁽⁹⁾		**			**		**
Mark P. Frissora ⁽¹⁰⁾	1,056,938	**		1,056,938	**	1,056,938	**
Nathan K. Sleeper ⁽⁹⁾		**			**		**
David H. Wasserman ⁽⁹⁾		**			**		**
Brian A. Bernasek ⁽⁴⁾⁽¹¹⁾⁽¹²⁾⁽¹³⁾	4,790.6	**		4,790.6	**	4,790.6	**
Gregory S. Ledford ⁽⁴⁾⁽¹¹⁾⁽¹²⁾⁽¹³⁾	5,706.2	**		5,706.2	**	5,706.2	**
George A. Bitar ⁽¹⁴⁾		**			**		**
Robert F. End ⁽¹⁴⁾		**			**		**
Barry H. Beracha ⁽⁴⁾⁽¹³⁾	34,282	**		34,282	**	34,282	**
Carl T. Berquist ⁽⁴⁾⁽¹³⁾	8,886.2	**		8,886.2	**	8,886.2	**
Michael J. Durham ⁽⁴⁾⁽¹³⁾	23,282	**		23,282	**	23,282	**
Henry C. Wolf ⁽⁴⁾⁽¹³⁾	9,282	**		9,282	**	9,282	**
Joseph R. Nothwang ⁽¹³⁾	290,000	**		290,000	**	290,000	**
Paul J. Siracusa ⁽¹³⁾⁽¹⁵⁾	280,000	**		280,000	**	280,000	**
Michel Taride ⁽¹³⁾	210,000	**		210,000	**	210,000	**
Gerald A. Plescia ⁽¹³⁾	206,000	**		206,000	**	206,000	**
All directors and executive officers as a group (22 persons) ⁽¹²⁾⁽¹³⁾⁽¹⁶⁾	2,406,167	**		2,406,167	**	2,406,167	**

* Based on 320,645,006 shares of common stock outstanding on May 17, 2007, after giving effect to the issuance on that date of 1,911 shares and 1,175 phantom shares to our non-employee directors pursuant to our Director Stock Incentive Plan.

** Less than 1%

(1) Represents shares held by the following group of investment funds associated with or designated by Clayton, Dubilier & Rice, Inc.: (i) 49,651,532 shares of common stock held by Clayton, Dubilier & Rice Fund VII, L.P., whose general partner is CD&R Associates VII, Ltd., whose sole stockholder is CD&R Associates VII, L.P., whose general partner is CD&R

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Investment Associates VII, Ltd.; (ii) 27,520,000 shares of common stock held by CDR CCMG Co-Investor L.P., whose general partner is CDR CCMG Co-Investor GP Limited, whose sole stockholder is Clayton, Dubilier & Rice Fund VII, L.P.; and (iii) 328,468 shares of common stock held by CD&R Parallel Fund VII, L.P., whose general partner is CD&R Parallel Fund Associates VII, Ltd. CD&R Investment Associates VII, Ltd. and CD&R Parallel Fund Associates VII, Ltd. are each managed by a three person board of directors, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. Joseph L. Rice, III, Donald J. Gogel and Kevin J. Conway, as the directors of CD&R Investment Associates VII, Ltd. and CD&R Parallel Fund Associates VII, Ltd., may be deemed to share beneficial ownership of the shares shown as beneficially owned by the funds associated with Clayton, Dubilier & Rice, Inc. Such persons disclaim such beneficial ownership. Does not include 4,469 shares of common stock and 12,846 currently exercisable options to purchase common stock issued to Clayton, Dubilier & Rice, Inc., as assignee of compensation payable to Messrs. Tamke, Sleeper and Wasserman under our Director Stock Incentive Plan.

Each of CD&R Associates VII, Ltd., CD&R Associates VII, L.P. and CD&R Investment Associates VII, Ltd. expressly disclaims beneficial ownership of the shares held by Clayton, Dubilier & Rice Fund VII, L.P., as well as of the shares held by each of CD&R Parallel Fund VII, L.P., CDR CCMG Co-Investor L.P. and the shares and stock options held by Clayton, Dubilier & Rice, Inc. CDR CCMG Co-Investor GP Limited expressly disclaims beneficial ownership of the shares held by each of CD&R Parallel Fund VII, L.P., Clayton, Dubilier & Rice Fund VII, L.P. and CDR CCMG Co-Investor L.P., and Clayton, Dubilier & Rice, Inc., and of the stock options held by Clayton, Dubilier & Rice, Inc. CD&R Parallel Fund Associates VII, Ltd. expressly disclaims beneficial ownership of the shares held by each of CD&R Parallel Fund VII, L.P., Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., and Clayton, Dubilier & Rice, Inc., and of the stock options held by Clayton, Dubilier & Rice, Inc. Clayton, Dubilier & Rice, Inc. expressly disclaims beneficial ownership of the shares held by each of Clayton, Dubilier & Rice Fund VII, L.P., CD&R Parallel Fund VII, L.P. and CDR CCMG Co-Investor L.P.

The address for each of Clayton, Dubilier & Rice Fund VII, L.P., CD&R Parallel Fund VII, L.P., CD&R Associates VII, Ltd., CD&R Associates VII, L.P. and CD&R Parallel Fund Associates VII, Ltd. is 1403 Foulk Road, Suite 106, Wilmington, DE 19803. The address for CDR CCMG Co-Investor L.P., CDR CCMG Co-Investor GP Limited and for CD&R Investment Associates VII, Ltd. is c/o M&C Corporate Services Limited, P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The address for Clayton, Dubilier & Rice, Inc. is 375 Park Avenue, 18thFloor, New York, NY 10152.

- (2) Excludes 25,000,000 shares held by CMC-Hertz Partners, L.P., which is affiliated with all three of the Sponsors. Each of the entities associated with Clayton, Dubilier & Rice, Inc. and with The Carlyle Group expressly disclaims beneficial ownership of shares held by CMC-Hertz Partners, L.P. See Note 7 below.
- (3) Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P. and CEP II Participations S.à.r.l. SICAR, which are collectively referred to herein as the Carlyle Funds, are collectively the holders of record of 76,500,000 shares of the common stock of Hertz Holdings, of which Carlyle Partners IV, L.P. holds 63,918,543 shares; CEP II U.S. Investments, L.P. holds 9,622,633 shares; CP IV Coinvestment, L.P. holds 2,581,457 shares; and CEP II Participations S.à.r.l. SICAR holds 377,367 shares. TC Group, L.L.C. exercises investment discretion and control over the shares held by each of Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. through its indirect subsidiary TC Group IV, L.P., which is the sole general partner of each of Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. TCG Holdings, L.L.C. is the managing member of TC Group, L.L.C. TC Group, L.L.C. is the sole managing member of TC Group IV, L.L.C. TC Group IV, L.L.C. is the sole general partner of TC Group IV, L.P. TCG Holdings, L.L.C. is managed by a three person managing board, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein, as the managing members of TCG Holdings, L.L.C., may be deemed to share beneficial ownership of the shares shown as beneficially owned by TCG Holdings, L.L.C. Such persons disclaim such beneficial ownership.
- CEP II Participations S.à.r.l. SICAR is wholly owned by Carlyle Europe Partners II, L.P. TCG Holdings Cayman, L.P. exercises investment discretion and control over the shares held by each of CEP II U.S. Investments, L.P. and CEP II Participations S.à.r.l. SICAR through its indirect subsidiary CEP II GP, L.P., which is the sole general partner of each of Carlyle Europe Partners II, L.P. and CEP II U.S. Investments, L.P. Carlyle Offshore Partners II, Limited is the general partner of TCG Holdings Cayman, L.P. TCG Holdings Cayman, L.P. is the general partner of TC Group Cayman, L.P. TC Group Cayman, L.P. is the sole shareholder of CEP II Limited. CEP II Limited is the general partner of CEP II GP, L.P. Carlyle Offshore Partners II, Limited has 13 members with no member controlling more than 7.7% of the vote.
- The Carlyle Group's address is 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004.
- (4) Includes director stock options which are currently exercisable. Messrs. Beracha, Bernasek, Berquist, Durham, Ledford and Wolf hold currently exercisable director stock options to purchase 4,282, 3,517, 4,282, 4,282, 4,282 and 4,282 shares, respectively. As a result of assignments of compensation by Messrs. Bitar and End, ML Global Private Equity Fund, L.P. holds 2,978 shares of common stock and currently exercisable options to purchase 8,564 shares of common stock.
- (5) Includes 25,000,000 shares held by CMC-Hertz Partners, L.P., which is affiliated with all three of the Sponsors. See Note 7 below.

(6)

Includes shares held of record by the following group of investment funds associated with or designated by Merrill Lynch & Co., Inc. or their affiliates: (i) 41,507,542 shares of common stock held by ML Global Private Equity Fund, L.P. (including 8,564 currently exercisable director stock options and 2,978 shares of common stock issued to ML Global Private Equity Fund, L.P., as assignee of compensation payable to Messrs. Bitar and End under our Director Stock Incentive Plan, as described in Note 4 above); (ii) 5,000,000 shares of common stock held by Merrill Lynch Ventures L.P. 2001; and (iii) 4,004,000 shares of common stock held by ML Hertz Co-Investor, L.P. Also includes 28,133 shares held of record by Merrill Lynch, Pierce, Fenner & Smith Incorporated.

The address of each of the investment funds described in this footnote is c/o Merrill Lynch Global Private Equity, 4 World Financial Center, 23rd Floor, New York, NY 10080. The address of Merrill Lynch, Pierce, Fenner & Smith Incorporated is 4 World Financial Center, New York, NY 10080.

ML Global Private Equity Partners, L.P., a Cayman Islands exempted limited partnership ("ML Partners"), is the special limited partner of ML Global Private Equity Fund, L.P. The general partner of ML Global Private Equity Fund, L.P. is MLGPE LTD., a Cayman Islands exempted company whose sole shareholder is ML Partners. The investment committee of ML Partners, which is composed of Merrill Lynch GP, Inc., a Delaware corporation, as the general partner of ML Partners, and certain investment professionals who are actively performing services for ML Global Private Equity Fund, L.P., retains decision making power over the disposition and voting of shares of portfolio investments of ML Global Private Equity Fund, L.P. The consent of Merrill Lynch GP, Inc., as ML Partners' general partner, is required for any such vote. Merrill Lynch GP, Inc. is a wholly owned subsidiary of Merrill Lynch Group, Inc., a Delaware corporation, which in turn is a wholly owned subsidiary of Merrill Lynch & Co., Inc. MLGPE LTD., as general partner of ML Global Private Equity Fund, L.P.; ML Partners, the special limited partner of ML Global Private Equity Fund, L.P.; Merrill Lynch GP, Inc., by virtue of its right to consent to the voting of shares of portfolio investments of ML Global Private Equity Fund, L.P.; the individuals who are members of the investment committee of ML Partners; and each of Merrill Lynch Group, Inc. and Merrill Lynch & Co., Inc. because they control Merrill Lynch GP, Inc., may therefore be deemed to beneficially own the shares that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own. Each such entity or individual expressly disclaims beneficial ownership of these shares.

The general partner of Merrill Lynch Ventures L.P. 2001 is Merrill Lynch Ventures, L.L.C. ("ML Ventures"), which is a wholly owned subsidiary of Merrill Lynch Group, Inc. Decisions regarding the voting or disposition of shares of portfolio investments of Merrill Lynch Ventures L.P. 2001 are made by the management and investment committee of the board of directors of ML Ventures, which is composed of three individuals. Each of ML Ventures, because it is the general partner of Merrill Lynch Ventures L.P. 2001; Merrill Lynch Group, Inc. and Merrill Lynch & Co., Inc. because they control ML Ventures; and the three members of the ML Ventures investment committee, by virtue of their shared decision-making power, may be deemed to beneficially own the shares held by Merrill Lynch Ventures L.P. 2001. Such entities and individuals expressly disclaim beneficial ownership of the shares that Merrill Lynch Ventures L.P. 2001 holds of record or may be deemed to beneficially own.

The general partner of ML Hertz Co-Investor, L.P. is ML Hertz Co-Investor GP, L.L.C., whose sole managing member is ML Global Private Equity Fund, L.P., which may therefore be deemed to have beneficial ownership of the shares owned by ML Hertz Co-Investor, L.P. ML Global Private Equity Fund, L.P. expressly disclaims beneficial ownership of these shares, as do the entities and individuals discussed above who may be deemed to have or share beneficial ownership of any shares that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own.

Merrill Lynch, Pierce, Fenner & Smith Incorporated is a direct wholly owned subsidiary of Merrill Lynch & Co., Inc.

Merrill Lynch Ventures L.P. 2001 disclaims beneficial ownership of the shares of Hertz Holdings that ML Hertz Co-Investor, L.P., ML Global Private Equity Fund, L.P. and Merrill Lynch, Pierce, Fenner & Smith Incorporated hold of record or may be deemed to beneficially own. Each of ML Global Private Equity Fund, L.P., ML Hertz Co-Investor, L.P. and Merrill Lynch, Pierce, Fenner & Smith Incorporated disclaims beneficial ownership of the shares of Hertz Holdings that Merrill Lynch Ventures, L.P. holds of record or may be deemed to beneficially own, and each of ML Hertz Co-Investor, L.P. and Merrill Lynch, Pierce, Fenner & Smith Incorporated disclaims beneficial ownership of the shares of Hertz Holdings that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own. Each of ML Global Private Equity Fund, Merrill Lynch Ventures L.P. and ML Hertz Co-Investor, L.P. also disclaims beneficial ownership of the shares of Hertz Holdings that Merrill Lynch, Pierce, Fenner & Smith Incorporated owns of record or may be deemed to beneficially own. Merrill Lynch, Pierce, Fenner & Smith Incorporated also disclaims beneficial ownership of the shares of Hertz Holdings that ML Hertz Co-Investor, L.P. owns of record or may be deemed to beneficially own.

(7)

CMC-Hertz Partners, L.P. is affiliated with all three of the Sponsors. The general partner of CMC-Hertz Partners, L.P. is CMC-Hertz General Partner, L.L.C., whose managing members are Carlyle Hertz GP, L.P., ML Global Private Equity Fund, L.P. and CD&R Associates VII, L.P. Investment decisions on behalf of CMC-Hertz General Partner, L.L.C. are made by majority vote of the Executive Committee, which comprises one representative of each Sponsor; however, until the eighth anniversary of the closing date of the Acquisition, ML Global Private Equity Fund, L.P. has the contractual right (subject to various restrictions) to make decisions regarding disposition or voting of the shares beneficially owned by CMC-Hertz General Partner, L.P. As a result, beneficial ownership of the shares held by CMC-Hertz Partners, L.P. may be attributed to ML Global Private Equity Fund, L.P., which disclaims beneficial ownership of such shares, as do the entities and individuals

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discussed in Note 6 above who may be deemed to have or share beneficial ownership of any shares that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own.

- (8) A report on Schedule 13G, dated February 14, 2007, disclosed that FMR Corp., as the parent company of Fidelity Management & Research Company and Pyramid Global Advisors Trust Company, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940 and a bank as defined in Section 3(a)(6) of the Securities Act, respectively, is the beneficial owner of 18,614,700 shares, or 5.806% of the common stock of Hertz Holdings outstanding as of December 31, 2006. FMR Corp. has reported that it has (i) sole power to vote or direct the vote of 4,062,200 shares of common stock of Hertz Holdings; and (ii) sole power to dispose or to direct the disposition of 18,614,700 shares of common stock of Hertz Holdings. The address of FMR Corp. and related entities as to which disclosure is made in FMR Corp.'s report on Schedule 13G is 82 Devonshire Street, Boston, Massachusetts, 02109. All information regarding FMR Corp. is based on FMR Corp.'s report on Schedule 13G.
- (9) Does not include 77,500,000 shares of common stock held by investment funds associated with or designated by Clayton, Dubilier & Rice Inc., or 12,846 currently exercisable stock options and 4,469 shares of common stock issued to Clayton, Dubilier & Rice, Inc., as assignee of compensation payable to Messrs. Tamke, Sleeper and Wasserman under the our Director Stock Incentive Plan, as described in Note 4 above. Messrs. Tamke, Wasserman and Sleeper are directors of Hertz Holdings and Hertz and executives of Clayton, Dubilier & Rice, Inc. They disclaim beneficial ownership of the shares held by investment funds associated with or designated by Clayton, Dubilier & Rice, Inc. and of the stock options and shares held by Clayton, Dubilier & Rice, Inc.
- (10) Includes 500 shares held by Mr. Frissora's daughter.
- (11) Does not include 76,500,000 shares of common stock held by investment funds associated with or designated by The Carlyle Group. Messrs. Bernasek and Ledford are directors of Hertz Holdings and Hertz and executives of The Carlyle Group. They disclaim beneficial ownership of the shares held by investment funds associated with or designated by The Carlyle Group.
- (12) Includes 1,273.6, 1,604.2 and 1,424.2 phantom shares issued to Messrs. Bernasek, Berquist and Ledford, respectively, under our Director Stock Incentive Plan.
- (13) Includes employee and/or director stock options which are currently exercisable or which will become exercisable within sixty days.
- (14) Does not include 75,539,675 shares of common stock held by investment funds associated with or designated by Merrill Lynch & Co., Inc. or their affiliates (including 8,564 currently exercisable director stock options and 2,978 shares of common stock issued to ML Global Private Equity Fund, L.P., as assignee of compensation payable to Messrs. Bitar and End under our Director Stock Incentive Plan, as described in Note 4 above), or over which such funds exercise voting control. Messrs. Bitar and End are directors of Hertz Holdings and Hertz and managing directors of the global private equity division of Merrill Lynch & Co., Inc. They disclaim beneficial ownership of the shares held by investment funds associated with or designated by Merrill Lynch & Co., Inc. See Notes 6 and 7 above.
- (15) Does not include 120 shares held by Mr. Siracusa's daughter. Mr. Siracusa disclaims beneficial ownership of the shares held by his daughter.
- (16) Does not include shares held by Mr. Koch, who retired at the end of 2006.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Pursuant to the Directors' Code of Business Conduct and Ethics adopted by our Board, any member of our Board who believes he or she has an actual or potential conflict of interest with us is obligated to notify the Chairman of the Executive and Governance Committee as promptly as practicable. That director should not participate in any decision by our Board, or any committee of our Board, that in any way relates to the matter that gives rise to the conflict or potential conflict of interest until the issue has been resolved to the satisfaction of the Chairman of the Executive and Governance Committee or the Board. The following is a description of certain relationships and transactions that we have entered into with our directors, major stockholders and certain other related persons.

On June 30, 2006, we paid special cash dividends of \$4.32 per share, or approximately \$999.2 million in the aggregate, to our common stockholders.

Prior to the consummation of our initial public offering, we declared a special cash dividend, payable promptly following completion of the initial public offering to holders of record of our common stock on the dividend record date. This dividend was funded by the proceeds to us from the sale of the common stock offered in the initial public offering after deducting underwriting discounts and commissions, offering expenses and the amount required to repay borrowings outstanding under the Hertz Holdings Loan Facility. This dividend was paid on November 21, 2006 in an amount of approximately \$1.12 per share, or \$260.3 million in the aggregate, over 99% of which was paid to the investment funds associated with or designated by the Sponsors that were our stockholders of record on that date.

Stockholders' Agreement

In connection with the Acquisition, on the Closing Date Hertz Holdings entered into a stockholders agreement, or the "Stockholders' Agreement," with investment funds associated with or designated by the Sponsors. The Stockholders' Agreement contains agreements that entitle investment funds associated with or designated by the Sponsors to nominate all of Hertz Holdings' directors. The director nominees are to include three nominees of an investment fund associated with CD&R (one of whom shall serve as the chairman), two nominees of investment funds associated with Carlyle, two nominees of an investment fund associated with MLGPE and three independent directors, subject to adjustment in the case that the applicable investment fund sells more than a specified amount of its shareholdings in Hertz Holdings. Upon completion of the initial public offering of our common stock, the Stockholders' Agreement was amended and restated, among other things, to reflect an agreement of the Sponsors to increase the size of our Board of Directors. Each Sponsor will continue to have the right with respect to director nominees described above, but up to an additional three independent directors may also be nominated, subject to unanimous consent of the directors (other than the independent directors) nominated by the investment funds associated with or designated by the Sponsors. In addition, the Stockholders' Agreement, as amended, provides that one of the nominees of an investment fund associated with CD&R shall serve as the chairman of the executive and governance committee and, unless otherwise agreed by this fund, as Chairman of the Board. On October 12, 2006, our Board elected four independent directors, effective from completion of the initial public offering of our common stock.

The Stockholders' Agreement also granted to the investment funds associated with or designated by the Sponsors special governance rights, including rights of approval over the budget of Hertz Holdings and its subsidiaries, certain business combination transactions, the incurrence of additional material indebtedness, amendments to Hertz Holdings' certificate of incorporation and certain other transactions and grants to investment funds associated with CD&R or to the majority of directors nominated by the Sponsors the right to remove Hertz's chief executive officer. Any replacement chief

executive officer requires the consent of investment funds associated with CD&R as well as investment funds associated with at least one other Sponsor. The rights described above apply only for so long as the investment funds associated with the applicable Sponsor maintain certain specified minimum levels of shareholdings in Hertz Holdings. The Stockholders' Agreement also gave investment funds associated with the Sponsors preemptive rights with respect to certain issuances of equity securities of Hertz Holdings and its subsidiaries, including Hertz, subject to certain exceptions. It also contains restrictions on the transfer of shares of Hertz Holdings, as well as tag-along and drag-along rights and rights of first offer. Upon the completion of the initial public offering of our common stock, this agreement was amended and restated to remove these rights of approval (other than the approval and retention rights relating to our chief executive officer) and preemptive rights and to retain tag-along and drag-along rights, and restrictions on transfers of shares of Hertz Holdings, in certain circumstances.

In addition, the Stockholders' Agreement limits the rights of the investment funds associated with or designated by the Sponsors that have invested in our common stock and their affiliates, subject to several exceptions, to own, manage, operate or control any of our competitors (as defined in the Stockholders' Agreement). The Stockholders' Agreement may be amended from time to time in the future to eliminate or modify these restrictions without our consent.

Registration Rights Agreement

On the Closing Date, Hertz Holdings entered into a registration rights agreement, or the "Registration Rights Agreement," with investment funds associated with or designated by the Sponsors. The Registration Rights Agreement grants to certain of these investment funds the right, following the earlier of the initial public offering of common stock of Hertz Holdings and the eighth anniversary of the Closing Date, to cause Hertz Holdings, at its own expense, to use its best efforts to register such securities held by the investment funds for public resale, subject to certain limitations. The exercise of this right was limited to three requests by the group of investment funds associated with each Sponsor, except for registrations effected pursuant to Form S-3, which are unlimited, subject to certain limitations, if Hertz Holdings is eligible to use Form S-3. In the event Hertz Holdings registers any of its common stock following its initial public offering, these investment funds also have the right to require Hertz Holdings to use its best efforts to include shares of common stock of Hertz Holdings held by them, subject to certain limitations, including as determined by the underwriters. The Registration Rights Agreement also provides for Hertz Holdings to indemnify the investment funds party to that agreement and their affiliates in connection with the registration of our securities.

Consulting Agreements

Sponsor Consulting Arrangements

On the Closing Date, Hertz entered into consulting agreements, or the "Consulting Agreements," with Hertz Holdings and each of the Sponsors (or one of their affiliates), pursuant to which such Sponsor or its affiliate provides Hertz Holdings, Hertz and Hertz's subsidiaries with financial advisory and management consulting services. Pursuant to the Consulting Agreements, Hertz agreed to pay to each Sponsor or its affiliate an annual fee of \$1 million for such services, plus expenses, unless the Sponsors unanimously agree to a higher amount, and Hertz may pay to them a fee for certain types of transactions that Hertz Holdings or its subsidiaries complete. If an individual nominated by CD&R serves as both Chairman of our board of directors and Chief Executive Officer of Hertz Holdings or Hertz for any quarter, Hertz was required to pay CD&R an additional fee of \$500,000 for that quarter. In connection with the Acquisition, Hertz paid a fee of \$25 million to each Sponsor and reimbursed certain expenses of the Sponsors and their affiliates. Upon completion of the initial public offering of our common stock, each of these agreements was terminated for a fee of \$5 million (\$15 million in the aggregate).

Other Consulting Arrangements

On September 29, 2006, Hertz entered into an agreement with Tenzing Consulting LLC, a management consulting firm in which Thomas McLeod, who is the brother-in-law of our director David H. Wasserman, is a principal. Under the arrangement, which has now been fully performed, Tenzing Consulting LLC provided supply chain management and corporate purchasing management consulting. In exchange for these services, Tenzing Consulting LLC received fees of \$25,000 per week, plus reimbursement of out-of-pocket expenses. The total amount of fees and expenses paid to Tenzing under this agreement was approximately \$0.2 million.

Indemnification Agreements

On the Closing Date, Hertz entered into customary indemnification agreements with Hertz Holdings, the Sponsors and stockholders of Hertz Holdings that are affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, the Hertz Holdings' stockholders affiliated with the Sponsors and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of the performance of the consulting agreements described above under " Consulting Agreements" and certain other claims and liabilities, including liabilities arising out of financing arrangements and securities offerings.

We have entered into indemnification agreements with each of our directors. The indemnification agreements provide the directors with contractual rights to the indemnification and expense advancement rights provided under our by-laws, as well as contractual rights to additional indemnification as provided in the indemnification agreements.

Financing Arrangements with Related Parties

Senior Credit Facilities

Senior Term Facility. In connection with the Acquisition, Hertz entered into a credit agreement, dated December 21, 2005, with respect to a Senior Term Facility, with Deutsche Bank AG, New York Branch as administrative agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent, and the other financial institutions party thereto from time to time. Merrill Lynch & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, which have acted as documentation agent for and lenders under this facility and received customary fees and expenses in connection with this facility and certain amendments thereto, are affiliates of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering, and Merrill Lynch & Co. is one of the underwriters in this offering. The Senior Term Facility consisted of a \$2,000 million term loan facility (which was decreased in February 2007 to \$1,400.0 million) providing for loans denominated in U.S. Dollars, including a delayed draw facility of \$293 million (which was utilized in 2006) that may be drawn until August 2007 to refinance certain existing debt. In addition, there is a pre-funded synthetic letter of credit facility in an aggregate principal amount of \$250 million. On the Closing Date, Hertz utilized \$1,707 million of the Senior Term Facility and \$182.2 million in letters of credit. As of March 31, 2007, we had \$1,373.1 million in borrowings outstanding under this facility, which is net of a discount of \$26.9 million and issued \$241.4 million in letters of credit.

Senior ABL Facility. In connection with the Acquisition, Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries of Hertz entered into a credit agreement, dated December 21, 2005, with respect to a Senior ABL Facility, with Deutsche Bank AG, New York Branch as administrative agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent and the financial institutions party thereto from time to time. Merrill Lynch & Co. and Merrill Lynch, Pierce, Fenner &

Smith Incorporated, which have acted as documentation agent for and lenders under this facility and received customary fees and expenses in connection with this facility and certain amendments thereto, are affiliates of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering, and Merrill Lynch & Co. is one of the underwriters in this offering. The Senior ABL Facility provided (subject to availability under a borrowing base) for aggregate maximum borrowings of \$1,600 million under a revolving loan facility providing for loans denominated in U.S. Dollars, Canadian Dollars, Euros and Pounds Sterling. Up to \$200 million of the revolving loan facility is available for the issuance of letters of credit. On the Closing Date, Hertz borrowed \$206 million under this facility and Matthews Equipment Limited, one of Hertz's Canadian subsidiaries, borrowed CAN\$225 million under this facility, in each case to finance a portion of the Acquisition and certain related transactions entered into to finance the cash consideration of the Acquisition, to refinance certain indebtedness of Hertz and its subsidiaries, and to pay related transaction fees and expenses. At March 31, 2007, net of a discount of \$21.2 million, Hertz and its subsidiaries had \$278.8 million in borrowings outstanding under this facility and issued \$18.1 million in letters of credit. As a result of amendments to the ABL credit agreement in February, 2007, the maximum available borrowings were increased from \$1,600 million to \$1,800 million and the term of the facility was extended, among other things.

For a detailed description of the credit agreements governing the Senior Term Facility and the Senior ABL Facility and the terms of borrowings thereunder, see "Description of Certain Indebtedness Senior Credit Facilities."

Hertz's and Puerto Ricancars, Inc.'s Fleet Financing Facility

On September 29, 2006, Hertz and Puerto Ricancars, Inc., a Puerto Rican corporation and wholly owned indirect subsidiary of Hertz, or "PR Cars," entered into a credit agreement to finance the acquisition of Hertz's and /or PR Cars' fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, the U.S. Virgin Islands, or the "Fleet Financing Facility," with the several banks and other financial institutions from time to time party thereto as lenders, Gelco Corporation d.b.a. GE Fleet Services, or the "Fleet Financing Agent," as administrative agent, as collateral agent for collateral owned by Hertz and as collateral agent for collateral owned by PR Cars. An affiliate of Merrill Lynch & Co., one of the underwriters in this offering is a lender under the Fleet Facility and received customary fees and expenses in connection with this facility. Merrill Lynch & Co. is an affiliate of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering. The Fleet Financing Facility provides (subject to availability under a borrowing base) a revolving credit facility of up to \$275 million to Hertz and PR Cars. On September 29, 2006, Hertz borrowed \$124 million under this facility to refinance other debt. As of March 31, 2007, Hertz and PR Cars had \$156.0 million (net of a \$2.0 million discount) and \$17.0 million, respectively of borrowings outstanding under this facility. The borrowing base formula is subject to downward adjustment upon the occurrence of certain events and (in certain other instances) at the permitted discretion of the Fleet Financing Agent. For a detailed description of the credit agreement governing the Fleet Financing Facility and the terms of the borrowings thereunder, see "Description of Certain Indebtedness Hertz's and Puerto Ricancars, Inc.'s Fleet Financing Facility."

Other Financing Arrangements

Senior Notes and Senior Subordinated Notes

On the Closing Date, CCMG Acquisition Corporation, a subsidiary of Hertz Holdings, issued \$1,800 million in aggregate principal amount of 8.875% Senior Dollar Notes due 2014 and €225 million in aggregate principal amount of 7.875% Senior Euro Notes due 2014 in a private transaction not subject to the registration requirements of the Securities Act. Also on the Closing Date, CCMG Acquisition Corporation issued \$600 million in aggregate principal amount of 10.5% Senior

Subordinated Notes due 2016 in a private transaction not subject to the registration requirements of the Securities Act. In connection with the Acquisition, CCMG Acquisition Corporation merged with and into Hertz, with Hertz as the surviving corporation, and Hertz assumed all rights and obligations of CCMG Acquisition Corporation under the Senior Notes and the Senior Subordinated Notes. Affiliates of Merrill Lynch & Co., one of the underwriters in this offering and of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering, acted as initial purchasers with respect to these offerings, for which they received customary fees and expenses. For a detailed description of these offerings, see "Description of Certain Indebtedness Senior Notes and Senior Subordinated Notes."

ABS Program U.S. Fleet Debt

In connection with the Acquisition, Hertz Vehicle Financing LLC, or "HVF," a bankruptcy-remote special purpose entity wholly-owned by Hertz, entered into an amended and restated base indenture, dated as of December 21, 2005, with BNY Midwest Trust Company as trustee, or the "ABS Indenture," and a number of related supplements to the ABS Indenture, each dated as of December 21, 2005, with BNY Midwest Trust Company as trustee and securities intermediary, or, collectively, the "ABS Supplement." On the Closing Date, HVF, as issuer, issued approximately \$4,300 million of new medium term asset-backed notes consisting of 11 classes of notes in two series under the ABS Supplement, the net proceeds of which were used to finance the purchase of vehicles from related entities and the repayment or cancellation of existing debt. HVF also issued approximately \$1,500 million of variable funding notes in two series, none of which were funded at closing. As of March 31, 2007, \$4,299.9 million (net of a \$0.1 million discount) and \$145.0 million in aggregate borrowings were outstanding in the form of these medium term notes and variable funding notes. Affiliates of Merrill Lynch & Co., one of the underwriters in this offering and of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering, acted as structuring advisors and agents under Hertz's asset-backed facilities and received customary compensation for these services. For a detailed description of these facilities, see "Description of Certain Indebtedness ABS Program U.S. Fleet Debt."

Hertz Holdings Loan Facility

On June 30, 2006, Hertz Holdings entered into a loan facility with Deutsche Bank, AG, New York Branch, Lehman Commercial Paper Inc., Merrill Lynch Capital Corporation, Goldman Sachs Credit Partners L.P., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. or affiliates thereof, providing for a loan of \$1.0 billion, or the "Hertz Holdings Loan Facility," for the purpose of paying a special cash dividend to the holders of its common stock and paying fees and expenses related to the facility. Affiliates of Merrill Lynch & Co., one of the underwriters in this offering and of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering, acted as lenders pursuant to this facility. The Hertz Holdings Loan Facility was repaid in whole with the proceeds of our initial public offering, and the restrictive covenants contained therein were terminated.

Other Relationships

Affiliates of Merrill Lynch & Co., one of the underwriters in this offering and of the investment funds associated with or designated by MLGPE, which are selling stockholders in this offering, also acted as dealer managers and solicitation agents for Hertz's tender offers for its existing debt securities in connection with the Acquisition and as underwriters of the initial public offering of our common stock, for which they received customary fees and expenses. Merrill Lynch, Pierce, Fenner & Smith Incorporated also acted as a financial advisor to the Sponsors in connection with the Acquisition and

acts as the administrator of the Hertz Global Holdings, Inc. Stock Incentive Plan, which is described above, and receives customary fees and expenses for these services.

In connection with our car and equipment rental businesses, we enter into millions of rental transactions every year involving millions of customers. In order to conduct those businesses, we also procure goods and services from thousands of vendors. Some of those customers and vendors may be affiliated with the Sponsors or members of our board of directors. We believe that all such rental and procurement transactions have been conducted on an arms-length basis and involved terms no less favorable to us than those that we believe we would have obtained in the absence of such affiliation. It is our management's practice to bring to the attention of our board of directors any transaction, even if it arises in the ordinary course of business, in which our management believes that the terms being sought by transaction participants affiliated with the Sponsors or our directors would be less favorable to us than those to which we would agree absent such affiliation. For additional information regarding our transactions with companies of which certain of our independent directors are executive officers, see " Director Independence."

Relationship with Ford

Prior to the Acquisition, Ford, through its wholly owned subsidiary Ford Holdings, was Hertz's only stockholder. As a result of the Acquisition, Hertz Holdings indirectly owns all of Hertz's outstanding common stock. As a result of this transaction, the investment funds associated with or designated by the Sponsors owned over 99% of the common stock of Hertz Holdings. Following the initial public offering of the common stock of Hertz Holdings in November 2006, these funds currently own approximately 72% of our outstanding common stock. Upon completion of this offering, these funds will hold over 50% of our outstanding common stock.

Set forth below are descriptions of certain agreements, relationships and transactions between Hertz and Ford that survived the completion of the Acquisition.

Master Supply and Advertising Agreement

On July 5, 2005, Hertz, one of its wholly owned subsidiaries, and Ford signed the Master Supply and Advertising Agreement, effective July 5, 2005 and expiring August 31, 2010, covering the 2005 through 2010 vehicle model years. For a detailed description of the terms of the Master Supply and Advertising Agreement, see "Business Fleet Ford Supply and Advertising Arrangements."

Other Relationships and Transactions

We and Ford also engage in other transactions in the ordinary course of our respective businesses. These transactions include HERC's providing equipment rental services to Ford, our providing insurance and insurance claim management services to Ford and our providing car rental services to Ford. In addition, Ford subsidiaries are our car rental licensees in Scandinavia and Finland.

We may be exposed to liabilities for regulatory or tax contingencies of Ford arising from the period during which we were a consolidated subsidiary of Ford. While Ford has agreed to indemnify us for certain liabilities pursuant to the arrangements relating to our separation from Ford, we cannot offer assurance that any payments in respect of these indemnification arrangements will be made available.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Hertz Holdings Loan Facility

Overview

On June 30, 2006, Hertz Holdings entered into a loan facility with Deutsche Bank, AG, New York Branch, Lehman Commercial Paper Inc., Merrill Lynch Capital Corporation, Goldman Sachs Credit Partners L.P., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. or affiliates thereof, providing for a loan of \$1.0 billion, or the "Hertz Holdings Loan Facility," for the purpose of paying a special cash dividend to the holders of its common stock and paying fees and expenses related to the facility. The Hertz Holdings Loan Facility was repaid in full with the proceeds of our initial public offering, and the restrictive covenants contained therein were terminated.

Senior Credit Facilities

Senior Term Facility

Overview

In connection with the Acquisition, Hertz entered into a credit agreement with respect to its Senior Term Facility with Deutsche Bank AG, New York Branch as administrative agent and collateral agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent, and the other financial institutions party thereto from time to time. The facility consisted of a \$2,000.0 million secured term loan facility (which was decreased in February 2007 to \$1,400.0 million) providing for loans denominated in U.S. dollars, which included a delayed draw facility of \$293.0 million (which was utilized in 2006). In addition, there is a pre-funded synthetic letter of credit facility in an aggregate principal amount of \$250.0 million. On the Closing Date, Hertz utilized \$1,707.0 million of the Senior Term Facility and \$182.2 million in letters of credit. As of March 31, 2007, we had \$1,373.1 million in borrowings outstanding under this facility, which is net of a discount of \$26.9 million and had issued \$241.4 million in letters of credit. The following is a brief description of the credit agreement governing the Senior Term Facility and the terms of borrowings and letters of credit thereunder.

Maturity; Prepayments

The term loan facility and synthetic letter of credit facility will mature on December 21, 2012. The term loan will amortize in nominal quarterly installments (not exceeding one percent of the aggregate principal amount thereof per annum) until the maturity date.

Subject to certain exceptions, the Senior Term Facility is subject to mandatory prepayment and reduction in an amount equal to the net cash proceeds of (1) certain asset sales, (2) certain debt offerings, (3) certain insurance recovery and condemnation events and (4) certain sale and leaseback transactions.

Guarantees; Security

Hertz's obligations under the Senior Term Facility are guaranteed by Hertz Investors, Inc., Hertz's immediate parent, and each of Hertz's direct and indirect domestic subsidiaries (other than subsidiaries whose only material assets consist of securities and debt of foreign subsidiaries and related assets, subsidiaries involved in the ABS Program, or other similar special purpose financings, subsidiaries with minority ownership positions, certain subsidiaries of foreign subsidiaries and certain immaterial subsidiaries). In addition, the Senior Term Facility and the guarantees thereunder are secured by security interests in substantially all of the tangible and intangible assets of Hertz and the guarantors, including pledges of all the capital stock of all direct domestic subsidiaries owned by Hertz and the

guarantors and of up to 65% of the capital stock of certain direct foreign subsidiaries owned by Hertz or any guarantor. The security and pledges are subject to certain exceptions, including in respect of the U.S. Fleet Debt and the International Fleet Debt.

Interest

At Hertz's election, the interest rates per annum applicable to the loans under the Senior Term Facility will be based on a fluctuating rate of interest measured by reference to either (1) an adjusted London inter-bank offered rate, or "LIBOR," plus a borrowing margin or (2) an alternate base rate plus a borrowing margin.

Fees

Hertz will pay (1) fees on the unused term loan commitments of the lenders, (2) letter of credit participation fees on the full amount of the synthetic letter of credit facility plus fronting fees for the letter of credit issuing bank and (3) other customary fees in respect of the Senior Term Facility.

Covenants

The Senior Term Facility contains a number of covenants that, among other things, will limit or restrict the ability of Hertz and its subsidiaries to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay other indebtedness, make dividends and other restricted payments, create liens, make investments, make acquisitions, engage in mergers, change the nature of their business, make capital expenditures, or engage in certain transactions with affiliates. In addition, under the Senior Term Facility, Hertz is required to comply with specified financial ratios and tests, including a minimum interest expense coverage ratio and a maximum leverage ratio, which utilize Corporate EBITDA in their calculations. Restrictive covenants in the Senior Term Facility (as amended) permit cash dividends to be paid to Hertz Holdings (i) in an aggregate amount not to exceed the greater of a specified minimum amount and 1.0% of consolidated tangible assets less certain investments, (ii) in additional amounts at any time, up to a specified available amount determined by reference to, among other things, consolidated net income immediately prior to the time of the payment or making of such dividend, payment or distribution and (iii) in additional amounts at any time, up to a specified amount of certain equity contributions made by Hertz Holdings to Hertz.

Events of Default

The Senior Term Facility contains customary events of default including non-payment of principal, interest or fees, violation of covenants, material inaccuracy of representations or warranties, cross default and cross acceleration to certain other material indebtedness, certain bankruptcy events, certain ERISA events, material invalidity of guarantees or security interest, material judgments and change of control.

Senior ABL Facility

Overview

In connection with the Acquisition, Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries of Hertz entered into a credit agreement, dated December 21, 2005, with respect to the Senior ABL Facility with Deutsche Bank AG, New York Branch as administrative agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent and the financial institutions party thereto from time to time.

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The Senior ABL Facility provided (subject to availability under a borrowing base) for aggregate maximum borrowings of \$1,600.0 million (which was increased in February 2007 to \$1,800.0 million) under a revolving loan facility providing for loans denominated in U.S. dollars, Canadian dollars, Euros and Pounds Sterling. Up to \$200.0 million of the revolving loan facility is available for the issuance of letters of credit. Hertz and Hertz Equipment Rental Corporation are the U.S. borrowers under the Senior ABL Facility and Matthews Equipment Limited and its subsidiary Western Shut-Down (1995) Ltd. are the Canadian borrowers under the Senior ABL Facility. At March 31, 2007, net of a discount of \$21.2 million, Hertz and Matthews Equipment Limited collectively had \$278.8 million in borrowings outstanding under this facility and issued \$18.1 million in letters of credit. The following is a brief description of the credit agreement governing the Senior ABL Facility and the terms of borrowings thereunder.

Maturity; Amortization and Prepayments

The Senior ABL Facility will mature on December 21, 2010 (which was extended in February 2007 to February 15, 2012). Subject to certain exceptions, the Senior ABL Facility is subject to mandatory prepayment in amounts equal to (i) the amount by which certain outstanding extensions of credit exceed the lesser of the borrowing base and the commitments then in effect and (ii) the net proceeds of (a) certain asset sales by Hertz and certain of its subsidiaries; (b) certain debt offerings by Hertz and certain of its subsidiaries, (c) certain insurance recovery and condemnation events, and (d) certain sale and leaseback transactions, subject in each case to availability thresholds under the revolving loan facility to be determined.

Guarantees; Security

The obligations of each of the borrowers under the Senior ABL Facility are guaranteed by Hertz Investors, Inc., Hertz's immediate parent, and each of Hertz's direct and indirect domestic subsidiaries (other than Hertz Equipment Rental Corporation, which will borrow on a joint and several basis with Hertz, subsidiaries whose only material assets consist of securities and debt of foreign subsidiaries and related assets, subsidiaries involved in the ABS Program or other similar special purpose financings, subsidiaries with minority ownership positions, certain subsidiaries of foreign subsidiaries and certain immaterial subsidiaries). In addition, the obligations of the Canadian borrowers are guaranteed, subject to limited exceptions, by each subsidiary of such Canadian borrowers, if any. The obligations of the U.S. borrowers under the Senior ABL Facility and the guarantees thereof are secured by security interests in substantially all of the tangible and intangible assets of each domestic borrower and each domestic guarantor, including pledges of all the capital stock of all direct domestic subsidiaries owned by Hertz and each domestic borrower and guarantor and of up to 65% of the capital stock of certain direct foreign subsidiaries owned by each domestic borrower and guarantor. The obligations of the Canadian borrowers under the Senior ABL Facility and the guarantees, if any, made by their subsidiaries and by the domestic borrowers and guarantors are also secured by substantially all the tangible and intangible assets of such borrowers and guarantors. The liens securing the Senior ABL Facility are subject to certain exceptions, including in respect of the U.S. Fleet Debt and the International Fleet Debt and other secured financing involving the Company's car rental fleet and related assets.

Interest

At the borrower's election, the interest rates per annum applicable to the loans under the Senior ABL Facility will be based on a fluctuating rate of interest measured by reference to either (1) adjusted LIBOR plus a borrowing margin or (2) an alternate base rate plus a borrowing margin.

Fees

The borrower will pay (1) fees on the unused commitments of the lenders under the revolving loan facility, (2) a letter of credit fee on the outstanding stated amount of letters of credit plus facing fees for the letter of credit issuing banks and (3) other customary fees in respect of the Senior ABL Facility.

Covenants

The Senior ABL Facility contains a number of covenants that, among other things, limit or restrict the ability of the borrowers and their subsidiaries to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay other indebtedness, make dividends and other restricted payments, create liens, make investments, make acquisitions, engage in mergers, change the nature of their business, make capital expenditures, or engage in certain transactions with affiliates. In addition, under the Senior ABL Facility, upon excess availability falling below certain levels, Hertz will be required to comply with specified financial ratios and tests, including a minimum fixed charge coverage ratio and a maximum leverage ratio, which utilize Corporate EBITDA in their calculations. Restrictive covenants in the Senior ABL Facility (as amended) permit cash dividends to be paid to Hertz Holdings in an aggregate amount, taken together with certain other investments, acquisitions and optional prepayments, not to exceed \$100 million. Hertz may also pay additional cash dividends under the Senior ABL Facility at any time, and in any amount, so long as (a) there is at least \$250 million of availability under the facility after giving effect to the proposed dividend, (b) if certain other payments when taken together with the proposed dividend would exceed \$50 million in a 30-day period, Hertz can demonstrate projected average availability in the following six-month period of \$50 million or more and (c) (i) Hertz can demonstrate pro forma compliance with the consolidated leverage ratio and consolidated fixed charge coverage ratio set forth in the Senior ABL Facility or (ii) the amount of the proposed dividend does not exceed the sum of (x) the greater of a specified minimum amount and 1.0% of consolidated tangible assets plus (y) a specified available amount determined by reference to, among other things, consolidated net income immediately prior to the time of the payment or making of such dividend, payment or distribution plus (z) a specified amount of certain equity contributions made by Hertz Holdings to the borrowers under such facility.

Events of Default

The Senior ABL Facility contains customary events of default including non-payment of principal, interest or fees, violation of covenants, material inaccuracy of representations or warranties, cross default and cross acceleration to certain other material indebtedness, certain bankruptcy events, certain ERISA events, material invalidity of guarantees or security interests, material judgments and change of control.

Amendments to Senior Credit Facilities

On June 30, 2006, Hertz entered into amendments to each of its Senior Term Facility and Senior ABL Facility. The amendments provide, among other things, for additional capacity under these covenants in the credit facilities to enter into certain sale and leaseback transactions, to pay cash dividends to Hertz Holdings that would, among other things, provide Hertz Holdings with cash for the payment of interest on Hertz Holdings' indebtedness (including, but not limited to, the Hertz Holdings Loan Facility) and, in the case of the amendment to the Senior Term Facility, to make investments. The ability of Hertz to pay cash dividends to Hertz Holdings remains subject to Hertz's meeting specified financial tests, as described above, as well as requirements imposed by applicable Delaware law. The amendment to the Senior Term Facility also permits Hertz to use proceeds of the \$293 million Delayed Draw Term Loan to repay borrowings outstanding under the Senior ABL Facility, in addition to repaying certain other outstanding indebtedness of Hertz. On May 15, 2006, Hertz borrowed approximately \$84.9 million under the Delayed Draw Term Loan and used the proceeds thereof to

repay its 6.5% Senior Notes due 2006. Hertz borrowed the remaining portion of the Delayed Draw Term Loan on July 10, 2006, and applied the proceeds thereof to repay borrowings outstanding under the Senior ABL Facility.

On February 9, 2007, Hertz entered into an amendment to the Senior Term Facility. The amendment was entered into for the purpose of (i) lowering the interest rate on the Senior Term Facility by 50 basis points from the interest rate previously in effect, and revising financial ratio requirements for specific interest rate levels; (ii) eliminating certain mandatory prepayment requirements; (iii) increasing the amounts of certain other types of indebtedness that Hertz and its subsidiaries may incur outside of the Senior Term Facility; (iv) permitting certain additional asset dispositions and sale and leaseback transactions; and (v) effecting certain technical and administrative changes to the Senior Term Facility.

On February 15, 2007, Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries entered into an amendment to the Senior ABL Facility. The amendment was entered into for the purpose of (i) lowering the interest rate on the Senior ABL Facility by 25 basis points from the interest rate previously in effect, and revising financial ratio requirements for specific interest rate levels; (ii) increasing the availability under the Senior ABL Facility from \$1,600 million to \$1,800 million; (iii) extending the term of the commitments under the Senior ABL Facility to February 15, 2012; (iv) increasing the amounts of certain other types of indebtedness that the borrowers and their subsidiaries may incur outside of the Senior ABL Facility; (iv) permitting certain additional asset dispositions and sale and leaseback transactions; and (v) effecting certain technical and administrative changes to the Senior ABL Facility.

Senior Notes and Senior Subordinated Notes

Senior Notes

Overview

On December 21, 2005, CCMG Acquisition Corporation issued \$1,800 million in aggregate principal amount of 8.875% Senior Dollar Notes due 2014 and €225 million in aggregate principal amount of 7.875% Senior Euro Notes due 2014 in a private transaction not subject to the registration requirements of the Securities Act. In connection with the Acquisition, CCMG Acquisition Corporation merged with and into Hertz, with Hertz as the surviving corporation, and Hertz assumed all rights and obligations of CCMG Acquisition Corporation under the Senior Notes. Interest on the Senior Notes is paid semi-annually, on January 1 and July 1 in each year, and the Senior Notes mature on January 1, 2014.

Guarantees and Ranking

The Senior Notes are the general unsecured obligations of Hertz. The Senior Notes are guaranteed by each domestic subsidiary of Hertz that guarantees Hertz's obligations under the Senior Credit Facilities. The Senior Notes rank senior in right of payment to all existing and future subordinated obligations of Hertz, and *pari passu* in right of payment with all existing and future senior indebtedness of Hertz. The Senior Notes are not entitled to the benefit of any sinking fund.

Optional Redemption

The Senior Notes will be redeemable, at Hertz's option, in whole or in part, at any time and from time to time on and after January 1, 2010 and prior to maturity at the applicable redemption price set forth below. Any such redemption may, in Hertz's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of a change of control (as defined in the indenture governing the Senior Notes). The Senior Notes are redeemable at the

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following redemption prices (expressed as a percentage of principal amount), plus accrued and unpaid interest, if any, to the relevant redemption date, if redeemed during the 12-month period commencing on January 1 of the years set forth below:

Senior Dollar Notes

Redemption Period	Price
2010	104.438%
2011	102.219%
2012 and thereafter	100.000%

Senior Euro Notes

Redemption Period	Price
2010	103.938%
2011	101.969%
2012 and thereafter	100.000%

In addition, at any time and from time to time on or prior to January 1, 2009, Hertz may redeem up to 35% of the original aggregate principal amount of the Senior Dollar Notes and up to 35% of the original aggregate principal amount of Senior Euro Notes, with funds in an equal aggregate amount up to the aggregate proceeds of certain equity offerings of Hertz, at a redemption price of 108.875%, for Senior Dollar Notes and 107.875% for Senior Euro Notes, in each case plus accrued and unpaid interest, if any, to the redemption date. This redemption provision is subject to a requirement that Senior Dollar Notes in an aggregate principal amount equal to at least 65% of the original aggregate principal amount of Senior Dollar Notes must remain outstanding after each such redemption of Senior Dollar Notes, and that Senior Euro Notes in an aggregate principal amount of equal to at least 65% of the original aggregate principal amount of Senior Euro Notes must remain outstanding after each such redemption of Senior Euro Notes.

Change of Control

Upon the occurrence of a change of control, which is defined in the indenture governing the Senior Notes, each holder of Senior Notes has the right to require Hertz to repurchase some or all of such holder's Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

Covenants

The indenture governing the Senior Notes contains covenants limiting, among other things, Hertz's ability and the ability of its restricted subsidiaries to:

Incur additional indebtedness or issue preferred shares;

Pay dividends on or make other distributions in respect of capital stock or make other restricted payments;

Make certain investments;

Limit dividends or other payments by its restricted subsidiaries to Hertz;

Sell certain assets;

Enter into certain types of transactions with affiliates;

Use assets as security for certain other indebtedness without securing the senior notes;

Consolidate, merge, sell or otherwise dispose of all or substantially all of their assets; and

Designate subsidiaries as unrestricted subsidiaries.

The restrictive covenants in the indenture governing the Senior Notes permit Hertz to make loans, advances, dividends or distributions to Hertz Holdings in an amount not to exceed 50% of an amount determined by reference to, among other things, consolidated net income for the period from October 1, 2005 to the end of the most recently ended fiscal quarter for which consolidated financial statements of Hertz are available, so long as Hertz's consolidated coverage ratio remains greater than or equal to 2.00:1.00 after giving pro forma effect to such restricted payments. Hertz is also permitted to make restricted payments to Hertz Holdings in an amount not exceeding the greater of a specified minimum amount and 1% of consolidated tangible assets (which payments are deducted in determining the amount available as described in the preceding sentence), and in amount equal to certain equity contributions to Hertz. After the initial public offering of a parent company of Hertz, Hertz is also permitted to make restricted payments to such parent company in an amount not to exceed in any fiscal year 6% of the aggregate gross proceeds received by The Hertz Corporation through a contribution to equity capital from such offering to enable the public parent company to pay dividends to its stockholders.

Events of Default

The indenture governing the Senior Notes also provides for customary events of default.

Senior Subordinated Notes

Overview

On December 21, 2005, CCMG Acquisition Corporation issued \$600 million in aggregate principal amount of 10.5% Senior Subordinated Notes due 2016 in a private transaction not subject to the registration requirements of the Securities Act. In connection with the Acquisition, CCMG Acquisition Corporation merged with and into Hertz, with Hertz as the surviving corporation, and Hertz assumed all rights and obligations of CCMG Acquisition Corporation under the Senior Subordinated Notes. Interest on the Senior Subordinated Notes is payable semi-annually, on January 1 and July 1 in each year, and the Senior Subordinated Notes mature on January 1, 2016.

Guarantees and Ranking

The Senior Subordinated Notes are the general unsecured obligations of Hertz. The Senior Subordinated Notes are guaranteed on a senior subordinated basis by each domestic subsidiary of Hertz that guarantees Hertz's obligations under the Senior Credit Facilities. The Senior Subordinated Notes are subordinated in right of payment to the Senior Notes and rank *pari passu* in right of payment with all existing and future senior subordinated obligations of Hertz and senior in right of payment with all existing and future subordinated obligations of Hertz. The Senior Subordinated Notes are not entitled to the benefit of any sinking fund.

Optional Redemption

The Senior Subordinated Notes will be redeemable, at Hertz's option, in whole or in part, at any time and from time to time on and after January 1, 2011 and prior to maturity at the applicable redemption price set forth below. Any such redemption may, in Hertz's discretion, be subject to the satisfaction of one or more conditions precedent, including but not limited to the occurrence of a change of control (as defined in the indenture governing the Senior Subordinated Notes). The Senior Subordinated Notes are redeemable at the following redemption prices (expressed as a percentage of

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principal amount), plus accrued and unpaid interest, if any, to the relevant redemption date, if redeemed during the 12-month period commencing on January 1 of the years set forth below:

Redemption Period	Price
2011	105.250%
2012	103.500%
2013	101.750%
2014 and thereafter	100.000%

In addition, at any time and from time to time on or prior to January 1, 2009, Hertz may redeem up to 35% of the original aggregate principal amount of the Senior Subordinated Notes, with funds in an equal aggregate amount up to the aggregate proceeds of certain equity offerings of The Hertz Corporation, at a redemption price of 110.5%, plus accrued and unpaid interest, if any, to the redemption date. This redemption provision is subject to a requirement that Senior Subordinated Notes in an aggregate principal amount equal to at least 65% of the original aggregate principal amount of Senior Subordinated Notes must remain outstanding after each such redemption.

Change of Control

Upon the occurrence of a change of control, which is defined in the indenture governing the Senior Subordinated Notes, each holder of Senior Subordinated Notes has the right to require Hertz to repurchase some or all of such holder's Senior Subordinated Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

Covenants

The indenture governing the Senior Subordinated Notes contains covenants limiting, among other things, Hertz's ability and the ability of its restricted subsidiaries to:

Incur additional indebtedness or issue preferred shares;

Incur additional indebtedness ranking senior to or *pari passu* in right of payment with the Senior Subordinated Notes, but subordinate to Hertz's senior indebtedness;

Pay dividends on or make other distributions in respect of capital stock or make other restricted payments;

Make certain investments;

Limit dividends or other payments by its restricted subsidiaries to Hertz;

Sell certain assets;

Enter into certain types of transactions with affiliates;

Use assets as security in other transactions without securing the senior notes;

Consolidate, merge, sell or otherwise dispose of all or substantially all of their assets; and

Designate subsidiaries as unrestricted subsidiaries.

The restrictive covenants in the indenture governing the Senior Subordinated Notes permit Hertz to make loans, advances, dividends or distributions to Hertz Holdings in an amount determined by reference to, among other things, consolidated net income for the period from October 1, 2005 to the end of the most recently ended fiscal quarter for which consolidated financial statements of Hertz are available, so long as

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Hertz's consolidated coverage ratio remains greater than or equal to 2.00:1.00 after giving pro forma effect to such restricted payments. Hertz is also permitted to make restricted

payments to Hertz Holdings in an amount not exceeding the greater of a specified minimum amount and 1% of consolidated tangible assets (which payments are deducted in determining the amount available as described in the preceding sentence), and in amount equal to certain equity contributions to Hertz. After the initial public offering of a parent company of Hertz, Hertz is also permitted to make restricted payments to such parent company in an amount not to exceed in any fiscal year 6% of the aggregate gross proceeds received by The Hertz Corporation through a contribution to equity capital from such offering to enable the public parent company to pay dividends to its stockholders.

Events of Default

The indenture governing the Senior Subordinated Notes also provides for customary events of default.

Registration Rights

On the Closing Date, Hertz entered into Exchange and Registration Rights Agreements, or, collectively, the "Exchange and Registration Rights Agreement," for the benefit of the holders of the Senior Notes and the Senior Subordinated Notes, respectively. Pursuant to the Exchange and Registration Rights Agreement, Hertz agreed to use commercially reasonable efforts to file with the SEC one or more registration statements under the Securities Act relating to an exchange offer pursuant to which new notes substantially identical to the Senior Notes and the Senior Subordinated Notes will be offered in exchange for the then outstanding Senior Notes and Senior Subordinated Notes tendered at the option of the holders thereof. On January 12, 2007, Hertz completed exchange offers for the outstanding Senior Notes and Senior Subordinated Notes whereby over 99% of the outstanding notes were exchanged for a like principal amount of new notes with identical terms that were registered under the Securities Act of 1933 pursuant to a registration statement on Form S-4.

ABS Program

U.S. Fleet Debt

Overview

In connection with the Acquisition, Hertz Vehicle Financing LLC, or "HVF," a bankruptcy-remote special purpose entity wholly-owned by Hertz, entered into an amended and restated base indenture, dated as of December 21, 2005, with BNY Midwest Trust Company as trustee, or the "ABS Indenture," and a number of related supplements to the ABS Indenture, each dated as of December 21, 2005, with BNY Midwest Trust Company as trustee and securities intermediary, or, collectively, the "ABS Supplement." On the Closing Date, HVF, as issuer, issued approximately \$4,300 million of new medium term asset-backed notes consisting of 11 classes of notes in two series under the ABS Supplement, the net proceeds of which were used to finance the purchase of vehicles from related entities and the repayment or cancellation of existing debt. HVF also issued approximately \$1,500 million of variable funding notes in two series, none of which were funded at closing. As of March 31, 2007, \$4,299.9 million (net of a \$0.1 million discount) and \$145.0 million in aggregate borrowings were outstanding in the form of these medium term notes and variable funding notes, respectively.

Each class of notes matures three, four or five years from December 21, 2005. The variable funding notes will be funded through the bank multi-seller commercial paper market. The assets of HVF, including the U.S. car rental fleet owned by HVF and certain related assets, collateralize the U.S. Fleet Debt. Consequently, these assets will not be available to satisfy the claims of Hertz's general creditors. The following is a brief description of the ABS Indenture, ABS Supplement and the U.S. Fleet Debt issued thereunder.

Security

The U.S. Fleet Debt is secured by, among other things, a pledge in collateral owned by HVF, including substantially all of the U.S. car rental fleet that we use in our daily rental operations, a lease agreement between Hertz and HVF and other related collateral agreements, as well as all monies on deposit from time to time in certain collection and cash collateral accounts and all proceeds thereof, and certain interest rate hedge agreements.

Interest

The various series of U.S. Fleet Debt have either fixed or floating rates of interest. The interest rate per annum applicable to any floating rate notes (other than any variable funding asset-backed debt) is based on a fluctuating rate of interest measured by reference to one-month LIBOR plus a spread, although HVF intends to maintain hedging transactions so that it will not be required to pay a rate in excess of 4.87% per annum in order to receive the LIBOR amounts due from time to time on such floating rate notes. The interest rate per annum applicable to any variable funding asset-backed debt is either the blended average commercial paper rate, if funded through the commercial paper market, or if commercial paper is not being issued, the greater of the prime rate or the federal funds rate, or if requisite notice is provided, the Eurodollar rate plus a spread.

In connection with the Acquisition and the issuance of \$3,550 million of floating rate U.S. Fleet Debt, HVF and Hertz entered into certain interest rate swap agreements, or the "HVF Swaps," effective December 21, 2005, which qualify as cash flow hedging instruments in accordance with SFAS 133. These agreements mature at various terms, in connection with the scheduled maturity of the associated debt obligations, through November 25, 2011. Under these agreements, HVF pays monthly interest at a fixed rate of 4.5% per annum in exchange for monthly amounts at one-month LIBOR, effectively transforming the floating rate U.S. Fleet Debt to fixed rate obligations. For the three months ended March 31, 2007, we recorded an expense of \$12.8 million in our consolidated statement of operations associated with the ineffectiveness of the HVF Swaps, as these swaps were entered into at off-market rates. HVF paid \$44.8 million to reduce the fixed rate leg of the swap from prevailing market rates to 4.5%. As of March 31, 2007 and December 31, 2006, the fair value of the HVF Swaps were \$33.0 million and \$50.6 million, respectively, which is reflected in the condensed consolidated balance sheet in "Prepaid expenses and other assets."

The U.S. Fleet Debt issued on the closing date of the Acquisition has the benefit of financial guaranty insurance policies under which either MBIA Insurance Corporation or Ambac Assurance Corporation will guarantee the timely payment of interest on and ultimate payment of principal of such notes.

Covenants

HVF is subject to numerous restrictive covenants under the ABS Indenture and the other agreements governing the U.S. Fleet Debt, including restrictive covenants with respect to liens, indebtedness, benefit plans, mergers, disposition of assets, acquisition of assets, dividends, officers compensation, investments, agreements, the types of business it may conduct and other customary covenants for a bankruptcy-remote special purpose entity.

Events of Default and Amortization Events

The U.S. Fleet Debt is subject to events of default and amortization events that are customary in nature for U.S. rental car asset-backed securitizations of this type, including non-payment of principal or interest, violation of covenants, material inaccuracy of representations or warranties, failure to maintain certain enhancement levels and insolvency or certain bankruptcy events. The occurrence of an

amortization event or event of default could result in the acceleration of principal of the notes and a liquidation of the U.S. car rental fleet.

Pre-Acquisition ABS Notes

Hertz Vehicle Financing LLC issued \$600 million of asset-backed medium term notes on March 31, 2004 under our ABS Program. Of these notes, \$500.0 million has fixed interest rates ranging from 2.4% to 3.2% and maturities ranging from 2007 to 2009 and the remaining \$100.0 million has a variable interest rate based on the one-month LIBOR rate plus nine basis points (5.7% as of March 31, 2007) and matures in 2007. Payments of principal and interest relating to these notes are insured to the extent provided in a note guaranty insurance policy issued by MBIA Insurance Corporation. As of March 31, 2007, the aggregate principal amount of \$415.1 million (net of a \$8.2 million discount) of these pre-Acquisition ABS notes was outstanding. See " U.S. Fleet Debt" for a discussion of the collateralization of these pre-Acquisition ABS notes. As of March 31, 2007, the average interest rate on these pre-Acquisition ABS notes was 3.1%.

International Fleet Debt

Overview

In connection with the Acquisition, Hertz International, Ltd., or "HIL," a Delaware corporation organized as a foreign subsidiary holding company and a direct subsidiary of Hertz, and certain of its subsidiaries (all of which are organized outside the United States), together with certain bankruptcy-remote special purpose entities (whether organized as HIL's subsidiaries or as non-affiliated "orphan" companies), or "SPEs," entered into revolving bridge loan facilities providing commitments to lend, in various currencies an aggregate amount equivalent to approximately \$3,205.3 million (calculated as of March 31, 2007), subject to borrowing bases comprised of rental vehicles and related assets of certain of HIL's subsidiaries (all of which are organized outside the United States) or one or more SPEs, as the case may be, and rental equipment and related assets of certain of HIL's subsidiaries organized outside North America or one or more SPEs, as the case may be. As of the closing date of the Acquisition, the U.S. dollar equivalent of \$1,781 million of International Fleet Debt was issued and outstanding under these facilities. At closing, Hertz utilized the proceeds from these financings to finance a portion of the Transactions. As of March 31, 2007, the foreign currency equivalent of \$1,661.7 million in borrowings was outstanding under these facilities, net of a \$2.8 million discount. These facilities are referred to collectively as the "International Fleet Debt Facilities."

The International Fleet Debt Facilities consist of four tranches: (i) a Tranche A1 revolving bridge loan to one or more SPEs or subsidiaries conducting the vehicle rental business in each of Australia, Belgium, Canada, France, Germany, Italy, the Netherlands, Spain, Switzerland and the United Kingdom, or the "Tranche A International Fleet Debt Borrowers," subject to borrowing bases comprised of the vehicles and related assets of each such borrower (or, in the case of a borrower that is a SPE on-lending loan proceeds to a fleet-owning SPE or subsidiary, as the case may be, the rental vehicles and related assets of such fleet-owning SPE or subsidiary); (ii) a Tranche A2 revolving bridge loan made on a subordinated basis to the Tranche A International Fleet Debt Borrowers, which, together with the Tranche A1 loans, are referred to as the "Tranche A Loans," subject to borrowing bases comprised of the vehicles and related assets of each such borrower; (iii) a Tranche B revolving loan, or the "Tranche B Loan," made to one or more SPEs or HIL's subsidiaries conducting the rental business in each of Brazil and New Zealand, subject to borrowing bases comprised of the vehicle rental vehicles and related assets of each such borrower (or, in the case of a borrower that is a SPE on-lending loan proceeds to a fleet-owning SPE or subsidiary, as the case may be, the rental vehicles and related assets of such fleet-owning SPE or subsidiary); and (iv) a Tranche C revolving loan made to one or more SPEs or subsidiaries involved in the equipment rental business in each of France and Spain, subject to borrowing bases comprised of the equipment rental and related assets of each such

borrower, or the "Tranche C Loan" (or, in the case of a borrower that is a SPE on-lending loan proceeds to an equipment-owning SPE or subsidiary, as the case may be, the equipment rental and related assets of such equipment-owning SPE or subsidiary). A portion of the Tranche C Loan will be available for the issuance of letters of credit.

The subsidiaries conducting the vehicle rental business in certain European jurisdictions may, at their option, continue to engage in certain capital lease financing outside the International Fleet Debt Facilities. As of March 31, 2007, there were \$31.0 million of such capital lease financings outstanding.

Maturity; Prepayments

The Tranche A Loans mature five years from the closing date of the Acquisition. Subject to certain exceptions, the Tranche A Loans are subject to mandatory prepayment and reduction in commitment amounts equal to the net proceeds of the issuance of asset-backed securities or funding via an asset-backed commercial paper program or any other type of asset-based financing of the vehicles and related assets of the Tranche A International Fleet Debt Borrowers, or a "Tranche A Take-Out Financing." The proceeds of any Tranche A Take-Out Financing will only be required to prepay and reduce the Tranche A2 loans to the extent exceeding amounts required to refinance in full the Tranche A1 loans.

The Tranche B Loans mature five years from the closing date of the Acquisition. Subject to certain exceptions, the Tranche B Loans are subject to mandatory prepayment and reduction in commitment amounts equal to the net proceeds of (1) certain debt offerings by the Tranche B borrowers, (2) certain asset sales by the Tranche B borrowers and (3) (i) any Tranche A Take-Out Financing in excess of amounts needed to refinance in full the Tranche A Loans and the Tranche C Loans and (ii) any Tranche C Take-Out Financing in excess of amounts needed to refinance in full the Tranche A Loans and the Tranche C Loans.

The Tranche C Loans mature five years from the closing date of the Acquisition. Subject to certain exceptions, the Tranche C Loans are subject to mandatory prepayment and reduction in commitment amounts equal to the net proceeds of (1) certain debt offerings by the Tranche C borrowers, (2) certain asset sales by the Tranche C borrowers, (3) the issuance of asset-backed securities and/or funding via an asset-backed commercial paper program or any other type of asset-based financing of the equipment rental and related assets of the Tranche C borrowers, or a "Tranche C Take-Out Financing" and (4) any Tranche A Take-Out Financing in excess of amounts required to refinance in full the Tranche A Loans.

Guarantees; Security

The obligations of the borrowers under the International Fleet Debt Facilities are guaranteed by HIL, and by the other borrowers and certain related entities under the applicable tranche, in each case subject to certain legal, tax, cost and other structuring considerations. The obligations and the guarantees of the obligations of the Tranche A International Fleet Debt Borrowers under the Tranche A2 loans are subordinated to the obligations and the guarantees of the obligations of such borrowers under the Tranche A1 loans in the manner and to the extent to be provided for in the definitive loan documentation.

Subject to legal, tax, cost and other structuring considerations and to certain exceptions, the International Fleet Debt Facilities are secured by the assets of each borrower, certain related entities and each guarantor, including pledges of the capital stock of each borrower and certain related entities. The obligations of the Tranche A International Fleet Debt Borrowers under the Tranche A2 loans and the guarantees thereof will be secured on a junior second priority basis by any assets securing the obligations of the Tranche A International Fleet Debt Borrowers under the Tranche A1 loans and the guarantees thereof.

In addition, Hertz has guaranteed the obligations of its Brazilian subsidiary with respect to an aggregate principal amount of the Tranche B Loan in such Brazilian subsidiary not exceeding \$52.0 million (or such other principal amount as may be agreed by the Senior Credit Facilities lenders). That guarantee is secured equally and ratably with borrowings under the Senior Term Facility. The assets that collateralize the International Fleet Debt Facilities will not be available to satisfy the claims of Hertz's general creditors.

Interest

The interest rates per annum applicable to loans under the International Fleet Debt Facilities are based on fluctuating rates of interest measured by reference to one-month LIBOR, EURIBOR or their equivalents for local currencies as appropriate (in the case of the Tranche A1 and A2 loans); relevant local currency base rates (in the case of Tranche B loans); or one-month EURIBOR (in the case of the Tranche C loans), in each case plus a borrowing margin. In addition, the borrowers under each of Tranche A1, Tranche A2, Tranche B and Tranche C of the International Fleet Debt Facilities will pay fees on the unused commitments of the lenders under the applicable tranche, and other customary fees and expenses in respect of such facilities, and the Tranche A1 and A2 borrowing margins are subject to increase if HIL does not repay borrowings thereunder within specified periods of time and upon the occurrence of other specified events.

In May 2006, in connection with the forecasted issuance of the permanent take-out international asset-based facilities, HIL purchased two swaptions for €3.3 million, to protect itself from interest rate increases. These swaptions gave HIL the right, but not the obligation, to enter into three year interest rate swaps, based on a total notional amount of €600 million at an interest rate of 4.155%. The swaptions were renewed in 2007 prior to their scheduled expiration date of March 15, 2007 and now expire September 5, 2007.

Fees

The borrowers under each of Tranche A1, Tranche A2, Tranche B and Tranche C of the International Fleet Debt Facilities will pay (1) fees on the unused commitments of the lenders under the applicable tranche, and (2) other customary fees and expenses in respect of the International Fleet Debt Facilities.

Covenants

The International Fleet Debt Facilities contain a number of covenants (including, without limitation, covenants customary for transactions similar to the International Fleet Debt Facilities) that, among other things, limit or restrict the ability of HIL, the borrowers and the other subsidiaries of HIL to dispose of assets, incur additional indebtedness, incur guarantee obligations, create liens, make investments, make acquisitions, engage in mergers, make negative pledges, change the nature of their business or engage in certain transactions with affiliates.

In addition, HIL, the borrowers and the other subsidiaries of HIL are restricted from making dividends and other restricted payments (which may include payments of intercompany indebtedness) in an amount greater than €100 million plus a specified excess cash flow amount calculated by reference to excess cash flow in earlier periods. Subject to certain exceptions, until the later of one year from the Closing Date and such time as 50% of the commitments under the International Fleet Debt Facilities at the closing of the Acquisition have been replaced by permanent take-out international asset-based facilities (which has not yet occurred), the specified excess cash flow amount will be zero. Thereafter, this specified excess cash flow amount will be between 50% and 100% of cumulative excess cash flow based on the percentage of the International Fleet Debt Facilities that have been replaced by permanent take-out international asset-based facilities. As of March 31, 2007, the excess cash flow amount was zero. As a result of the contractual restrictions on HIL's ability to pay dividends to us, as of March 31, 2007, the restricted net assets of our consolidated subsidiaries exceeded 25% of our total consolidated net assets.

Events of Default

The International Fleet Debt Facilities contain customary events of default, including non-payment of principal, interest or fees, violation of covenants, misrepresentation, cross default and cross acceleration to certain other material indebtedness, insolvency or certain bankruptcy events, material qualification of HIL's audited financial statements by its auditors, unlawfulness, illegality or repudiation of the International Fleet Debt Facilities, material judgments and change of control.

Amendments to International Fleet Debt Facilities

On March 21, 2007, certain of the agreements relating to the International Fleet Debt Facilities were amended and restated for the purpose of (i) extending the dates when margins on the facilities are scheduled to step up, subject to satisfaction of interim goals pertaining to the execution of agreements with automobile manufacturers and dealers that are required in connection with the planned securitization of the international car rental fleet and the take-out of the Tranche A1 and Tranche A2 loans; (ii) subject to certain conditions, permitting the financing of value-added tax receivables under the facilities; and (iii) effecting certain technical and administrative changes to the terms of the facilities.

Other International Facilities

Hertz Belgium BVBA and Hertz Luxembourg SA are in the process of negotiating a four year secured lending facility. Pending the finalization of the facility documentation, a temporary €20.0 million (or \$26.7 million) facility has been provided until May 31, 2007. At March 31, 2007, Hertz Belgium BVBA had drawn €18.4 million (or \$24.6 million) under this temporary facility.

On April 4, 2007, our Brazilian subsidiary entered into an agreement amending and restating its credit facility to, among other things, increase the facility to R\$130 million (or \$63.1 million) consisting of an R\$70 million (or \$34.0 million) term loan facility and an R\$60 million (or \$29.1 million) revolving credit facility. This facility will mature on December 21, 2010.

Pre-Acquisition Senior Notes and Euro Medium Term Notes

Overview

As of March 31, 2007, Hertz had outstanding approximately \$633.5 million (net of a \$5.6 million discount) aggregate principal amount of senior debt securities issued under, and subject to the terms of (i) an indenture, dated April 1, 1986, as amended and supplemented, between Hertz and JPMorgan Chase Bank, N.A., as trustee, or the "1986 Senior Indenture," (ii) an indenture, dated December 1, 1994, between Hertz and Wachovia Corporate Trust, as trustee, or the "1994 Senior Indenture," and

(iii) an indenture, dated as of March 16, 2001, between Hertz and The Bank of New York, as trustee, or the "2001 Senior Indenture," and, collectively with the 1986 Senior Indenture and the 1994 Senior Indenture, the "Hertz Senior Indentures."

The following series of notes are outstanding as of March 31, 2007 under the Hertz Senior Indentures: (1) 1986 Senior Indenture: 9% Senior Notes due November 1, 2009; (2) 1994 Senior Indenture: 7⁵/₈% Senior Notes due August 15, 2007, 6⁵/₈% Senior Notes due May 15, 2008, 6¹/₄% Senior Notes due March 15, 2009, 7.40% Senior Notes due March 1, 2011, 7% Senior Notes due January 15, 2028; and (3) 2001 Senior Indenture: Floating Rate Notes due August 5, 2008, 6.350% Senior Notes due June 15, 2010, 7⁵/₈% Senior Notes due June 1, 2012 and 6.9% Notes due August 15, 2014.

On September 30, 2003, Hertz issued \$500 million of 4.7% Senior Promissory Notes, or the "4.7% Notes," due on October 2, 2006. On June 3, 2004, Hertz issued \$600 million of 6.35% Senior Promissory Notes, or the "6.35% Notes," due on June 15, 2010. Effective September 30, 2003 and June 3, 2004, Hertz entered into interest rate swap agreements, or "swaps," relating to the 4.7% Notes and 6.35% Notes, respectively. Under these agreements, Hertz paid interest at a variable rate in exchange for fixed rate receipts, effectively transforming these notes to floating rate obligations. These swaps were accounted for as fair value hedges under SFAS 133. Prior to the Acquisition, the swap transactions qualified for the short-cut method of recognition under SFAS 133; therefore, no portion of the swaps were treated as ineffective. As a result of the Acquisition, a significant portion of the underlying fixed rate debt was tendered leaving an aggregate principal amount of \$123.8 million outstanding at December 31, 2005, causing the interest rate swaps to be ineffective as of December 21, 2005. Consequently, any changes in the fair value of the derivatives are recognized in the statement of operations. Between December 21, 2005 (the date that hedge accounting was discontinued) and December 31, 2005, the fair value adjustment related to these swaps was a gain of \$2.7 million, which was recorded in our consolidated statement of operations in "Selling, general and administrative" expenses. As of December 31, 2005, the fair value adjustments relating to the swaps on the 4.7% Notes and the 6.35% Notes were \$8.4 million and \$8.7 million, respectively, which were reflected in the condensed consolidated balance sheet in "Accrued liabilities." During January 2006, we assigned these swaps to a third party in return for cash. As a result of the assignment of these swaps, we recorded a gain of \$1.0 million which is reflected in our unaudited interim condensed consolidated statement of operations for the three months ended March 31, 2006 and our audited annual consolidated financial statements for the year ended December 31, 2006 in "Selling, general and administrative" expenses.

In addition, as of March 31, 2007, we had outstanding approximately €7.6 million of Euro medium term notes issued under our Euro Medium Term Note Program, or the "EMTN Program." The Euro medium term notes were issued by Hertz Finance Centre plc, or "HFC," and are fully guaranteed by Hertz. The Euro medium term notes mature in July 2007 and have a variable interest rate based on the three-month EURIBOR rate plus 110 basis points. As a result of the Acquisition, a significant portion of the Euro Medium Term Notes was tendered to us, leaving the aggregate principal amount of €7.6 million outstanding at December 31, 2005. In connection with the remaining balance of the Euro Medium Term Notes, we entered into an interest rate swap agreement on December 21, 2005, effective January 16, 2006 and maturing on July 16, 2007. The purpose of this interest rate swap is to lock in the interest cash outflows at a fixed rate of 4.1% on the variable rate Euro Medium Term Notes.

Offers in Connection with the Acquisition

In connection with the Acquisition, Hertz made offers to purchase for cash and consent solicitations relating to each series of securities outstanding under the Hertz Senior Indentures. The purpose of the solicitation of consents was to amend each of the Hertz Senior Indentures to eliminate restrictive covenants and the cross-acceleration event of default, and to amend certain other provisions contained therein.

Hertz received the requisite consents with respect to each Hertz Senior Indenture to make the proposed amendments and Hertz entered into a supplemental indenture, or a "Supplemental Indenture," with respect to each Hertz Senior Indenture reflecting the proposed amendments, including the elimination of the restrictive covenants included therein. Each such Supplemental Indenture became effective prior to, and operative upon, the closing date of the Acquisition. The remaining existing senior notes have maturities ranging from 2007 to 2028.

In connection with the Acquisition, Hertz also made offers to repurchase all of the existing €200 million of Euro medium term notes outstanding under its EMTN Program. Hertz received tenders from holders of approximately \$3,701.3 million of pre-existing senior notes and approximately €192.4 million of the existing Euro medium term notes pursuant to the tender offers, and purchased these tendered notes in connection with the Acquisition. The remaining Euro medium term notes come due July 2007. Funds sufficient to repay all obligations associated with the remaining €7.6 million of Euro medium term notes at maturity have been placed in escrow for satisfaction of these obligations.

Restrictive Covenants

The Hertz Senior Indentures and the fiscal agency agreement for the EMTN Program each contained covenants relating to limitations on mergers, secured debt, sale leaseback transactions, and, with respect to the Hertz Senior Indentures only, dividends and certain loans and advances. Each of the restrictive covenants under the Hertz Senior Indentures has been eliminated, operative upon the closing of the Acquisition, pursuant to the Supplemental Indentures; however, the restrictive covenants under the fiscal agency agreement for the EMTN Program remain in effect and are described below.

Limitations on Mergers

Hertz may not consolidate with, merge into, or sell, convey or transfer its properties and assets substantially as an entirety to another person, if, as a result thereof, any property owned by Hertz or a restricted subsidiary, immediately prior thereto would become subject to any security interest, unless (i) all outstanding notes guaranteed or issued by Hertz under the EMTN Program are secured (equally and ratably with any other indebtedness of or guaranteed by Hertz then entitled thereto) by a prior lien upon such property or (ii) Hertz would be permitted to create such security interest pursuant to the provisions described below under " Limitations on Secured Debt" without equally and ratably securing the outstanding notes guaranteed or issued by Hertz under the EMTN Program.

Limitations on Secured Debt

Subject to certain exceptions, including those set forth below, Hertz may not create, incur, assume or guarantee, and may not cause, suffer or permit a restricted subsidiary to create, incur, assume or guarantee, any secured indebtedness without making effective provisions whereby all outstanding notes guaranteed or issued by Hertz under the EMTN Program and any other indebtedness of or guaranteed by Hertz or such restricted subsidiary then entitled thereto, subject to applicable priorities of payment, shall be secured by the security interest securing such secured indebtedness equally and ratably with any and all other obligations and indebtedness thereby secured (subject, however, to applicable priorities of payment) so long as such secured indebtedness remains outstanding. However, the foregoing prohibition will not be applicable to:

- i) any security interest in favor of Hertz or a restricted subsidiary;
- ii) certain pre-existing security interests;
- iii) security interests existing on property at the time it is acquired by Hertz or a restricted subsidiary, provided, such security interest is limited to all or part of the property so acquired;

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- iv) (a) any security interest existing on the property of or on the outstanding shares or indebtedness of a corporation at the time such corporation shall become a restricted subsidiary or (b) subject to the provisions referred to above under " Limitations on Mergers," any security interest on property of a corporation existing at the time such corporation is merged into or consolidated with Hertz or a restricted subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation as an entirety or substantially as an entirety to Hertz or a restricted subsidiary (provided, in each such case, that such security interest does not extend to any property owned prior to such transaction by Hertz or any restricted subsidiary which was a restricted subsidiary prior to such transaction);
- v) mechanics', materialmen's, carriers' or other like liens arising in the ordinary course of business;
- vi) certain tax liens or assessments, and certain judgment liens;
- vii) certain security interests in favor of the United States of America or any state or any agency of the United States of America;
- viii) security interests on certain business equipment;
- ix) in the case of property (other than rental equipment) acquired after July 2, 2004 by Hertz or a restricted subsidiary, any security interest which secures an amount not in excess of the lesser of the purchase price or fair value of such property at the time of acquisition, provided that such security interest is limited to the property so acquired;
- x) security interests on properties financed through tax-exempt municipal obligations, provided that the security interest is limited to the property so financed; and
- xi) any refunding, renewal, extension or replacement (or successive refundings, renewals, extensions or replacements), in whole or in part, of any security interest referred to in the preceding clauses (i) through (x), provided that the principal amount of indebtedness secured in such refunding, renewal, extension or replacement does not exceed that secured at the time by such security interest and that such refunding, renewal, extension or replacement is limited to all or part of the same property subject to the security interest being refunded, renewed, extended or replaced.

Notwithstanding the foregoing provisions, Hertz and any one or more restricted subsidiaries may issue, assume or guarantee secured indebtedness which would otherwise be subject to the foregoing restrictions in an aggregate amount which, together with all other secured indebtedness of Hertz and its restricted subsidiaries which would otherwise be subject to the foregoing restrictions (not including indebtedness permitted to be secured under clauses (i) through (xi) described under " Limitations on Secured Debt" above), and the aggregate value of the sale and leaseback transactions in existence at such time (not including sale and leaseback transactions the proceeds of which have been or will be applied in accordance with the provisions described under " Limitations on Sale and Leaseback Transactions" below), do not at the time of incurrence exceed 10% of the consolidated net worth and subordinated indebtedness of Hertz and its restricted subsidiaries.

Limitations on Sale and Leaseback Transactions

Hertz may not, and may not permit any restricted subsidiary to, engage in any sale and leaseback transaction unless (i) Hertz or such restricted subsidiary would be entitled, without reference to the provisions described in clauses (i) through (xi) under " Limitations on Secured Debt" above, to incur secured indebtedness in an amount equal to the amount realized or to be realized upon the sale or transfer involved in such sale and leaseback transaction, secured by a security interest on the property to be leased without securing all outstanding notes guaranteed or issued by Hertz under the EMTN

Program as provided in the provisions described under " Limitations on Secured Debt" above or (ii) Hertz or a restricted subsidiary apply, within 120 days after such sale or transfer, an amount equal to the fair value of the property so leased (as determined by our Board of Directors) to the repayment of senior indebtedness of Hertz or of any restricted subsidiary (other than senior indebtedness owed to Hertz or any restricted subsidiary) then prepayable.

Hertz's and Puerto Ricancars, Inc.'s Fleet Financing Facility

Overview

On September 29, 2006, Hertz and Puerto Ricancars, Inc., a Puerto Rican corporation and wholly owned indirect subsidiary of Hertz, or "PR Cars," entered into a credit agreement to finance the acquisition of Hertz's and/or PR Cars' fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, the U.S. Virgin Islands, dated as of September 29, 2006, or the "Fleet Financing Facility," with the several banks and other financial institutions from time to time party thereto as lenders, Gelco Corporation d.b.a. GE Fleet Services, or the "Fleet Financing Agent," as administrative agent, as collateral agent for collateral owned by Hertz and as collateral agent for collateral owned by PR Cars. Affiliates of Merrill Lynch & Co. are lenders under the Fleet Financing Facility.

The Fleet Financing Facility provides (subject to availability under a borrowing base) a revolving credit facility of up to \$275 million to Hertz and PR Cars. On September 29, 2006, Hertz borrowed \$124 million under this facility to refinance other debt. As of March 31, 2007, Hertz and PR Cars had \$156.0 million (net of a \$2.0 million discount) and \$17.0 million, respectively, of borrowings outstanding under this facility. The borrowing base formula is subject to downward adjustment upon the occurrence of certain events and (in certain other instances) at the permitted discretion of the Fleet Financing Agent.

Maturity; Prepayments

The Fleet Financing Facility will mature on December 21, 2011 but Hertz and PR Cars may terminate or reduce the commitments of the lenders thereunder at any time. The Fleet Financing Facility is subject to mandatory prepayment in the amount by which outstanding extensions of credit to Hertz or PR Cars exceed the lesser of the Hertz or PR Cars borrowing base, as applicable, and the commitments then in effect.

Guarantees; Security

The obligations of each of the borrowers under the Fleet Financing Facility are guaranteed by each of Hertz's direct and indirect domestic subsidiaries (other than subsidiaries whose only material assets consist of securities and debt of foreign subsidiaries and related assets, subsidiaries involved in the ABS Program or other similar special purpose financings, subsidiaries with minority ownership positions, certain subsidiaries of foreign subsidiaries and certain immaterial subsidiaries). In addition, the obligations of PR Cars are guaranteed by Hertz. The obligations of Hertz under the Fleet Financing Facility and the other loan documents, including, without limitation, its guarantee of PR Cars' obligations under the Fleet Financing Facility, are secured by security interests in Hertz's rental car fleet in Hawaii and by certain assets related to Hertz's rental car fleet in Hawaii and Kansas, including, without limitation, manufacturer repurchase program agreements. PR Cars' obligations under the Fleet Financing Facility and the other loan documents are secured by security interests in PR Cars' rental car fleet in Puerto Rico and St. Thomas, U.S. Virgin Islands and by certain assets related thereto.

Interest

At the applicable borrower's election, the interest rates per annum applicable to the loans under the Fleet Financing Facility will be based on a fluctuating rate of interest measured by reference to

either (1) LIBOR plus a borrowing margin of 125 basis points or (2) an alternate base rate of the prime rate plus a borrowing margin of 25 basis points. As of March 31, 2007, the average interest rate was 6.6% (LIBOR based).

Fees

The borrowers will pay fees on the unused commitments of the lenders under the Fleet Financing Facility and other customary fees in respect of the Fleet Financing Facility.

Covenants

The Fleet Financing Facility contains a number of covenants that, among other things, limit or restrict the ability of the borrowers and their subsidiaries to create liens, dispose of assets, engage in mergers, enter into agreements which restrict liens on the Fleet Financing Facility collateral or Hertz's rental car fleet in Kansas or change the nature of their business.

Events of Default

The Fleet Financing Facility contains customary events of default including non-payment of principal, interest or fees, violation of covenants, material inaccuracy of representations or warranties, cross default and cross acceleration to certain other material indebtedness, certain bankruptcy events, certain ERISA events, material invalidity of guarantees or security interests, material judgments and change of control.

Amendments to Fleet Financing Facility

During the fourth quarter of 2006, certain of the documents relating to the Fleet Financing Facility were amended to make certain technical and administrative changes.

DESCRIPTION OF CAPITAL STOCK

Overview

The amended and restated certificate of incorporation of Hertz Holdings, which we refer to in this prospectus as our "certificate of incorporation," authorizes 2,000,000,000 shares of common stock, par value \$.01 per share. As of May 17, 2007, we had outstanding 320,645,006 shares of common stock, after giving effect to the issuance on that date of 1,911 shares and 1,175 phantom shares of our common stock to our non-employee directors pursuant to our Director Stock Incentive Plan. In addition, our certificate of incorporation authorizes 200,000,000 shares of preferred stock, par value \$.01 per share, none of which has been issued or is outstanding. The following descriptions of our capital stock and provisions of our certificate of incorporation and by-laws are summaries of their material terms and provisions and are qualified by reference to our certificate of incorporation and by-laws, copies of which are filed as exhibits to our registration statement of which this prospectus is a part.

Common Stock

Each holder of our common stock is entitled to one vote per share on all matters to be voted on by stockholders. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Any director may be removed only for cause, upon the affirmative vote of the holders of greater than a majority of the outstanding shares of our common stock entitled to vote for the election of the directors.

The holders of our common stock are entitled to receive any dividends and other distributions that may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock. In the event of our liquidation, dissolution or winding up, holders of common stock will be entitled to receive proportionately any of our assets remaining after the payment of liabilities and subject to the prior rights of any outstanding preferred stock. Our ability to pay dividends on our common stock is subject to our subsidiaries' ability to pay dividends to Hertz Holdings, which is in turn subject to the restrictions set forth in our senior credit facilities and the indentures governing the senior notes and the senior subordinated notes. See "Dividend Policy."

Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of our common stock are, and the shares of common stock offered by us in this offering, when issued, will be, fully paid and non-assessable. The rights and privileges of holders of our common stock are subject to any series of preferred stock that we may issue in the future, as described below.

Computershare Investor Services LLC is the transfer agent and registrar for our common stock.

Preferred Stock

Under our certificate of incorporation, our board of directors has the authority, without further vote or action by the stockholders, to issue up to 200,000,000 shares of preferred stock in one or more series and to fix the number of shares of any class or series of preferred stock and to determine its voting powers, designations, preferences or other rights and restrictions. The issuance of preferred stock could adversely affect the rights of holders of common stock. We have no present plan to issue any shares of preferred stock.

Corporate Opportunities

Our certificate of incorporation provides that our stockholders that are investment funds associated with or designated by the Sponsors have no obligation to offer us an opportunity to participate in business opportunities presented to the Sponsors or their respective officers, directors, agents,

members, partners and affiliates even if the opportunity is one that we might reasonably have pursued, and that neither the Sponsors nor their respective officers, directors, agents, members, partners or affiliates will be liable to us or our stockholders for breach of any duty by reason of any such activities unless, in the case of any person who is a director or officer of our company, such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as an officer or director of our company. Stockholders will be deemed to have notice of and consented to this provision of our certificate of incorporation.

Change of Control Related Provisions of Our Certificate of Incorporation and By-Laws and Delaware Law

A number of provisions in our certificate of incorporation and by-laws and under the Delaware General Corporation Law may make it more difficult to acquire control of us. These provisions may have the effect of discouraging a future takeover attempt not approved by our board of directors but which individual stockholders may deem to be in their best interests or in which stockholders may receive a substantial premium for their shares over then current market prices. As a result, stockholders who might desire to participate in such a transaction may not have an opportunity to do so. In addition, these provisions may adversely affect the prevailing market price of the common stock. These provisions are intended to:

enhance the likelihood of continuity and stability in the composition of our board of directors;

discourage some types of transactions that may involve an actual or threatened change in control of us;

discourage certain tactics that may be used in proxy fights;

ensure that our board of directors will have sufficient time to act in what the board believes to be in the best interests of us and our stockholders; and

encourage persons seeking to acquire control of us to consult first with our board to negotiate the terms of any proposed business combination or offer.

Unissued Shares of Capital Stock

Common Stock. The remaining shares of our authorized and unissued common stock will be available for future issuance without additional stockholder approval. While the additional shares are not designed to deter or prevent a change of control, under some circumstances we could use the additional shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our board of directors in opposing a hostile takeover bid.

Preferred Stock. Our certificate of incorporation provides that our board of directors has the authority, without any further vote or action by our stockholders, to issue preferred stock in one or more series and to fix the number of shares constituting any such series and the preferences, limitations and relative rights, including dividend rights, dividend rate, voting rights, terms of redemption, redemption price or prices, conversion rights and liquidation preferences of the shares constituting any series. The existence of authorized but unissued preferred stock could reduce our attractiveness as a target for an unsolicited takeover bid since we could, for example, issue shares of preferred stock to parties who might oppose such a takeover bid or shares that contain terms the potential acquiror may find unattractive. This may have the effect of delaying or preventing a change of control, may discourage bids for the common stock at a premium over the market price of the common stock, and may adversely affect the market price of, and the voting and other rights of the holders of, common stock.

Classified Board of Directors; Vacancies and Removal of Directors

Our certificate of incorporation provides that our board of directors is divided into three classes whose members will serve three-year terms expiring in successive years. Any effort to obtain control of our board of directors by causing the election of a majority of the board of directors may require more time than would be required without a staggered election structure. Our certificate of incorporation provides that directors may be removed only for cause at a meeting of stockholders upon the affirmative vote of the holders of greater than a majority of the outstanding shares of our common stock entitled to vote for the election of the director. Vacancies in our board of directors may be filled only by our board of directors. Any director elected to fill a vacancy will hold office for the remainder of the full term of the class of directors in which the vacancy occurred (including a vacancy created by increasing the size of the board) and until such director's successor shall have been duly elected and qualified. No decrease in the number of directors will shorten the term of any incumbent director. Our by-laws provide that the number of directors shall be fixed and increased or decreased from time to time by resolution of the board of directors.

These provisions may have the effect of slowing or impeding a third party from initiating a proxy contest, making a tender offer or otherwise attempting a change in the membership of our board of directors that would effect a change of control.

Advance Notice Requirements for Nomination of Directors and Presentation of New Business at Meetings of Stockholders; Calling Stockholder Meetings; Action by Written Consent

Our by-laws require advance notice for stockholder proposals and nominations for director. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. Also, special meetings of the stockholders may only be called by the board of directors.

In addition, our certificate of incorporation and by-laws provide that action may be taken by written consent of stockholders only for so long as investment funds affiliated with or designated by the Sponsors collectively hold a majority of our outstanding common stock. After such time, any action taken by the stockholders must be effected at a duly called annual or special meeting, which may be called only by the board of directors.

These provisions make it more procedurally difficult for a stockholder to place a proposal or nomination on the meeting agenda or to take action without a meeting, and therefore may reduce the likelihood that a stockholder will seek to take independent action to replace directors or seek a stockholder vote with respect to other matters that are not supported by management.

Limitation of Liability of Directors; Indemnification of Directors

Our certificate of incorporation provides that no director will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that this limitation on or exemption from liability is not permitted by the Delaware General Corporation Law and any amendments to that law.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the Delaware General Corporation Law. This provision, however, does not eliminate or limit director liability arising in connection with causes of action brought under the federal securities laws. Our certificate of incorporation does not eliminate our directors' duty of care. The inclusion of this provision in our certificate of incorporation may, however, discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might

otherwise have benefited us and our stockholders. This provision should not affect the availability of equitable remedies such as injunction or rescission based upon a director's breach of the duty of care.

Our certificate of incorporation provides that we are required to indemnify and advance expenses to our directors to the fullest extent permitted by law, except in the case of a proceeding instituted by the director without the approval of our board of directors. Our by-laws provide that we are required to indemnify our directors and officers, to the fullest extent permitted by law, for all judgments, fines, settlements, legal fees and other expenses incurred in connection with pending or threatened legal proceedings because of the director's or officer's positions with us or another entity that the director or officer serves at our request, subject to various conditions, and to advance funds to our directors and officers to enable them to defend against such proceedings. To receive indemnification, the director or officer must have been successful in the legal proceeding or have acted in good faith and in what was reasonably believed to be a lawful manner in our best interest.

In connection with our initial public offering in November of 2006, we entered into indemnification agreements with each of our directors. The indemnification agreements provide the directors with contractual rights to the indemnification and expense advancement rights provided under our by-laws, as well as contractual rights to additional indemnification as provided in the indemnification agreement.

Supermajority Voting Requirement for Amendment of Certain Provisions of our Certificate of Incorporation and By-Laws

The provisions of our certificate of incorporation governing, among other things, the removal of directors only for cause, the liability of directors, the elimination of stockholder actions by written consent upon investment funds affiliated with or designated by the Sponsors ceasing to collectively hold a majority of our outstanding common stock and the prohibition on the right of stockholders to call a special meeting may not be amended, altered or repealed unless the amendment is approved by the vote of holders of at least two-thirds of the shares then entitled to vote at an election of directors. This requirement exceeds the majority vote of the outstanding stock that would otherwise be required by the Delaware General Corporation Law for the repeal or amendment of such provisions of the certificate of incorporation. Certain provisions of our by-laws may be amended with the approval of the vote of holders of at least two-thirds of the shares then entitled to vote. These provisions make it more difficult for any person to remove or amend any provisions that may have an anti-takeover effect.

Delaware Takeover Statute

We have opted out of Section 203 of the Delaware General Corporation Law, which would have otherwise imposed additional requirements regarding mergers and other business combinations.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our common stock in the public market could adversely affect the market price of our common stock. The number of shares available for future sale into the public markets is subject to legal and contractual restrictions, some of which are described below. The expiration of these restrictions will permit sales of substantial amounts of our common stock in the public market or could create the perception that these sales could occur, which could adversely affect the market price for our common stock. These factors could also make it more difficult for us to raise funds through future offerings of common stock.

Sale of Restricted Securities

After this offering, 320,645,006 shares of our common stock will be outstanding. Of these shares, the 88,235,000 shares sold in our initial public offering, and the 45,000,000 shares to be sold in this offering, will be freely tradable without restriction under the Securities Act, unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. The remaining 187,410,006 shares of our common stock that will be outstanding after this offering are "restricted securities" within the meaning of Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered under the Securities Act or are sold pursuant to an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which are summarized below. Subject to the lock-up agreements described below, shares held by our affiliates that are not restricted securities or that have been owned for more than one year may be sold subject to compliance with Rule 144 of the Securities Act without regard to the prescribed one-year holding period under Rule 144.

Stock Options

On November 17, 2006, we filed a registration statement under the Securities Act to register the shares of common stock to be issued under our stock option plans and, as a result, all shares of common stock acquired upon exercise of stock options and other equity-based awards granted under these plans will also be freely tradable under the Securities Act unless purchased by our affiliates. A total of 28.5 million shares of common stock are reserved for issuance under our benefit plans.

Lock-Up Arrangements

We, the Sponsors and our directors and executive officers named under "Principal Stockholders" have agreed with the underwriters, subject to exceptions, not to (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of common stock or any options or warrants to purchase any shares of common stock or any securities convertible into or exchangeable for or that represent the right to receive shares of common stock, owned as of the date hereof directly (including holdings as a custodian) or with respect to which the party subject to the lock-up has beneficial ownership or (2) enter into any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any shares of common stock, for 90 days after the date of this prospectus, except with the prior written consent of representatives of the underwriters. Following the lock-up periods, we estimate that approximately 187,410,006 shares of our common stock that are restricted securities or are held by our affiliates as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 or Rule 701 under the Securities Act.

Registration Rights Agreement

Stockholders currently representing a majority of the shares of our common stock will have the right to require us to register shares of common stock for resale in some circumstances. See "Certain Relationships and Related Party Transactions Registration Rights Agreement."

Rule 144

In general, under Rule 144, as currently in effect, any person or persons whose shares are aggregated, including an affiliate, who has beneficially owned shares of our common stock for a period of at least one year is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

1% of the then-outstanding shares of common stock; and

the average weekly trading volume in the common stock on the New York Stock Exchange during the four calendar weeks preceding the date on which the notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are also subject to provisions relating to notice, manner of sale, volume limitations and the availability of current public information about us.

Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares for at least two years, including the holding period of any prior owner other than an "affiliate," is entitled to sell the shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701

In general, Rule 701 under the Securities Act may be relied upon for the resale of our common stock originally issued by us before our initial public offering to our employees, directors, officers, consultants or advisers under written compensatory benefit plans, including our stock option plans, or contracts relating to the compensation of these persons. In May, June and August of 2006, we sold 1,752,354 and 50,000 and 1,076,338 shares, respectively, of common stock to certain of our employees, officers, consultants and advisors in offerings exempt from registration pursuant to Rule 701. Shares of our common stock issued in reliance on Rule 701 are "restricted securities" and may be sold by non-affiliates subject only to the manner of sale provisions of Rule 144 and by affiliates under Rule 144 without compliance with the one-year holding period, in each case subject to the lock-up agreements.

CERTAIN U.S. FEDERAL TAX CONSIDERATIONS

The following is a general discussion of the anticipated material U.S. federal income and estate tax consequences relating to the ownership and disposition of our common stock by non-United States holders, as defined below, who may purchase shares of our common stock and hold such shares as capital assets. This discussion is based on currently existing provisions of the Internal Revenue Code of 1986, as amended, or the Code, existing and proposed Treasury regulations promulgated thereunder, and administrative and judicial interpretation thereof, all as in effect or proposed on the date hereof and all of which are subject to change, possibly with retroactive effect or different interpretations. This discussion does not address all the tax consequences that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under U.S. federal income or estate tax laws (such as financial institutions, insurance companies, tax-exempt organizations, retirement plans, partnerships and their partners, other pass-through entities and their members, dealers in securities, brokers, U.S. expatriates, or persons who have acquired shares of our common stock as part of a straddle, hedge, conversion transaction or other integrated investment). This discussion does not address the U.S. state and local or non-U.S. tax consequences relating to the ownership and disposition of our common stock. You are urged to consult your own tax advisor regarding the U.S. federal tax consequences of owning and disposing of our common stock, as well as the applicability and effect of any state, local or foreign tax laws.

As used in this discussion, the term "non-United States holder" refers to a beneficial owner of our common stock that for U.S. federal income tax purposes is not:

- (i) an individual who is a citizen or resident of the United States;
- (ii) a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state or political subdivision thereof or therein, including the District of Columbia;
- (iii) an estate the income of which is subject to U.S. federal income tax regardless of source thereof; or
- (iv) a trust (a) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all its substantial decisions, or (b) that has in effect a valid election under applicable U.S. Treasury Regulations to be treated as a United States person.

An individual generally will be treated as a resident of the United States, rather than a nonresident, among other ways, by virtue of being present in the United States on at least 31 days in that calendar year and for an aggregate of at least 183 days during the three-year period ending in that calendar year (counting for such purposes all the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year). Residents are subject to U.S. federal income tax as if they were U.S. citizens.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding shares of our common stock, we urge you to consult your own tax advisor.

Dividends

Distributions, if any, made on our common stock will constitute dividends for U.S. federal income tax purposes to the extent they are paid out of our accumulated or current earnings and profits, as determined for U.S. federal income tax purposes. We or a withholding agent will have to withhold U.S. federal withholding tax from the gross amount of any dividends paid to a non-United States holder at a

rate of 30%, unless (i) an applicable income tax treaty reduces such tax, and a non-United States holder claiming the benefit of such treaty provides to us or such agent proper Internal Revenue Service ("IRS"), documentation or (ii) the dividends are effectively connected with a non-United States holder's conduct of a trade or business in the United States and the non-United States holder provides to us or such agent proper IRS documentation. In the latter case, such non-United States holder generally will be subject to U.S. federal income tax with respect to such dividends in the same manner as a U.S. citizen or corporation, as applicable, unless otherwise provided in an applicable income tax treaty. Additionally, a non-United States holder that is a corporation could be subject to a branch profits tax on effectively connected dividend income at a rate of 30% (or at a reduced rate under an applicable income tax treaty). If a non-United States holder is eligible for a reduced rate of U.S. federal withholding tax pursuant to an income tax treaty, such non-United States holder may obtain a refund of any excess amount withheld by filing an appropriate claim for refund with the IRS.

Sale, Exchange or Other Disposition

Generally, a non-United States holder will not be subject to U.S. federal income tax on gain realized upon the sale, exchange or other disposition of shares of our common stock unless (i) such non-United States holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition and certain other conditions are met, (ii) the gain is effectively connected with such non-United States holder's conduct of a trade or business in the United States, or where a tax treaty provides, the gain is attributable to a U.S. permanent establishment of such non-United States holder, or (iii) we are or have been a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time during the shorter of the five-year period preceding such sale, exchange or other disposition or the period that such non-United States holder held our common stock (such shorter period, the "Applicable Period").

We do not believe that we have been, are currently or are likely to be a U.S. real property holding corporation for U.S. federal income tax purposes. If we were to become a U.S. real property holding corporation, so long as our common shares are regularly traded on an established securities market and continue to be traded, a non-United States holder would be subject to U.S. federal income tax on any gain from the sale, exchange or other disposition of our common stock only if such non-United States holder actually or constructively owned, during the Applicable Period, more than 5% of our common stock.

Special rules may apply to non-United States holders, such as controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid federal income tax, that are subject to special treatment under the Code. These entities should consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them.

Federal Estate Tax

Common stock owned or treated as owned by an individual who is a non-United States holder at the time of his or her death generally will be included in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding Tax

Generally, we must report annually to the IRS and to each non-United States holder any dividend that is subject to withholding, or that is exempt from U.S. withholding tax pursuant to a tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-United States holder resides.

Generally, information reporting and backup withholding of United States federal income tax at the applicable rate may apply to payments made by us or our paying agent to a non-United States holder if such holder fails to make the appropriate certification that the holder is not a U.S. person or if we or our paying agent has actual knowledge or reason to know that the payee is a U.S. person.

Payments of the proceeds of the sale of our common stock to or through a foreign office of a U.S. broker or of a foreign broker with certain specified U.S. connections will be subject to information reporting requirements, but not backup withholding, unless the payee is an exempt recipient or such broker has evidence in its records that the payee is not a U.S. person. Payments of the proceeds of a sale of our common stock to or through the U.S. office of a broker will be subject to information reporting and backup withholding unless the payee certifies under penalties of perjury as to his or her status as a non-U.S. person or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules from a payment to a non-United States holder of our common stock will be allowed as a credit against such holder's U.S. federal income tax, if any, or will be otherwise refundable, provided that the required information is furnished to the IRS in a timely manner.

UNDERWRITING

Hertz Holdings, the selling stockholders and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co., Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Lehman Brothers Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Total	45,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 6,750,000 shares from the selling stockholders. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by the selling stockholders. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 6,750,000 additional shares.

Paid by the Selling Stockholders

	No Exercise	Full Exercise
Per Share	\$	\$
Total	\$	\$

Shares sold by the underwriters to the public will initially be offered at the initial price to the public set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$ per share from the initial price to the public. If all the shares are not sold at the initial price to the public, the representatives may change the offering price and the other selling terms.

Hertz Holdings and its executive officers and directors named under "Management Directors and Executive Officers," and the selling stockholders, have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 90 days after the date of this prospectus, except with the prior written consent of the representatives. This agreement does not apply to any existing employee benefit plans. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

The restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the restricted period the company issues an earnings release or announces

material news or a material event; or (2) prior to the expiration of the restricted period, the company announces that it will release earnings results during the 15-day period following the last day of the period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Our common stock is listed on the NYSE under the symbol "HTZ."

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the selling stockholders in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NYSE, in the over-the-counter market or otherwise.

The underwriters will not confirm sales to any accounts over which they exercise discretionary authority without the prior written approval of the customer.

Hertz Holdings will pay all of the expenses of the offering, excluding underwriting discounts and commissions of the selling stockholders. Hertz Holdings estimates that its total expenses with respect to the offering, excluding underwriting discounts and commissions, will be approximately \$ million.

Hertz Holdings and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Affiliates of Certain of the Underwriters

Affiliates of Merrill Lynch & Co. are selling stockholders in this offering, and as such, will receive a significant portion of the proceeds from this offering that may result in the underwriters or their affiliates receiving more than 10% of the net proceeds of the offering. Because the underwriters may receive more than 10% of the entire net proceeds in this offering, the underwriters may be deemed to have a "conflict of interest" under Rule 2710(h) of the Conduct Rules of the NASD. In addition,

because affiliates of Merrill Lynch & Co. own more than 10% of Hertz Holdings' outstanding common stock, Merrill Lynch & Co. is deemed to be an affiliate of Hertz Holdings under Rule 2720(b)(1) of the NASD Conduct Rules and, therefore, the underwriters may be deemed to have a conflict of interest under Rule 2720 of the NASD Conduct Rules. Accordingly, this offering will be made in compliance with the applicable provisions of Rule 2720 of the conduct rules. Rule 2720 requires that the public offering price can be no higher than that recommended by a "qualified independent underwriter," as defined by the NASD. Goldman, Sachs & Co. has served in that capacity and performed due diligence investigations and reviewed and participated in the preparation of the registration statement of which this prospectus forms a part. Goldman, Sachs & Co. has received \$ additional compensation for such role.

Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for Hertz Holdings and its subsidiaries, for which they received or will receive customary fees and expenses. In addition, affiliates of the underwriters provided, or arranged for a syndicate to provide, and acted as agents under the Hertz Holdings Loan Facility and received customary compensation for such services. In addition, affiliates of certain of the underwriters are lenders under Hertz's senior credit facilities and structuring advisors and agents under Hertz's asset-backed facilities and received customary compensation for such services. In addition, affiliates of certain of the underwriters acted as initial purchasers with respect to the December 2005 offerings of notes and as dealer managers and solicitation agents for Hertz's tender offers in connection with the Acquisition, for which they received customary fees and expenses. Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated each acted as a financial advisor to the Sponsors in connection with the Acquisition. Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated beneficially own approximately 25.3% of the shares of common stock of Hertz Holdings and will be selling stockholders in this offering to the extent the underwriters exercise their option to purchase additional shares. See "Security Ownership of Certain Beneficial Owners, Management and Selling Stockholders." In addition, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is a lender under the Fleet Financing Facility.

United Kingdom

Each of the underwriters has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or "FSMA") received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to Hertz Holdings, and
- (b) it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale,

or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan

The securities have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

The validity of the common stock being sold by the selling stockholders in this offering will be passed upon for us by Debevoise & Plimpton LLP, New York, New York. Franci J. Blassberg, Esq., a member of Debevoise & Plimpton LLP, is married to Joseph L. Rice, III, who is a shareholder of the general partner of the general partner of CD&R Fund VII. Weil, Gotshal & Manges LLP advised the underwriters in connection with the offering of the common stock.

EXPERTS

The consolidated financial statements as of December 31, 2006 and 2005 and for the year ended December 31, 2006, and for the Successor period from December 21, 2005 to December 31, 2005, management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control Over Financial Reporting) as of December 31, 2006 and the related financial statement schedules included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements for the Predecessor period from January 1, 2005 to December 20, 2005 and for the year ended December 31, 2004 and the related financial statement schedules included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph related to the Predecessor Company's restatement of its financial statements as discussed in Note 1A (not presented herein) to the consolidated financial statements appearing under Item 8 of our annual report on Form 10-K/A for the year ended December 31, 2005) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

With respect to the unaudited financial information of Hertz Global Holdings, Inc. for the three-month periods ended March 31, 2007 and 2006, included in this prospectus, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated May 11, 2007 appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

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

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

Hertz Holdings is subject to the informational requirements of the Exchange Act and is required to file reports, proxy statements and other information with the SEC. You can inspect and copy these reports, proxy statements and other information at the public reference facilities maintained by the SEC at the address noted above. You can obtain copies of this material from the Public Reference Room of the SEC as described above, or inspect them without charge at the SEC's website. You can access, free of charge, our reports filed with the SEC (for example, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K and any amendments to those forms) through the investor relations portion of our Internet website (<http://www.hertz.com>). Reports filed with or furnished to the SEC will be available as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website is included in this prospectus as an inactive textual reference only. The information found on our website is not part of this prospectus or any report filed with or furnished to the SEC. We intend to furnish our stockholders with annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have reviewed the accompanying condensed consolidated balance sheet of Hertz Global Holdings, Inc. and its subsidiaries as of March 31, 2007 and the related consolidated statements of operations for each of the three-month periods ended March 31, 2007 and March 31, 2006 and the consolidated statements of cash flows for the three-month periods ended March 31, 2007 and March 31, 2006. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2006 and the related consolidated statements of operations, of stockholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated March 30, 2007 we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2006 is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
May 11, 2007

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)

Unaudited

	March 31, 2007	December 31, 2006
ASSETS		
Cash and equivalents	\$ 476,883	\$ 674,549
Restricted cash	191,835	552,516
Receivables, less allowance for doubtful accounts of \$3,717 and \$1,989	1,439,251	1,656,542
Inventories, at lower of cost or market	114,773	112,119
Prepaid expenses and other assets	353,889	369,922
Revenue earning equipment, at cost:		
Cars	8,853,868	8,188,794
Less accumulated depreciation	(817,263)	(822,387)
Other equipment	2,724,863	2,686,947
Less accumulated depreciation	(302,441)	(247,846)
Total revenue earning equipment	10,459,027	9,805,508
Property and equipment, at cost:		
Land, buildings and leasehold improvements	992,479	969,195
Service equipment	615,708	597,882
Less accumulated depreciation	1,608,187	1,567,077
	(254,533)	(199,020)
Total property and equipment	1,353,654	1,368,057
Other intangible assets, net	3,158,508	3,173,495
Goodwill	978,983	964,693
Total assets	\$ 18,526,803	\$ 18,677,401
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 1,166,444	\$ 654,327
Accrued liabilities	889,972	976,949
Accrued taxes	120,137	92,469
Debt	11,756,914	12,276,184
Public liability and property damage	328,845	327,024
Deferred taxes on income	1,762,748	1,801,073
Total liabilities	16,025,060	16,128,026
Minority interest	18,923	14,813
Stockholders' equity:		
Common Stock, \$0.01 par value, 2,000,000,000 shares authorized, 320,621,080 and 320,618,692 shares issued	3,206	3,206
Preferred Stock, \$0.01 par value, 200,000,000 shares authorized, no shares issued		
Additional capital paid-in	2,434,389	2,427,293

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	March 31, 2007	December 31, 2006
Accumulated (deficit)/retained earnings	(56,675)	9,535
Accumulated other comprehensive income	101,900	94,528
Total stockholders' equity	2,482,820	2,534,562
Total liabilities and stockholders' equity	\$ 18,526,803	\$ 18,677,401

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

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands of Dollars, except share data)

Unaudited

	Three Months Ended March 31,	
	2007	2006
Revenues:		
Car rental	\$ 1,505,075	\$ 1,399,622
Equipment rental	389,843	363,048
Other	26,614	23,924
Total revenues	1,921,532	1,786,594
Expenses:		
Direct operating	1,114,324	1,070,150
Depreciation of revenue earning equipment	467,817	407,254
Selling, general and administrative	200,377	162,177
Interest, net of interest income of \$12,091 and \$7,657	229,587	210,313
Total expenses	2,012,105	1,849,894
Loss before income taxes and minority interest	(90,573)	(63,300)
Benefit for taxes on income	32,117	17,323
Minority interest	(4,110)	(3,259)
Net loss	\$ (62,566)	\$ (49,236)
Weighted average shares outstanding (in thousands)		
Basic	320,625	229,500
Diluted	320,625	229,500
Loss per share		
Basic	\$ (0.20)	\$ (0.21)
Diluted	\$ (0.20)	\$ (0.21)

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of Dollars)
Unaudited

Three Months Ended March 31,

	2007	2006
Cash flows from operating activities:		
Net loss	\$ (62,566)	\$ (49,236)
Non cash expenses:		
Depreciation of revenue earning equipment	467,817	407,254
Depreciation of property and equipment	45,700	49,847
Amortization of other intangible assets	15,382	15,458
Amortization of deferred financing costs	13,248	20,433
Amortization of debt discount	6,181	8,750
Debt modification costs	16,177	
Stock based employee compensation	6,099	
Provision for public liability and property damage	47,042	45,761
Loss on revaluation of foreign denominated debt		6,545
Loss (gain) on ineffectiveness of interest rate swaps	12,786	(1,034)
Provision for losses on doubtful accounts	2,871	4,613
Minority interest	4,110	3,259
Deferred taxes on income	(24,202)	584
Changes in assets and liabilities, net of effects of acquisition:		
Receivables	223,912	402,876
Inventories, prepaid expenses and other assets	(16,512)	(16,902)
Accounts payable	501,944	362,683
Accrued liabilities	(89,799)	(3,258)
Accrued taxes	(211)	(8,651)
Payments of public liability and property damage claims and expenses	(45,212)	(44,025)
Net cash provided by operating activities	\$ 1,124,767	\$ 1,204,957

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In Thousands of Dollars)
Unaudited

	Three Months Ended March 31,	
	2007	2006
Cash flows from investing activities:		
Net change in restricted cash	\$ 360,954	\$ 40,886
Revenue earning equipment expenditures	(3,333,193)	(3,862,101)
Proceeds from disposal of revenue earning equipment	2,243,218	2,591,339
Property and equipment expenditures	(37,613)	(64,677)
Proceeds from disposal of property and equipment	9,432	19,804
Available-for-sale securities:		
Sales	264	
Other	(7)	
	<u>(756,945)</u>	<u>(1,274,749)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	2,100	2,245
Repayment of long-term debt	(720,037)	(4,594)
Short-term borrowings:		
Proceeds	145,000	373,130
Repayments		(131,992)
Ninety day term or less, net	13,912	(337,315)
Payment of financing costs	(6,252)	(24,081)
	<u>(565,277)</u>	<u>(122,607)</u>
Effect of foreign exchange rate changes on cash and equivalents	(211)	27,903
Net decrease in cash and equivalents during the period	(197,666)	(164,496)
Cash and equivalents at beginning of period	674,549	843,908
Cash and equivalents at end of period	<u>\$ 476,883</u>	<u>\$ 679,412</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest (net of amounts capitalized)	\$ 260,036	\$ 119,128
Income taxes	3,204	3,144

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

Note 1 Basis of Presentation

Hertz Global Holdings, Inc., or "Hertz Holdings," is our top-level holding company. The Hertz Corporation, or "Hertz," is our primary operating company and a direct wholly owned subsidiary of Hertz Investors, Inc., which is wholly owned by Hertz Holdings. "We," "us" and "our" mean Hertz Holdings and its consolidated subsidiaries, including Hertz.

We are a successor to corporations that have been engaged in the car and truck rental and leasing business since 1918 and the equipment rental business since 1965. Hertz Holdings was incorporated in Delaware in 2005 and had no operations prior to the Acquisition (as defined below). Hertz was incorporated in Delaware in 1967. Ford Motor Company, or "Ford," acquired an ownership interest in Hertz in 1987. Prior to this, Hertz was a subsidiary of UAL Corporation (formerly Allegis Corporation), which acquired Hertz's outstanding capital stock from RCA Corporation in 1985.

On December 21, 2005, or the "Closing Date," investment funds associated with or designated by Clayton, Dubilier & Rice, Inc., or "CD&R," The Carlyle Group, or "Carlyle," and Merrill Lynch Global Private Equity, or "MLGPE," or collectively the "Sponsors," through CCMG Acquisition Corporation, a wholly owned subsidiary of Hertz Holdings (previously known as CCMG Holdings, Inc.) acquired all of Hertz's common stock from Ford Holdings LLC for aggregate consideration of \$4,379 million in cash, debt refinanced or assumed of \$10,116 million and transaction fees and expenses of \$447 million.

We refer to the acquisition of all of Hertz's common stock through a wholly owned subsidiary of Hertz Holdings as the "Acquisition." We refer to the Acquisition, together with related transactions entered into to finance the cash consideration for the Acquisition, to refinance certain of our existing indebtedness and to pay related transaction fees and expenses, as the "Transactions."

In November 2006, we completed our initial public offering of 88,235,000 shares of our common stock at a per share price of \$15.00, with proceeds to us before underwriting discounts and offering expenses of approximately \$1.3 billion. The proceeds were used to repay borrowings that were outstanding under a \$1.0 billion loan facility entered into by Hertz Holdings, or the "Hertz Holdings Loan Facility," and to pay related transaction fees and expenses. The proceeds were also used to pay special cash dividends of \$1.12 per share on November 21, 2006 to stockholders of record of Hertz Holdings immediately prior to the initial public offering. Immediately following the initial public offering, the Sponsors' ownership percentage in us decreased to approximately 71.6%.

The significant accounting policies summarized in Note 1 to our audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006, filed with the United States Securities and Exchange Commission on March 30, 2007, or the "10-K," have been followed in preparing the accompanying condensed consolidated financial statements.

In our opinion, all adjustments (which include only normal recurring adjustments) necessary for a fair statement of the results of operations for the interim periods have been made. Results for interim periods are not necessarily indicative of results for a full year.

The December 31, 2006 condensed consolidated balance sheet data was derived from our audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America, or "GAAP."

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

Note 2 Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board, or "FASB," issued Statement of Financial Accounting Standards, or "SFAS" No. 157, or "SFAS No. 157," "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for the fiscal year beginning after November 15, 2007. We are currently reviewing SFAS No. 157 to determine its impact, if any, on our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, or "SFAS No. 159," "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The provisions of SFAS 159 are effective as of January 1, 2008. We are currently reviewing SFAS 159 to determine its impact, if any, on our financial position or results of operations.

Note 3 Cash and Equivalents and Restricted Cash

We consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash includes cash and equivalents that are not readily available for our normal disbursements. Restricted cash and equivalents are restricted for the acquisition of vehicles and other specified uses under our asset backed securities program, the generation of tax benefits under our like-kind exchange programs and to satisfy certain of our self-insurance reserve requirements. As of March 31, 2007 and December 31, 2006, the portion of total restricted cash that was associated with our fleet debt was \$76.5 million and \$487.0 million, respectively.

Note 4 Goodwill and Other Intangible Assets

We account for goodwill under SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill is no longer amortized, but instead must be tested for impairment at least annually. For 2006, we conducted the required annual goodwill and indefinite-lived intangible asset impairment test in the second quarter and determined that there was no impairment.

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The following summarizes the changes in our goodwill, by segment, for the periods presented (in thousands of dollars):

	Car Rental	Equipment Rental	Total
Balance as of December 31, 2006	\$ 336,579	\$ 628,114	\$ 964,693
Other changes(1)	15,930	(1,640)	14,290
Balance as of March 31, 2007	\$ 352,509	\$ 626,474	\$ 978,983

(1) Consists of changes primarily resulting from the adoption of FIN 48 (see Note 5 Taxes on Income) and the translation of foreign currencies at different exchange rates from the beginning of the period to the end of the period.

Other intangible assets, net, consisted of the following major classes (in thousands of dollars):

	March 31, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortized intangible assets:						
Customer related	\$ 610,307	\$ (76,501)	\$ 533,806	\$ 611,783	\$ (63,046)	\$ 548,737
Other	3,141	(2,439)	702	1,270	(512)	758
Total	613,448	(78,940)	534,508	613,053	(63,558)	549,495
Indefinite lived intangible assets:						
Trade name	2,624,000		2,624,000	2,624,000		2,624,000
Total other intangible assets, net	\$ 3,237,448	\$ (78,940)	\$ 3,158,508	\$ 3,237,053	\$ (63,558)	\$ 3,173,495

Amortization of other intangible assets for the three months ended March 31, 2007 and March 31, 2006 was approximately \$15.4 million and \$15.5 million, respectively. Future amortization expense of other intangible assets is expected to be approximately \$61.2 million per year for each of the next five years.

Note 5 Taxes on Income

The provision for taxes on income is determined using the estimated effective tax rate applicable for the full year. We currently estimate our full-year effective tax rate to be approximately 33.1% for 2007 excluding discrete items. The effective tax rate for the three months ended March 31, 2007 is 35.5%, which reflects the tax benefits attributable to the restructuring charges.

We adopted the provisions of Financial Accounting Standards Board Interpretation No. 48, or "FIN 48," "Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109," on January 1, 2007. Upon adoption, we recorded an \$18.9 million increase to our liabilities for unrecognized tax benefits. The increase in liabilities was recorded as a charge of \$3.6 million and an increase of \$15.3 million to the January 1, 2007 retained earnings and goodwill balances, respectively. As of the adoption date, we had gross tax effected unrecognized tax benefits of \$20.3 million, of which \$5.1 million, if recognized, would favorably impact the effective tax rate in future periods.

We conduct business globally and, as a result, file one or more income tax returns in the U.S. federal jurisdiction and various state and non-U.S. jurisdictions. In the normal course of business we are subject to examination by taxing authorities throughout the world, including such major jurisdictions as Brazil, Canada, France, Germany, Italy, Spain, Ireland, the United Kingdom and the United States. The open tax years for these jurisdictions span from 1991 to 2006. The tax indemnification agreement entered into with Ford on the Closing Date indemnifies Hertz from U.S. federal and unitary state, and certain combined non-U.S. income tax liabilities for all periods prior to December 21, 2005.

In many cases our uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. We are currently not under audit by the Internal Revenue Service but are under audit in several non-U.S. jurisdictions. It is reasonably possible that a \$3.3 million tax liability, attributable to an uncertain tax position, may reverse within the next twelve months.

Interest and penalties related to the liabilities for unrecognized tax benefits are classified as a component of "Benefit for taxes on income" in our consolidated statement of operations. Accrued interest (net of benefit) and penalties recorded at January 1, 2007 in our condensed consolidated balance sheet was \$12.5 million.

Note 6 Depreciation of Revenue Earning Equipment

Depreciation of revenue earning equipment includes the following (in thousands of dollars):

	Three Months Ended March 31,	
	2007	2006
Depreciation of revenue earning equipment	\$ 451,364	\$ 418,640
Adjustment of depreciation upon disposal of the equipment	5,057	(17,011)
Rents paid for vehicles leased	11,396	5,625
Total	\$ 467,817	\$ 407,254

The adjustment of depreciation upon disposal of revenue earning equipment for the three months ended March 31, 2007 and 2006 included a net loss of \$8.5 million and a net gain of \$11.1 million, respectively, on the disposal of vehicles used in our car rental operations and net gains of \$3.4 million and \$5.9 million, respectively, on the disposal of industrial and construction equipment used in our equipment rental operations. Effective January 1, 2007, depreciation rates being used to compute the provision for depreciation of revenue earning equipment were increased on certain vehicles in our U.S. car rental operations and our Canadian car rental operations and decreased in our international car operations to reflect changes in the estimated residual values to be realized when revenue earning equipment is sold, resulting in net increases of \$5.3 million and \$0.2 million and a net reduction of \$0.4 million in depreciation expense, respectively, for the three months ended March 31, 2007. Effective April 1, 2006 and January 1, 2007, depreciation rates in our French equipment rental operations were decreased and resulted in a net reduction of \$1.9 million in depreciation expense for the three months ended March 31, 2007.

Note 7 Debt

Our "Senior Term Facility" is a facility entered into by Hertz in connection with the Acquisition consisting of (a) a maximum borrowing capacity of \$2,000 million (which was decreased in February 2007 to \$1,400 million), which included a delayed draw facility of \$293 million (which was utilized during 2006) and (b) a synthetic letter of credit facility in an aggregate principal amount of \$250 million.

Our "Senior ABL Facility" is a senior asset-based revolving loan facility entered into by Hertz and one of its Canadian subsidiaries in connection with the Acquisition with a maximum borrowing capacity of \$1,600 million (which was increased in February 2007 to \$1,800 million). We refer to the Senior Term Facility and the Senior ABL Facility together as the "Senior Credit Facilities."

Our "Senior Dollar Notes" are the \$1,800 million aggregate principal amount of 8.875% Senior Notes due 2014 issued by Hertz in connection with the Acquisition. Our "Senior Subordinated Notes" refer to the \$600 million aggregate principal amount of 10.5% Senior Subordinated Notes due 2016 issued by Hertz in connection with the Acquisition. Our "Senior Euro Notes" are the €225 million aggregate principal amount of 7.875% Senior Notes due 2014 issued by Hertz in connection with the Acquisition. We refer to the Senior Dollar Notes and the Senior Euro Notes together as the "Senior Notes."

Our "Promissory Notes" consist of the outstanding untendered senior notes issued under three separate indentures existing prior to the Acquisition. These senior notes have maturities ranging from 2007 to 2028.

Our "U.S. Fleet Debt" consists of approximately \$4,300 million of asset-backed securities issued by a special purpose entity wholly owned by us backed by our U.S. car rental fleet, all of which we issued under our existing asset-backed notes program, or the "ABS Program." An additional \$600 million of previously issued asset-backed medium term notes having maturities from 2007 to 2009 remain outstanding under the ABS Program following the closing of the Transactions. We have also issued approximately \$1,500 million of variable funding notes in two series under these facilities.

Our "International Fleet Debt" consists of the aggregate borrowings of our foreign subsidiaries under asset-based revolving loan facilities, subject to borrowing bases comprised of rental vehicles, rental equipment, and related assets of certain of our foreign subsidiaries (substantially all of which are organized outside of the United States) or one or more special purpose entities, as the case may be, and rental equipment and related assets of certain of our subsidiaries organized outside North America or one or more special purpose entities, as the case may be. The subsidiaries conducting the car rental business in certain European jurisdictions may, at their option, continue to engage in capital lease financings relating to revenue earning equipment outside the International Fleet Debt facilities.

Our "Fleet Financing Facility" is a credit agreement entered into by Hertz and Puerto Ricancars, Inc., or "PR Cars," in September 2006, which provides for a commitment of up to \$275 million to finance the acquisition of Hertz's and/or PR Cars fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, the U.S. Virgin Islands.

Our "Other International Facility" consists of a temporary lending facility entered into by Hertz Belgium BVBA and Hertz Luxembourg SA of up to €20.0 million (or \$26.7 million).

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Our debt consists of the following (in thousands of dollars):

	March 31, 2007	December 31, 2006
<i>Corporate Debt</i>		
Senior Term Facility, average interest rate: 2007, 7.1%; 2006, 7.4% (effective average interest rate: 2007, 7.2%; 2006, 7.5%); net of unamortized discount: 2007, \$26,883; 2006, \$38,378	\$ 1,373,117	\$ 1,947,907
Senior ABL Facility, average interest rate: 2007, 6.8%; 2006, N/A (effective average interest rate: 2007, 7.3%; 2006, N/A); net of unamortized discount: 2007, \$21,219; 2006, \$22,188	278,781	(22,188)
Senior Notes, average interest rate: 2007, 8.7%; 2006, 8.7% (effective average interest rate: 2007, 8.7%; 2006, 8.7%);	2,100,562	2,097,030
Senior Subordinated Notes, average interest rate: 2007, 10.5%; 2006, 10.5% (effective average interest rate: 2007, 10.5%; 2006, 10.5%);	600,000	600,000
Promissory notes, average interest rate: 2007, 7.2%; 2006, 7.2% (effective average interest rate: 2007, 7.3%; 2006, 7.3%); net of unamortized discount: 2007, \$5,552; 2006, \$5,545.	633,456	633,463
Notes payable, average interest rate: 2007, 4.1%; 2006, 4.1%	6,032	6,175
Foreign subsidiaries' debt in foreign currencies:		
Short-term bank borrowings, average interest rate: 2007, 12.5%; 2006, 13.4%	897	2,340
Other borrowings, average interest rate: 2007, 5.3%; 2006, 5.1%	13,710	12,546
Total Corporate Debt	5,006,555	5,277,273
<i>Fleet Debt</i>		
U.S. Fleet Debt and pre-Acquisition ABS Notes, average interest rate: 2007, 4.5%; 2006, 4.4% (effective average interest rate: 2007, 4.5%; 2006, 4.5%); net of unamortized discount: 2007, \$8,333; 2006, \$10,631	4,860,001	4,845,202
International Fleet Debt in foreign currencies, average interest rate: 2007, 5.7%; 2006, 5.4% (effective average interest rate: 2007, 5.7%; 2006, 5.4%); net of unamortized discount: 2007, \$2,798; 2006, \$4,443	1,692,748	1,987,787
Fleet Financing Facility, average interest rate: 2007, 6.6%; 2006, 6.6% (effective average interest rate: 2007, 6.7%; 2006, 6.7%); net of unamortized discount: 2007, \$1,969; 2006, \$2,078	173,031	165,922
Other International Facility, average interest rate: 2007, 5.1%; 2006, N/A (effective average interest rate: 2007, 5.1%; 2006, N/A)	24,579	
Total Fleet Debt	6,750,359	6,998,911
Total Debt	\$ 11,756,914	\$ 12,276,184

The aggregate amounts of maturities of debt for each of the twelve-month periods ending March 31 (in millions of dollars) are as follows: 2008, \$2,726.9 (including \$2,341.0 of other short-term borrowings); 2009, \$785.3; 2010, \$1,191.1; 2011, \$2,674.1; 2012, \$120.9; after 2012, \$4,325.4.

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As of March 31, 2007, there were outstanding standby letters of credit totaling \$465.0 million. Of this amount, \$234.0 million has been issued for the benefit of the ABS Program (\$200.0 million of which was issued by Ford and \$34.0 million of which was used under the Senior Credit Facilities) and the remainder is primarily issued to support self-insurance programs (including insurance policies with respect to which we have indemnified the issuers for any losses) in the United States, Canada and in Europe and to support airport concession obligations in the United States and Canada. As of March 31, 2007, the full amount of these letters of credit was undrawn.

As of March 31, 2007, there were \$31.0 million of capital lease financings outstanding. These capital lease financings are included in the International Fleet Debt total.

On January 12, 2007, Hertz completed exchange offers for its outstanding Senior Notes and Senior Subordinated Notes whereby over 99% of the outstanding notes were exchanged for a like principal amount of new notes with identical terms that were registered under the Securities Act of 1933 pursuant to a registration statement on Form S-4.

On February 9, 2007, Hertz entered into an amendment to its Senior Term Facility. The amendment was entered into for the purpose of (i) lowering the interest rates payable on the Senior Term Facility by up to 50 basis points from the interest rates previously payable thereunder, and revising financial ratio requirements for specific interest rate levels; (ii) eliminating certain mandatory prepayment requirements; (iii) increasing the amounts of certain other types of indebtedness that Hertz and its subsidiaries may incur outside of the Senior Term Facility; (iv) permitting certain additional asset dispositions and sale and leaseback transactions; and (v) effecting certain technical and administrative changes to the Senior Term Facility. For the three months ended March 31, 2007, we recorded an expense of \$13.9 million in our consolidated statement of operations, in "Interest, net of interest income," associated with the write-off of debt costs in connection with the amendment of the Senior Term Facility. Additionally, in February 2007, we repaid a portion of the Senior Term Facility, bringing the maximum borrowing capacity down from \$2,000 million to \$1,400 million.

On February 15, 2007, Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries entered into an amendment to their Senior ABL Facility. The amendment was entered into for the purpose of (i) lowering the interest rates payable on the Senior ABL Facility by up to 25 basis points from the interest rates previously payable thereunder, and revising financial ratio requirements for specific interest rate levels; (ii) increasing the availability under the Senior ABL Facility from \$1,600 million to \$1,800 million; (iii) extending the term of the commitments under the Senior ABL Facility to February 15, 2012; (iv) increasing the amounts of certain other types of indebtedness that the borrowers and their subsidiaries may incur outside of the Senior ABL Facility; (v) permitting certain additional asset dispositions and sale and leaseback transactions; and (vi) effecting certain technical and administrative changes to the Senior ABL Facility. For the three months ended March 31, 2007, we recorded an expense of \$2.2 million in our consolidated statement of operations, in "Interest, net of interest income," associated with the write off of debt costs in connection with the amendment of the Senior ABL Facility.

On March 21, 2007, certain of the agreements relating to the International Fleet Debt facilities were amended and restated for the purpose of, among other things, (i) extending the dates when margins on the facilities are scheduled to step up, subject to satisfaction of interim goals pertaining to

the execution of agreements with automobile manufacturers and dealers that are required in connection with the planned securitization of the international car rental fleet and the take-out of the Tranche A1 and Tranche A2 loans; (ii) subject to certain conditions, permitting the financing of value-added tax receivables under the facilities; and (iii) effecting certain technical and administrative changes to the terms of the facilities. Additionally, the Intercreditor deed pertaining to the International Fleet Debt facilities was amended, to among other things, remove the Brazilian facility.

Hertz Belgium BVBA and Hertz Luxembourg SA are in the process of negotiating a four year secured lending facility. Pending the finalization of the facility documentation, a temporary €20.0 million (or \$26.7 million) facility has been provided until May 31, 2007. At March 31, 2007, Hertz Belgium BVBA had drawn €18.4 million (or \$24.6 million) under this temporary facility.

On April 4, 2007, our Brazilian subsidiary entered into an agreement amending and restating its credit facility to, among other things, increase the facility to R\$130 million (or \$63.1 million) consisting of an R\$70 million (or \$34.0 million) term loan facility and an R\$60 million (or \$29.1 million) revolving credit facility. This facility will mature on December 21, 2010.

Guarantees and Security

Hertz's obligations under the Senior Term Facility and the Senior ABL Facility are guaranteed by Hertz Investors, Inc., its immediate parent, and most of its direct and indirect domestic subsidiaries (subject to certain exceptions, including for subsidiaries involved in the U.S. Fleet Debt Facility and similar special purpose financings), though Hertz Equipment Rental Corporation does not guarantee Hertz's obligations under the Senior ABL Facility because it is a borrower under that facility. In addition, the obligations of the Canadian borrowers under the Senior ABL Facility are guaranteed by their respective subsidiaries, if any, subject to limited exceptions. The lenders under each of the Senior Term Facility and the Senior ABL Facility have received a security interest in substantially all of the tangible and intangible assets of the borrowers and guarantors under those facilities, including pledges of the stock of certain of their respective subsidiaries, subject in each case to certain exceptions (including in respect of the U.S. Fleet Debt, the International Fleet Debt and, in the case of the Senior ABL Facility, other secured fleet financing). Consequently, these assets will not be available to satisfy the claims of Hertz's general creditors.

The obligations of the borrowers under the International Fleet Debt facilities are guaranteed by Hertz International, Ltd., or "HIL," and by the other borrowers and certain related entities under the applicable tranche, in each case subject to certain legal, tax, cost and other structuring considerations. The obligations and the guarantees of the obligations of the Tranche A borrowers under the Tranche A2 loans are subordinated to the obligations and the guarantees of the obligations of such borrowers under the Tranche A1 loans. Subject to legal, tax, cost and other structuring considerations and to certain exceptions, the International Fleet Debt facilities are secured by a material part of the assets of each borrower, certain related entities and each guarantor, including pledges of the capital stock of each borrower and certain related entities. The obligations of the Tranche A borrowers under the Tranche A2 loans and the guarantees thereof are secured on a junior second priority basis by any assets securing the obligations of the Tranche A borrowers under the Tranche A1 loans and the guarantees thereof. The assets that collateralize the International Fleet Debt facilities will not be available to satisfy the claims of Hertz's general creditors.

In addition, Hertz has guaranteed the obligations of its Brazilian subsidiary under its loan agreement, as amended and restated as of April 4, 2007, up to an aggregate principal amount of \$63.5 million. That guarantee is secured equally and ratably with borrowings under the Senior Term Facility.

The obligations of Hertz Belgium BVBA and Hertz Luxembourg SA under the Other International Facility are guaranteed by HIL.

The obligations of each of the borrowers under the Fleet Financing Facility are guaranteed by each of Hertz's direct and indirect domestic subsidiaries (other than subsidiaries whose only material assets consist of securities and debt of foreign subsidiaries and related assets, subsidiaries involved in the ABS Program or other similar special purpose financings, subsidiaries with minority ownership positions, certain subsidiaries of foreign subsidiaries and certain immaterial subsidiaries). In addition, the obligations of PR Cars are guaranteed by Hertz. The obligations of Hertz under the Fleet Financing Facility and the other loan documents, including, without limitation, its guarantee of PR Cars' obligations under the Fleet Financing Facility, are secured by security interests in Hertz's rental car fleet in Hawaii and by certain assets related to Hertz's rental car fleet in Hawaii and Kansas, including, without limitation, manufacturer repurchase program agreements. PR Cars' obligations under the Fleet Financing Facility and the other loan documents are secured by security interests in PR Cars' rental car fleet in Puerto Rico and St. Thomas, the U.S. Virgin Islands and by certain assets related thereto.

Covenants

Certain of our debt instruments and credit facilities 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 other indebtedness, make dividends and other restricted payments, create liens, make investments, make acquisitions, engage in mergers, change the nature of their business, make capital expenditures, or engage in certain transactions with affiliates. Some of these agreements also require the maintenance of certain financial covenants. As of March 31, 2007, we were in compliance with all of these financial covenants.

Derivatives

In connection with the Acquisition and the issuance of \$3,550.0 million of floating rate U.S. Fleet Debt, Hertz Vehicle Financing LLC, or "HVF," and Hertz entered into certain interest rate swap agreements, or the "HVF Swaps," effective December 21, 2005, which qualify as cash flow hedging instruments in accordance with SFAS 133, "Accounting for Derivative Instruments and Hedging Activities." These agreements mature at various terms, in connection with the scheduled maturity of the associated debt obligations, through November 25, 2011. Under these agreements, HVF pays monthly interest at a fixed rate of 4.5% per annum in exchange for monthly amounts at one-month LIBOR, effectively transforming the floating rate U.S. Fleet Debt to fixed rate obligations. As of March 31, 2007, the fair value of the HVF Swaps was \$33.0 million, which is reflected in the condensed consolidated balance sheet in "Prepaid expenses and other assets." For the three months ended March 31, 2007, we recorded an expense of \$12.8 million in our consolidated statement of operations, in "Interest, net of interest income," associated with the ineffectiveness of the HVF Swaps.

In May 2006, in connection with the forecasted issuance of the permanent take-out international asset-based facilities, HIL purchased two swaptions for €3.3 million, to protect itself from interest rate increases. These swaptions gave HIL the right, but not the obligation, to enter into three year interest rate swaps, based on a total notional amount of €600 million at an interest rate of 4.155%. The swaptions were renewed in 2007 prior to their scheduled expiration date of March 15, 2007, at a cost of €1.8 million, and now expire on September 5, 2007. As of March 31, 2007, the fair value of the swaptions was €2.9 million (or \$3.9 million), which is reflected in our condensed consolidated balance sheet in "Prepaid expenses and other assets." During the three months ended March 31, 2007, the fair value adjustment related to these swaptions was a loss of \$0.3 million, which was recorded in our consolidated statement of operations in "Selling, general and administrative" expenses.

Credit Facilities

As of March 31, 2007, the following credit facilities were available for the use of Hertz and its subsidiaries:

The Senior Term Facility had \$8.6 million available under the letter of credit facility.

The Senior ABL Facility had the foreign currency equivalent of approximately \$1,481.8 million of remaining capacity, all of which was available under the borrowing base limitation and \$181.9 million of which was available under the letter of credit facility sublimit.

The U.S. Fleet Debt had approximately \$1,355.0 million of remaining capacity and \$22.0 million available under the borrowing base limitation. No additional amounts were available under the letter of credit facility.

The International Fleet Debt facilities had the foreign currency equivalent of approximately \$1,512.6 million of remaining capacity and \$275.1 million available under the borrowing base limitation.

The Fleet Financing Facility had approximately \$98.0 million of remaining capacity and \$14.5 million available under the borrowing base limitation.

The Other International Facility had the foreign currency equivalent of approximately \$2.1 million of remaining capacity and \$2.1 million available under the borrowing base limitation.

As of March 31, 2007, substantially all of our assets are pledged under one or more of the facilities noted above.

Note 8 Employee Retirement Benefits

The following table sets forth the net periodic pension and postretirement (including health care, life insurance and auto) expense (in millions of dollars):

	Three Months Ended March 31,					
	Pension Benefits				Postretirement Benefits (U.S.)	
	U.S.		Non-U.S.			
	2007	2006	2007	2006	2007	2006
Components of Net Periodic Benefit Cost:						
Service cost	\$ 7.0	\$ 7.2	\$ 2.5	\$ 2.2	\$ 0.1	\$ 0.1
Interest cost	6.2	5.6	2.3	2.0	0.2	0.3
Expected return on plan assets	(6.3)	(6.2)	(2.7)	(1.7)		
Amortization:						
Settlement loss (gain)	4.6		(0.1)		0.3	
Net pension/postretirement expense	\$ 11.5	\$ 6.6	\$ 2.0	\$ 2.5	\$ 0.6	\$ 0.4

Our policy for funded plans is to contribute annually, at a minimum, amounts required by applicable laws, regulations and union agreements. From time to time, we make contributions beyond those legally required. For the three months ended March 31, 2007, we contributed \$12.2 million to our worldwide pension plans, including a discretionary contribution of \$1.2 million to our U.K. defined benefit pension plan and benefit payments made through unfunded plans.

We participate in various "multiemployer" pension plans administered by labor unions representing some of our employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. In the event that we were to withdraw from participating in one of these plans, then applicable law could require us to make an additional lump-sum contribution to the plan, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our condensed consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. We currently do not expect to incur any withdrawal liability in the near future. However, in the ordinary course of our renegotiation of collective bargaining agreements with labor unions that maintain these plans, we could decide to discontinue participation in a plan, and in that event we could face a withdrawal liability. Some multiemployer plans, including one in which we participate, are reported to have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

Note 9 Segment Information

We follow SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The statement requires companies to disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance.

Our operating segments are aggregated into reportable business segments based primarily upon similar economic characteristics, products, services, customers and delivery methods. We have identified two segments: rental of cars and light trucks, or "car rental" and rental of industrial, construction and material handling equipment, or "equipment rental." "Corporate and other" includes general corporate expenses, certain interest expense (including net interest on corporate debt), as well as other business activities such as third-party claim management services.

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

	Three Months Ended March 31,			
	Revenues		Adjusted Pre-Tax Income (Loss)	
	2007	2006	2007	2006
Car rental	\$ 1,529.7	\$ 1,421.6	\$ 36.9	\$ 17.5
Equipment rental	389.9	363.1	65.6	53.3
Corporate and other	1.9	1.9	(86.4)	(82.4)
Total	\$ 1,921.5	\$ 1,786.6	\$ 16.1	\$ (11.6)

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The following table reconciles the loss before income taxes and minority interest to adjusted pre-tax income (loss) for the three months ended March 31, 2007 and 2006 (in millions of dollars):

	Three Months Ended March 31,	
	2007	2006
Loss before income taxes and minority interest	\$ (90.6)	\$ (63.3)
Adjustments:		
Purchase accounting(a)	23.1	22.0
Non-cash debt charges(b)	48.4	29.2
Restructuring charges	32.6	
Chief Executive Officer transition costs	2.6	0.6
Mark-to-market Euro denominated debt(c)		6.5
Gain on sale of swap derivative(d)		(6.6)
Adjusted pre-tax income (loss)	\$ 16.1	\$ (11.6)

- (a) Includes the purchase accounting effects of the Acquisition on our results of operations relating to increased depreciation and amortization of tangible and intangible assets and accretion of revalued workers' compensation and public liability and property damages liabilities.
- (b) Non-cash debt charges represent the amortization of deferred financing costs and debt discount. In 2007, also includes \$16.1 million associated with the debt modification and \$12.8 million associated with the ineffectiveness of the HVF swaps.
- (c) Represents unrealized losses on currency translation of Euro denominated debt.
- (d) During the three months ended December 31, 2006, an adjustment of \$5.6 million was recorded to reduce this gain to \$1.0 million. See Note 12 to the Notes to our audited annual consolidated financial statements included in our 10-K.

The decrease in total assets from December 31, 2006 to March 31, 2007 in our condensed consolidated balance sheet was primarily due to decreases in restricted cash, receivables and cash and equivalents, partly offset by an increase in revenue earning vehicles in our car rental segment.

Note 10 Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) as of March 31, 2007 and December 31, 2006 primarily includes (in thousands of dollars) an accumulated translation gain of \$104,095 and \$91,629, respectively, an unrealized gain on cash flow hedges of \$620 and \$3,543, respectively, and an unrealized

loss on our Euro-denominated debt of \$9,196 and \$7,066, respectively. Comprehensive (loss) income for the three months ended March 31, 2007 and 2006 was as follows (in thousands of dollars):

	Three Months Ended March 31,	
	2007	2006
Net loss	\$ (62,566)	\$ (49,236)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	12,466	14,083
Unrealized loss on available-for-sale securities	(7)	(26)
Unrealized loss on Euro debt	(2,130)	
Change in pension and postretirement unrecognized net periodic cost	(34)	
Change in fair value of cash flow hedges	(2,923)	35,302
Total other comprehensive income	7,372	49,359
Comprehensive (loss) income	\$ (55,194)	\$ 123

Note 11 Earnings (Loss) Per Share

As a result of the Acquisition, our capital structure initially consisted of 229,500,000 shares of common stock outstanding. Loss per share for the three months ended March 31, 2006 reflects our initial post-Acquisition capital structure. See Note 1 Basis of Presentation in this Report and also Notes 1 and 6 to the Notes to our audited annual consolidated financial statements included in our 10-K for a discussion of the initial subsequent capital structure changes. Basic loss per share has been computed based upon the weighted average number of common shares outstanding during the applicable period. Diluted loss per share has been computed based upon the weighted average number of common shares outstanding during the applicable period plus the effect of all potentially dilutive common stock equivalents.

The following table sets forth the computation of basic and diluted loss per share (in thousands of dollars, except per share amounts):

	Three Months Ended March 31,	
	2007	2006
Basic and diluted loss per share:		
Numerator:		
Net loss	\$ (62,566)	\$ (49,236)
Denominator:		
Weighted average shares used in basic and diluted computation	320,625	229,500
Loss per share, basic	\$ (0.20)	\$ (0.21)
Loss per share, diluted	\$ (0.20)	\$ (0.21)

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The diluted loss per share computation for the three months ended March 31, 2007 excluded the weighted-average impact of approximately 15.5 million stock options because such impact would be antidilutive.

Note 12 Restructuring

As part of our effort to implement our strategy of reducing operating costs, we are evaluating our workforce and operations and making adjustments, including headcount reductions and process improvements to optimize work flow at rental locations and maintenance facilities as well as streamlining our back-office operations and evaluating outsourcing opportunities. When we make adjustments to our workforce and operations, we may incur incremental expenses that delay the benefit of a more efficient workforce and operating structure, but we believe that increasing our operating efficiency and reducing the costs associated with the operation of our business are important to our long-term competitiveness.

On January 5, 2007, we announced the first in a series of initiatives to further improve our competitiveness through targeted job reductions affecting approximately 200 employees primarily at our corporate headquarters in Park Ridge, New Jersey and our U.S. service center in Oklahoma City.

On February 28, 2007, we announced the second initiative to further improve our competitiveness and industry leadership through targeted job reductions affecting approximately 1,350 employees primarily in our U.S. car rental operations, with much smaller reductions occurring in our U.S. equipment rental operations, the corporate headquarters in Park Ridge, New Jersey, and the U.S. service center in Oklahoma City, as well as in Canada, Puerto Rico, Brazil, Australia and New Zealand.

Further cost reduction initiatives are in process. We currently anticipate incurring future charges to earnings in connection with those initiatives; however, we have not yet developed detailed estimates of these charges.

For the three months ended March 31, 2007, our consolidated statement of operations includes restructuring charges relating to the initiatives discussed above of \$32.6 million which is composed of \$24.4 million of involuntary termination benefits, \$4.2 million in consulting costs, \$3.0 million of pension and post employment benefit expense, and \$1.0 million of other restructuring charges. The after-tax effect of the restructuring charges reduced diluted earnings per share by \$0.06.

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Restructuring charges in the consolidated statement of operations can be summarized as follows (in thousands of dollars):

	Three Months Ended March 31, 2007	
By Caption:		
Direct operating		12,945
Selling, general and administrative		19,704
Total	\$	32,649
By Segment:		
Car rental	\$	19,750
Equipment rental		1,784
Corporate and other		11,115
Total	\$	32,649

Our condensed consolidated balance sheet included accruals relating to the restructuring program of \$16.2 million. We expect to pay substantially all of the remaining restructuring obligations during 2007. The following table sets forth the activity affecting the accrual during the three months ended March 31, 2007 (in thousands of dollars):

	Involuntary Termination Benefits	Pension and Post Retirement Expense	Consultant Costs	Other	Total
Balance as of beginning of year	\$	\$	\$	\$	\$
Charges incurred	24,429	3,005	4,238	977	32,649
Cash payments	(12,182)	(7)	(23)	(395)	(12,607)
Other ⁽¹⁾	(945)	(2,998)	102		(3,841)
Balance as of March 31, 2007	\$ 11,302	\$	\$ 4,317	\$ 582	\$ 16,201

(1) Includes \$0.9 million of stock-based employee compensation expense relating to the acceleration of vesting for certain stock option exercises which has been classified as "Additional capital paid-in" on our condensed consolidated balance sheet and \$3.0 million in pension and post retirement liabilities which have been included within "Accrued liabilities" on our condensed consolidated balance sheet.

Note 13 Related Party Transactions

Relationship with Ford

Prior to the Acquisition, we were an indirect, wholly owned subsidiary of Ford. We and certain of our subsidiaries had entered into contracts, or other transactions or relationships, with Ford or subsidiaries of Ford, the most significant of which are described below.

Car purchases/repurchases and advertising arrangements

On July 5, 2005, Hertz, one of its wholly owned subsidiaries and Ford signed a Master Supply and Advertising Agreement, effective July 5, 2005 and expiring August 31, 2010, that covers the 2005 through 2010 vehicle model years. This agreement replaces and supersedes previously existing joint advertising and vehicle supply agreements that would have expired August 31, 2007.

During the three months ended March 31, 2007, we purchased cars from Ford and its subsidiaries at a cost of approximately \$832.5 million and sold cars to Ford and its subsidiaries under various repurchase programs for approximately \$588.4 million.

Stock option plan

Certain employees of ours participate in the stock option plan of Ford under Ford's 1998 Long-Term Incentive Plan. As a result of the Acquisition, all outstanding options issued under this plan became vested.

Taxes

Prior to the Acquisition, Hertz and its domestic subsidiaries filed a consolidated federal income tax return with Ford. Pursuant to a tax sharing agreement, or the "Agreement," with Ford, current and deferred taxes were reported, and paid to Ford, as if Hertz had filed its own consolidated tax returns with its domestic subsidiaries. The Agreement provided that Hertz was reimbursed for foreign tax credits in accordance with the utilization of those credits by the Ford consolidated tax group.

On December 21, 2005, in connection with the Acquisition, the Agreement with Ford was terminated. Upon termination, all tax payables and receivables with Ford were cancelled and neither Hertz nor Ford has any future rights or obligations under the Agreement. Hertz may be exposed to tax liabilities attributable to periods it was a consolidated subsidiary of Ford. While Ford has agreed to indemnify Hertz for certain tax liabilities pursuant to the arrangements relating to our separation from Ford, we cannot offer assurance that payments in respect of the indemnification agreement will be available.

Other relationships and transactions

We and Ford also engage in other transactions in the ordinary course of our respective businesses. These transactions include providing car and equipment rental services to Ford and providing insurance and insurance claim management services to Ford. In addition, Ford subsidiaries are our car rental licensees in Scandinavia and Finland.

Relationship with Hertz Investors, Inc. and the Sponsors

Stockholders Agreement

In connection with the Acquisition, we entered into a stockholders agreement (as amended, the "Stockholders Agreement") with investment funds associated with or designated by the Sponsors. The Stockholders Agreement contains agreements that entitle investment funds associated with or designated by the Sponsors to nominate all of our directors. The director nominees are to include three nominees of an investment fund associated with CD&R (one of whom shall serve as the chairman), two nominees of investment funds associated with Carlyle, two nominees of an investment fund associated with MLGPE and three independent directors, subject to adjustment in the case that the applicable investment fund sells more than a specified amount of its shareholdings in us. Upon completion of the initial public offering of our common stock, the Stockholders Agreement was amended and restated among other things, to reflect an agreement of the Sponsors to increase the size of our Board. Each Sponsor will continue to have the right with respect to director nominees described above, but up to an additional three independent directors may also be nominated, subject to unanimous consent of the directors (other than the independent directors) nominated by the investment funds associated with or designated by the Sponsors. In addition, the Stockholders Agreement, as amended, provides that one of the nominees of an investment fund associated with CD&R shall serve as the chairman of the executive and governance committee and, unless otherwise agreed by this fund, as Chairman of the Board. On October 12, 2006, our Board elected four independent directors, effective from completion of the initial public offering of our common stock.

The Stockholders Agreement also granted to the investment funds associated with or designated by the Sponsors special governance rights, including rights of approval over our budget, certain business combination transactions, the incurrence of additional material indebtedness, amendments to our certificate of incorporation and certain other transactions and grants to investment funds associated with CD&R or to the majority of directors nominated by the Sponsors the right to remove Hertz's chief executive officer. Any replacement chief executive officer requires the consent of investment funds associated with CD&R as well as investment funds associated with at least one other Sponsor. The rights described above apply only for so long as the investment funds associated with the applicable Sponsor maintain certain specified minimum levels of shareholdings in us. The Stockholders Agreement also gives investment funds associated with the Sponsors preemptive rights with respect to certain issuances of our equity securities, including Hertz, subject to certain exceptions. It also contains restrictions on the transfer of our shares, as well as tag-along and drag along rights and rights of first offer. Upon the completion of the initial public offering of our common stock, this agreement was amended and restated to remove these rights of approval (other than the approval and retention rights relating to our chief executive officer) and preemptive rights and to retain tag-along and drag-along rights, and restrictions on transfers of our shares, in certain circumstances.

In addition, the Stockholders Agreement limits the rights of the investment funds associated with or designated by the Sponsors that have invested in our common stock and our affiliates, subject to several exceptions, to own, manage, operate or control any of our competitors (as defined in the Stockholders Agreement). The Stockholders Agreement may be amended from time to time in the future to eliminate or modify these restrictions without our consent.

Registration Rights Agreement

On the Closing Date, we entered into a registration rights agreement (as amended, the "Registration Rights Agreement") with investment funds associated with or designated by the Sponsors. The Registration Rights Agreement grants to certain of these investment funds the right, following the earlier of the initial public offering of our common stock and the eighth anniversary of the Closing Date, to cause us, at our own expense, to use our best efforts to register such securities held by the investment funds for public resale, subject to certain limitations. The exercise of this right is limited to three requests by the group of investment funds associated with each Sponsor, except for registrations effected pursuant to Form S-3, which are unlimited, subject to certain limitations, if we are eligible to use Form S-3. In the event we register any of our common stock following our initial public offering, these investment funds also have the right to require us to use our best efforts to include shares of our common stock held by them, subject to certain limitations, including as determined by the underwriters. The Registration Rights Agreement also provides for us to indemnify the investment funds party to that agreement and their affiliates in connection with the registration of our securities.

Guarantees

Hertz's obligations under the Senior Term Facility and Senior ABL Facility are guaranteed by Hertz's immediate parent, Hertz Investors, Inc. (previously known as CCMG Corporation). Hertz Holdings is not a guarantor of these facilities. See Note 7 Debt.

Indemnification agreements

On the Closing Date, Hertz entered into customary indemnification agreements with Hertz Holdings, the Sponsors and Hertz Holdings' stockholders affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, the Hertz Holdings stockholders affiliated with the Sponsors and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of the performance of a consulting agreement with Hertz Holdings and each of the Sponsors and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We have not recorded any liability because these liabilities are considered to be *de minimis*.

Hertz Holdings has entered into indemnification agreements with each of its directors. The indemnification agreements provide the directors with contractual rights to the indemnification and expense advancement rights provided under our by-laws, as well as contractual rights to additional indemnification as provided in the indemnification agreements.

Director Stock Incentive Plan

On October 12, 2006, the Board of Directors of Hertz Holdings approved a Director Stock Incentive Plan. The stockholders of Hertz Holdings approved the Director Stock Incentive Plan on October 20, 2006. The Director Stock Incentive Plan provides for the grant of shares of common stock of Hertz Holdings, options to purchase shares of common stock of Hertz Holdings and "phantom shares," which are the right to receive shares of common stock of Hertz Holdings at a specified point

in the future. A maximum of 3,500,000 shares are reserved for issuance under the Director Stock Incentive Plan.

Options granted under the Director Stock Incentive Plan must be granted at an exercise price no less than fair market value of such shares on the date of grant. Options granted as part of a director's annual retainer fee will be fully vested at the time of grant and will generally have a 10-year term.

A director may generally elect to receive all or a portion of fees that would otherwise be payable in cash in the form of shares of common stock of Hertz Holdings having a fair market value at such time equal to the amount of such fees. Any such shares will be paid to the director when cash fees would otherwise be payable, although, if a director so chooses, these shares may be payable on a tax-deferred basis in phantom shares, in which case the actual shares of the common stock of Hertz Holdings will be paid to the director promptly following the date on which he or she ceases to serve as a director (or, if earlier, upon a change in control).

A director will recognize ordinary income upon exercising options granted under the Director Stock Incentive Plan in an amount equal to the fair market value of the shares acquired on the date of exercise, less the exercise price, and Hertz Holdings will have a corresponding tax deduction at that time. In the case of shares issued in lieu of cash fees, a director who is an individual will generally recognize ordinary income equal to the fair market value of such shares on the date such shares are paid to the director and Hertz Holdings will have a corresponding tax deduction at that time. For the three months ended March 31, 2007, we recognized \$0.4 million of expense in our consolidated statement of operations in "Selling, general and administrative" expenses.

Financing Arrangements with Related Parties

Affiliates of ML Global Private Equity, L.P. and its related funds, which are stockholders of Hertz Holdings, and of Merrill Lynch & Co., one of the underwriters in the initial public offering of our common stock were lenders under the Hertz Holdings Loan Facility (which was repaid with the proceeds of our initial public offering), are lenders under the original and amended Senior Term Facility, the original and amended Senior ABL Facility and the Fleet Financing Facility; acted as initial purchasers with respect to the offerings of the Senior Notes and the Senior Subordinated Notes; acted as structuring advisors and agents under Hertz's asset-backed facilities; and acted as dealer managers and solicitation agents for Hertz's tender offers for its existing debt securities in connection with the Acquisition.

Other Sponsor Relationships

In connection with our car and equipment rental businesses, we enter into millions of rental transactions every year involving millions of customers. In order to conduct those businesses, we also procure goods and services from thousands of vendors. Some of those customers and vendors may be affiliated with the Sponsors or members of our Board of Directors. We believe that all such rental and procurement transactions have been conducted on an arms-length basis and involved terms no less favorable to us than those that we believe we would have obtained in the absence of such affiliation. It is our management's practice to bring to the attention of our Board of Directors any transaction, even if it arises in the ordinary course of business, in which our management believes that the terms being

sought by transaction participants affiliated with the Sponsors or our Directors would be less favorable to us than those to which we would agree absent such affiliation.

Note 14 Commitments and Contingencies

Off-Balance Sheet Commitments

As of March 31, 2007 and December 31, 2006, the following guarantees (including indemnification commitments) were issued and outstanding:

Indemnifications

In the ordinary course of business, we execute contracts involving indemnifications standard in the relevant industry and indemnifications specific to a transaction such as the sale of a business. These indemnifications might include claims relating to the following: environmental matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier and other commercial contractual relationships; and financial matters. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third party claim. We regularly evaluate the probability of having to incur costs associated with these indemnifications and have accrued for expected losses that are probable and estimable. The types of indemnifications for which payments are possible include the following:

Sponsors; Directors

On the Closing Date, Hertz entered into customary indemnification agreements with Hertz Holdings, the Sponsors and Hertz Holdings' stockholders affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, Hertz Holdings' stockholders affiliated with the Sponsors 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 the Sponsors and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We do not believe that these indemnifications are reasonably likely to have a material impact on us. We also entered into indemnification agreements with each of our directors in connection with the initial public offering of our common stock in November 2006.

Environmental

We have indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which we may be held responsible could be substantial. The probable losses that we expect to incur for such matters have been accrued, and those losses are reflected in our condensed consolidated financial statements. As of March 31, 2007 and December 31, 2006, the aggregate amounts accrued for environmental liabilities, including liability for environmental indemnities, reflected in our condensed consolidated balance sheet in "Accrued liabilities" were \$3.5 million and \$3.7 million, respectively. The accrual generally represents the estimated cost to study potential environmental issues at sites deemed to require investigation or

clean-up activities, and the estimated cost to implement remediation actions, including on-going maintenance, as required. Cost estimates are developed by site. Initial cost estimates are based on historical experience at similar sites and are refined over time on the basis of in-depth studies of the sites. For many sites, the remediation costs and other damages for which we ultimately may be responsible cannot be reasonably estimated because of uncertainties with respect to factors such as our connection to the site, the materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies, and remediation to be undertaken (including the technologies to be required and the extent, duration, and success of remediation).

Legal Proceedings

There were no material changes in the legal proceedings described in our 10-K for the fiscal year ended December 31, 2006 and we are not otherwise required to disclose any pending legal proceedings in response to Item 103 of Regulation S-K.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. We are not, however, an accelerated filer and are therefore not yet required to report on our assessment of our internal control over financial reporting under Rule 13a-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2006. The assessment was based on criteria established in the framework *Internal Control Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2006. PricewaterhouseCoopers LLP, our independent registered public accounting firm, has issued an attestation report on management's assessment of internal control over financial reporting. Their report is included herein.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have completed integrated audits of Hertz Global Holdings, Inc.'s 2006 and 2005 consolidated financial statements and of its internal control over financial reporting as of December 31, 2006 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements and financial statement schedules

In our opinion, the consolidated financial statements listed in the accompanying index on F-1 present fairly, in all material respects, the financial position of Hertz Global Holdings, Inc. and its subsidiaries (Successor Company) at December 31, 2006 and December 31, 2005, and the results of their operations and their cash flows for the year ended December 31, 2006 and for the period from December 21, 2005 to December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index on F-1 present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that the Company maintained effective internal control over financial reporting as of December 31, 2006 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on criteria established in *Internal Control Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
March 30, 2007

To The Board of Directors and
Shareholder of Hertz Global Holdings, Inc.:

In our opinion, the consolidated financial statements listed in the accompanying index on F-1 present fairly, in all material respects, the results of operations and cash flows of Hertz Global Holdings, Inc. and its subsidiaries (Predecessor Company) for the period from January 1, 2005 to December 20, 2005 and for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index on F-1 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
April 4, 2006, except for the effects of the restatement described in Note 1A (not presented herein) to the consolidated financial statements appearing under Item 8 of the Company's Annual Report on Form 10-K/A for the year ended December 31, 2005, as to which the date is July 14, 2006

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In Thousands of Dollars)

	December 31, 2006	December 31, 2005
ASSETS		
Cash and equivalents	\$ 674,549	\$ 843,908
Restricted cash	552,516	289,201
Receivables, less allowance for doubtful accounts of \$1,989 and \$460	1,656,542	1,823,188
Inventories, at lower of cost or market	112,119	105,532
Prepaid expenses and other assets	369,922	396,415
Revenue earning equipment, at cost:		
Cars	8,188,794	7,439,579
Less accumulated depreciation	(822,387)	(40,114)
Other equipment	2,686,947	2,083,299
Less accumulated depreciation	(247,846)	(7,799)
Total revenue earning equipment	9,805,508	9,474,965
Property and equipment, at cost:		
Land, buildings and leasehold improvements	969,195	921,421
Service equipment	597,882	474,110
Less accumulated depreciation	1,567,077	1,395,531
Less accumulated depreciation	(199,020)	(5,507)
Total property and equipment	1,368,057	1,390,024
Other intangible assets, net	3,173,495	3,235,265
Goodwill	964,693	1,022,381
Total assets	\$ 18,677,401	\$ 18,580,879
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 654,327	\$ 621,876
Accrued salaries and other compensation	463,466	433,636
Other accrued liabilities	513,483	446,292
Accrued taxes	92,469	115,462
Debt	12,276,184	12,515,005
Public liability and property damage	327,024	320,955
Deferred taxes on income	1,801,073	1,852,542
Total liabilities	16,128,026	16,305,768
Commitments and contingencies		
Minority interest	14,813	8,929
Stockholders' equity:		
Common Stock, \$0.01 par value, 2,000,000,000 shares authorized, 320,618,692 and 229,500,000 shares issued	3,206	2,295
Preferred Stock, \$0.01 par value, 200,000,000 shares authorized, no shares issued	2,427,293	2,292,705
Additional capital paid-in	9,535	(21,346)
Retained earnings (deficit)	94,528	(7,472)
Accumulated other comprehensive income (loss)		

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	December 31, 2006	December 31, 2005
Total stockholders' equity	2,534,562	2,266,182
Total liabilities and stockholders' equity	\$ 18,677,401	\$ 18,580,879

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

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands of Dollars, except share data)

	Successor		Predecessor	
	Year ended December 31, 2006	For the periods from		Year ended December 31, 2004
		December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	
Revenues:				
Car rental	\$ 6,273,612	\$ 129,448	\$ 5,820,473	\$ 5,430,805
Equipment rental	1,672,093	22,430	1,392,461	1,161,955
Other	112,700	2,591	101,811	83,192
Total revenues	8,058,405	154,469	7,314,745	6,675,952
Expenses:				
Direct operating	4,475,974	102,958	4,086,344	3,734,361
Depreciation of revenue earning equipment	1,757,202	43,827	1,555,862	1,463,258
Selling, general and administrative	723,921	15,167	623,386	591,317
Interest, net of interest income of \$42,553, \$1,077, \$36,156 and \$23,707	900,657	25,735	474,247	384,464
Total expenses	7,857,754	187,687	6,739,839	6,173,400
Income (loss) before income taxes and minority interest	200,651	(33,218)	574,906	502,552
(Provision) benefit for taxes on income	(67,994)	12,243	(191,332)	(133,870)
Minority interest	(16,714)	(371)	(12,251)	(3,211)
Net income (loss)	\$ 115,943	\$ (21,346)	\$ 371,323	\$ 365,471
Weighted average shares outstanding (in thousands)				
Basic	242,460	229,500	229,500	229,500
Diluted	243,354	229,500	229,500	229,500
Earnings (loss) per share				
Basic	\$ 0.48	\$ (0.09)	\$ 1.62	\$ 1.59
Diluted	\$ 0.48	\$ (0.09)	\$ 1.62	\$ 1.59

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

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands of Dollars, except share data)

	Number of Shares	Common Stock	Preferred Stock	Additional Capital Paid- In	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Predecessor							
Balance at:							
DECEMBER 31, 2003	100	\$	\$	\$ 983,132	\$ 1,113,746	\$ 128,513	\$ 2,225,391
Net income					365,471		365,471
Translation adjustment changes						83,420	83,420
Unrealized holding losses on securities, net of tax of \$8						(82)	(82)
Minimum pension liability adjustment, net of tax of \$1,076						(3,953)	(3,953)
Total Comprehensive Income							444,856
DECEMBER 31, 2004	100			983,132	1,479,217	207,898	2,670,247
Net income					371,323		371,323
Change in fair value of derivatives qualifying as cash flow hedges, net of tax of \$281						424	424
Translation adjustment changes						(123,893)	(123,893)
Unrealized holding losses on securities, net of tax of \$5						(37)	(37)
Minimum pension liability adjustment, net of tax of \$5,891						(12,076)	(12,076)
Total Comprehensive Income							235,741
Dividend to Ford Motor Company					(1,185,000)		(1,185,000)
DECEMBER 20, 2005	100			983,132	665,540	72,316	1,720,988
Successor							
Balance at:							
DECEMBER 21, 2005							
Sale of common stock	229,500,000	2,295		2,292,705			2,295,000
Net loss					(21,346)		(21,346)
Change in fair value of derivatives qualifying as cash flow hedges, net of tax of \$2,704						(4,078)	(4,078)
Translation adjustment changes						(3,394)	(3,394)
Total Comprehensive Loss							(28,818)
DECEMBER 31, 2005	229,500,000	2,295		2,292,705	(21,346)	(7,472)	2,266,182
Net income					115,943		115,943
Translation adjustment changes						95,023	95,023
Unrealized holding losses on securities, net of tax of \$4						(30)	(30)
Unrealized loss on Euro-denominated debt, net of tax of \$4,648						(7,066)	(7,066)
Change in fair value of derivatives qualifying as cash flow hedges, net of tax of \$5,023						7,621	7,621
Adjustment to initially apply FASB Statement No. 158, net of tax of \$4,873						6,438	6,438

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	Number of Shares	Common Stock	Preferred Stock	Additional Capital Paid- In	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Minimum pension liability adjustment, net of tax of \$9						14	14
Total Comprehensive Income							217,943
Sale of common stock in initial public offering	88,235,000	882		1,259,384			1,260,266
Cash dividends (\$4.32 and \$1.12 per common share)				(1,174,456)	(85,062)		(1,259,518)
Stock-based employee compensation				25,452			25,452
Sale of stock under employee equity offering	2,883,692	29		24,208			24,237
DECEMBER 31, 2006	320,618,692	\$ 3,206	\$	\$ 2,427,293	\$ 9,535	\$ 94,528	\$ 2,534,562

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

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)

	Successor		Predecessor	
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
For the periods from				
Cash flows from operating activities:				
Net income (loss)	\$ 115,943	\$ (21,346)	\$ 371,323	\$ 365,471
Non-cash expenses:				
Depreciation of revenue earning equipment	1,757,202	43,827	1,555,862	1,463,258
Depreciation of property and equipment	197,230	5,511	182,363	177,597
Amortization of other intangible assets	61,614	2,075	749	607
Amortization of deferred financing costs	66,127	1,304	5,299	4,960
Amortization of debt discount	38,872	456	1,999	2,543
Stock-based employee compensation	27,179		10,496	5,584
Provision for public liability and property damage	169,143	1,918	158,050	153,139
Loss on revaluation of foreign denominated debt	19,233	(2,826)		
Provision for losses on doubtful accounts	17,132	462	11,447	14,133
Minority interest	16,714	371	12,251	3,211
Deferred taxes on income	30,354	(12,243)	(411,461)	129,576
Changes in assets and liabilities, net of effects of acquisition:				
Receivables	229,663	(121,497)	(547,302)	57,303
Due from affiliates		107,791	83,868	75,607
Inventories, prepaid expenses and other assets	(17,128)	(166,545)	(134,052)	(27,778)
Accounts payable	(4,708)	(58,565)	(32,676)	(58,318)
Accrued liabilities	86,308	(52,157)	51,364	50,831
Accrued taxes	(3,789)	1,881	572,452	12,315
Payments of public liability and property damage claims and expenses	(192,524)	(7,938)	(155,904)	(178,654)
Net cash provided by (used in) operating activities	\$ 2,614,565	\$ (277,521)	\$ 1,736,128	\$ 2,251,385

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

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	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Cash flows from investing activities:				
Net change in restricted cash	\$ (260,212)	\$ (273,640)	\$ (12,660)	\$ (2,901)
Purchase of predecessor company stock		(4,379,374)		
Proceeds from sales (purchases) of short-term investments, net			556,997	(56,889)
Revenue earning equipment expenditures	(11,420,898)	(234,757)	(12,186,205)	(11,310,032)
Proceeds from disposal of revenue earning equipment	9,555,025	199,711	10,106,260	8,740,920
Property and equipment expenditures	(223,943)	(8,503)	(334,543)	(286,428)
Proceeds from disposal of property and equipment	64,144	1,246	72,572	59,253
Available-for-sale securities:				
Purchases	(2,464)		(243)	(11,261)
Sales	514		245	19,448
Other	(66)			
Changes in investment in joint venture				2,000
Net cash used in investing activities	(2,287,900)	(4,695,317)	(1,797,577)	(2,845,890)
Cash flows from financing activities:				
Issuance of an intercompany note			1,185,000	
Proceeds from issuance of long-term debt	1,309,437	8,643,894	27,162	1,985,981
Repayment of long-term debt	(1,247,425)	(5,118,559)	(619,402)	(913,635)
Short-term borrowings:				
Proceeds	747,469	10,333	3,208,085	1,382,587
Repayments	(901,123)	(1,357,614)	(2,263,346)	(973,659)
Ninety-day term or less, net	(465,595)	364,009	270,715	(846,780)
Dividends paid	(1,259,518)		(1,185,000)	
Proceeds from the sale of stock	1,284,503	2,295,000		
Distributions to minority interest	(10,830)		(8,614)	
Payment of financing costs	(40,783)	(192,419)		
Net cash (used in) provided by financing activities	(583,865)	4,644,644	614,600	634,494
Effect of foreign exchange rate changes on cash and equivalents	87,841	(1,894)	(57,120)	27,990
Net (decrease) increase in cash and equivalents during the period	(169,359)	(330,088)	496,031	67,979
Cash and equivalents at beginning of period	843,908	1,173,996	677,965	609,986
Cash and equivalents at end of period	\$ 674,549	\$ 843,908	\$ 1,173,996	\$ 677,965
Supplemental disclosures of cash flow information:				
Cash paid (received) during the period for:				
Interest (net of amounts capitalized)	\$ 681,480	\$ 124,005	\$ 416,436	\$ 377,279
Income taxes	33,645	(379)	29,883	(4,149)
Non-cash transactions excluded from cash flow presentation:				
Revaluation of net assets to fair market value, net of tax	\$ 75,459	\$ 2,145,563	\$	\$

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Successor

Predecessor

Non-cash settlement of outstanding balances
with Ford

112,490

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

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Background and Change in Ownership

Background

Hertz Global Holdings, Inc. is referred to herein as "Hertz Holdings." The Hertz Corporation is referred to herein as "Hertz." The terms "we," "us," and "our" refer to (i) prior to December 21, 2005, Hertz and its consolidated subsidiaries and (ii) on and after December 21, 2005, Hertz Holdings and its consolidated subsidiaries (including Hertz). 100% of Hertz's outstanding capital stock is owned by Hertz Investors, Inc. (previously known as CCMG Corporation), and 100% of Hertz Investors, Inc.'s capital stock is owned by Hertz Holdings. Hertz Holdings was incorporated on August 31, 2005 by the Sponsors (as defined below) to serve as the top-level holding company for Hertz, its primary operating company. Financial information for the Predecessor period is for Hertz.

Hertz Holdings was incorporated in Delaware in 2005 and had no operations prior to the Acquisition (as defined below). Hertz was incorporated in Delaware in 1967 and is a successor to corporations that have been engaged in the automobile and truck rental and leasing business since 1918. Ford Motor Company, or "Ford," first acquired an ownership interest in Hertz in 1987. Previously, Hertz had been a subsidiary of UAL Corporation (formerly Allegis Corporation), which had acquired Hertz's outstanding capital stock from RCA Corporation in 1985. Hertz became a wholly owned subsidiary of Ford as a result of a series of transactions in 1993 and 1994. Hertz continued as a wholly owned subsidiary of Ford until April 1997. In 1997, Hertz completed a public offering of approximately 50.6% of Hertz's Class A Common Stock, or the "Class A Common Stock," which represented approximately 19.1% of Hertz's economic interest. In March 2001, Ford, through a subsidiary, acquired all of Hertz's outstanding Class A Common Stock that it did not already own for \$35.50 per share, or approximately \$735 million. As a result of that acquisition, Hertz's Class A Common Stock ceased to be traded on the NYSE. However, because certain of Hertz's debt securities were sold through public offerings, Hertz continued to file periodic reports under the Securities Exchange Act of 1934.

The Acquisition and Related Transactions

On December 21, 2005, or the "Closing Date," investment funds associated with or designated by Clayton, Dubilier & Rice, Inc., or "CD&R," The Carlyle Group, or "Carlyle," and Merrill Lynch Global Private Equity, or "MLGPE," or collectively the "Sponsors," through CCMG Acquisition Corporation, a wholly owned subsidiary of Hertz Holdings (previously known as CCMG Holdings, Inc.) acquired all of Hertz's common stock from a subsidiary of Ford, or the "Acquisition," for aggregate consideration of \$4,379 million in cash and debt refinanced or assumed of \$10,116 million and transaction fees and expenses of \$447 million. To finance the cash consideration for the Acquisition, to refinance certain of our existing indebtedness and to pay related transaction fees and expenses, or the "Transactions," the Sponsors used:

equity contributions totaling \$2,295 million from the investment funds associated with or designated by the Sponsors;

net proceeds from a private placement by CCMG Acquisition Corporation of \$1,800 million aggregate principal amount of 8.875% Senior Notes due 2014, or the "Senior Dollar Notes," \$600 million aggregate principal amount of 10.5% Senior Subordinated Notes due 2016, or the "Senior Subordinated Notes," and €225 million aggregate principal amount of 7.875% Senior

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Notes due 2014, or the "Senior Euro Notes." In connection with the Transactions, CCMG Acquisition Corporation merged with and into Hertz, with Hertz as the surviving corporation of the merger. CCMG Acquisition Corporation had no operations prior to the Acquisition. We refer to the Senior Dollar Notes and the Senior Euro Notes together as the "Senior Notes." See Note 3 Debt;

aggregate borrowings of approximately \$1,707 million by us under a new senior term facility, or the "Senior Term Facility," which consists of (a) a maximum borrowing capacity of \$2,000 million, which included a delayed draw facility of \$293 million and (b) a synthetic letter of credit facility in an aggregate principal amount of \$250 million. See Note 16 Subsequent Events;

aggregate borrowings of approximately \$400 million by Hertz and one of its Canadian subsidiaries under a new senior asset-based revolving loan facility, or the "Senior ABL Facility," with a maximum borrowing capacity of \$1,600 million (which was increased in February 2007 to \$1,800 million). We refer to the Senior Term Facility and the Senior ABL Facility together as the "Senior Credit Facilities." See Note 16 Subsequent Events;

aggregate proceeds of offerings totaling approximately \$4,300 million by a special purpose entity wholly owned by us of asset-backed securities backed by our U.S. car rental fleet, or the "U.S. Fleet Debt," all of which we issued under our existing asset-backed notes program, or the "ABS Program"; under which an additional \$600 million of previously issued asset-backed medium term notes having maturities from 2007 to 2009 remain outstanding following the closing of the Transactions, and in connection with which approximately \$1,500 million of variable funding notes in two series were also issued, but not funded, on the closing date of the Acquisition;

aggregate borrowings of the foreign currency equivalent of approximately \$1,781 million by certain of our foreign subsidiaries under asset-based revolving loan facilities with aggregate commitments equivalent to approximately \$2,930 million (calculated in each case at December 31, 2005), subject to borrowing bases comprised of rental vehicles, rental equipment, and related assets of certain of our foreign subsidiaries, (all of which are organized outside of the United States) or one or more special purpose entities, as the case may be, and, rental equipment and related assets of certain of our subsidiaries organized outside North America or one or more special purpose entities, as the case may be, which facilities (together with certain capital lease obligations) are referred to collectively as the "International Fleet Debt;" and

our cash on hand in an aggregate amount of approximately \$6.1 million.

In connection with the Transactions, we also refinanced a significant portion of our existing indebtedness, which was repaid as follows:

the repurchase of approximately \$3,700 million in aggregate principal amount of existing senior notes having maturities from May 2006 to January 2028, of which additional notes in the aggregate principal amount of approximately \$803.3 million remained outstanding following the Transactions;

the repurchase of approximately €192.4 million (or approximately \$230.0 million, calculated as of December 31, 2005) in aggregate principal amount of existing Euro-denominated medium term

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notes with a maturity of July 2007, of which additional medium term notes in the aggregate principal amount of approximately €7.6 million remained outstanding following the Transactions;

the repayment of a \$1,185 million intercompany note issued by Hertz to Ford Holdings on June 10, 2005 that would have matured in June 2010;

the repayment of approximately \$1,935 million under an interim credit facility that would have matured on February 28, 2006;

the repayment of commercial paper, notes payable and other bank debt of approximately \$1,212 million; and

the settlement of all accrued interest and unamortized debt discounts relating to the above existing indebtedness.

The term "Successor" refers to us following the Acquisition. The term "Predecessor" refers to us prior to the Acquisition. The "Successor period ended December 31, 2005" refers to the period from December 21, 2005 to December 31, 2005 and the "Predecessor period ended December 20, 2005" refers to the period from January 1, 2005 to December 20, 2005.

The Acquisition was recorded by allocating the cost of the assets acquired, including intangible assets and liabilities assumed, based on their estimated fair values at the Acquisition date. Consequently, the excess of the cost of the Acquisition over the net of amounts assigned to the fair value of assets acquired and the liabilities assumed is recorded to goodwill.

The Acquisition has been accounted for as a purchase in accordance with Financial Accounting Standards Board, or "FASB," Statement of Financial Accounting Standards, or "SFAS," No. 141, "Business Combinations," with intangible assets recorded in conformity with SFAS No. 142, "Goodwill and Other Intangible Assets," requiring an allocation of the purchase price to the tangible and intangible net assets acquired based on their relative fair values as of the date of acquisition. The allocation of purchase price is based on management's judgment after evaluating several factors, including actuarial estimates for pension liabilities, fair values of our indebtedness and other liabilities, and valuation assessments of our tangible and intangible assets determined with the assistance of a valuation specialist.

The following table summarizes the fair values of the assets purchased and liabilities assumed as of the Acquisition date (in millions of dollars):

Cash, cash equivalents and restricted cash	\$	1,184
Receivables		1,813
Inventories		104
Prepaid expenses and other assets		405
Revenue earning equipment, cars		7,415
Revenue earning equipment, other equipment		2,075
Property and equipment		1,380
Other intangible assets		3,237
Goodwill		952
Accounts payable and accrued liabilities		(1,670)
Debt		(12,512)
Public liability and property damage		(348)
Deferred taxes on income		(1,731)
Minority interest		(9)
		<hr/>
Total contributed capital	\$	2,295
		<hr/>

The following table summarizes the allocation of the Acquisition purchase price (in millions of dollars):

Purchase price allocation:		
Purchase price	\$	14,495
Estimated transaction fees and expenses		447
		<hr/>
Total cash estimated purchase price		14,942
Less:		
Debt refinanced	\$	8,346
Assumption of remaining existing debt		1,770
Fair value adjustment to tangible assets		322
Other intangible assets acquired		3,237
Deferred financing fees		315
		13,990
		<hr/>
Excess purchase price attributed to goodwill	\$	952
		<hr/>

The foreign currency impact on goodwill subsequent to the Acquisition date totaled approximately \$13 million.

Initial Public Offering

In November 2006, we completed our initial public offering of 88,235,000 shares of common stock at a per share price of \$15.00, with proceeds to us before underwriting discounts and offering expenses of approximately \$1.3 billion. The proceeds were used to repay borrowings that were outstanding under a \$1.0 billion loan facility entered into by Hertz Holdings, or the "Hertz Holdings Loan Facility," and to pay related transaction fees and expenses. The proceeds were also used to pay special cash dividends

of \$1.12 per share on November 21, 2006 to stockholders of record of Hertz Holdings immediately prior to the initial public offering. Immediately following the initial public offering, the Sponsors' ownership percentage in us decreased to approximately 71.6%.

Principles of Consolidation

The consolidated financial statements include the accounts of Hertz Holdings and our domestic and foreign subsidiaries. All significant intercompany transactions have been eliminated.

Revenue Recognition

Rental and rental-related revenue (including cost reimbursements from customers where we consider ourselves to be the principal versus an agent) are recognized over the period the revenue earning equipment is rented based on the terms of the rental or leasing contract.

Cash and Equivalents

We consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash includes cash and equivalents that are not readily available for our normal disbursements. Restricted cash and equivalents are restricted for the acquisition of vehicles and other specified uses under our asset backed notes program and to satisfy certain of our self insurance reserve requirements. As of December 31, 2006 and 2005, the portion of total restricted cash that was associated with our Fleet debt was \$487.0 million and \$191.5 million, respectively.

Depreciable Assets

The provisions for depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, as follows:

Revenue Earning Equipment:	
Cars	5 to 16 months
Other equipment	24 to 108 months
Buildings	20 to 50 years
Capitalized internal use software	1 to 10 years
Service cars and service equipment	1 to 25 years
Other intangible assets	5 to 10 years
Leasehold improvements	The shorter of their economic lives or the lease term.

We follow the practice of charging maintenance and repairs, including the cost of minor replacements, to maintenance expense accounts. Costs of major replacements of units of property are capitalized to property and equipment accounts and depreciated on the basis indicated above. Gains and losses on dispositions of property and equipment are included in income as realized. When revenue earning equipment is acquired, we estimate the period we will hold the asset. Depreciation is

recorded on a straight-line basis over the estimated holding period, with the objective of minimizing gain or loss on the disposition of the revenue earning equipment. Depreciation rates are reviewed on an ongoing basis based on management's routine review of present and estimated future market conditions and their effect on residual values at the time of disposal. Upon disposal of the revenue earning equipment, depreciation expense is adjusted for the difference between the net proceeds received and the remaining net book value.

Environmental Liabilities

The use of automobiles and other vehicles is subject to various governmental controls designed to limit environmental damage, including that caused by emissions and noise. Generally, these controls are met by the manufacturer, except in the case of occasional equipment failure requiring repair by us. To comply with environmental regulations, measures are taken at certain locations to reduce the loss of vapor during the fueling process and to maintain, upgrade and replace underground fuel storage tanks. We also incur and provide for expenses for the cleanup of petroleum discharges and other alleged violations of environmental laws arising from the disposition of waste products. We do not believe that we will be required to make any material capital expenditures for environmental control facilities or to make any other material expenditures to meet the requirements of governmental authorities in this area. Liabilities for these expenditures are recorded at undiscounted amounts when it is probable that obligations have been incurred and the amounts can be reasonably estimated.

Public Liability and Property Damage

The obligation for public liability and property damage on self-insured U.S. and international vehicles and equipment 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 actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses, premiums and administrative costs. The adequacy of the liability is regularly monitored based on evolving accident claim history. If our estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results. As of the Acquisition date, this liability was revalued on a discounted basis which approximated its fair value.

Pensions

Our employee pension costs and obligations are dependent on our assumptions used by actuaries in calculating such amounts. These assumptions include discount rates, salary growth, long-term return on plan assets, retirement rates, mortality rates and other factors. Actual results that differ from our assumptions are accumulated and amortized over future periods and, therefore, generally affect our recognized expense in such future periods. While we believe that the assumptions used are appropriate, significant differences in actual experience or significant changes in assumptions would affect our pension costs and obligations. As of the Acquisition date, a liability was recorded for the projected benefit obligation in excess of plan assets which eliminated any previously existing unrecognized net gain or loss, or unrecognized prior service cost.

In September 2006, the FASB issued SFAS No. 158, or "SFAS No. 158," "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans." SFAS No. 158 requires employers to

fully recognize the obligations associated with single-employer defined benefit pension plans, retiree healthcare and other postretirement plans in their financial statements. The provisions of SFAS No. 158 were effective as of our fiscal year ending December 31, 2006. The effect of applying SFAS No. 158 as of December 31, 2006 was as follows (in thousands of dollars):

	Before application of SFAS No. 158	Adjustments Increase (Decrease)	After application of SFAS No. 158
Accrued salaries and other compensation	\$ 474,777	\$ (11,311)	\$ 463,466
Deferred taxes on income	1,796,200	4,873	1,801,073
Total liabilities	16,134,464	(6,438)	16,128,026
Accumulated other comprehensive income	88,090	6,438	94,528
Total stockholders' equity	2,528,124	6,438	2,534,562

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated at the rate of exchange in effect on the balance sheet date; income and expenses are translated at the average rate of exchange prevailing during the year. The related translation adjustments are reflected in "Accumulated other comprehensive income (loss)" in the stockholders' equity section of our consolidated balance sheet. As of December 31, 2006, the accumulated foreign currency translation gain was \$91.6 million and as of December 31, 2005, the accumulated foreign currency loss was of \$3.4 million. On the Acquisition date, the existing accumulated foreign currency translation gains and losses were eliminated from "Accumulated other comprehensive income (loss)" on our consolidated balance sheet. Foreign currency gains and losses resulting from transactions are included in earnings.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

Prior to the Acquisition, Hertz and its domestic subsidiaries filed a consolidated federal income tax return with Ford. Pursuant to a tax sharing agreement, or the "Agreement," with Ford, current and deferred taxes were reported and paid to Ford, as if Hertz had filed its own consolidated tax returns with its domestic subsidiaries. The Agreement provided that Hertz was reimbursed for foreign tax credits in accordance with the utilization of those credits by the Ford consolidated tax group.

On December 21, 2005, in connection with the Acquisition, the Agreement with Ford was terminated. Upon termination, all tax payables and receivables with Ford were cancelled and neither Hertz nor Ford has any future rights or obligations under the Agreement. Hertz may be exposed to tax liabilities attributable to periods it was a consolidated subsidiary of Ford. While Ford has agreed to indemnify Hertz for certain tax liabilities pursuant to the arrangements relating to our separation from

Ford, we cannot offer assurance that payments in respect of the indemnification agreement will be available.

During 2006, a third party was engaged to perform a comprehensive analysis of our deferred taxes. The domestic deferred tax analysis was finalized in the fourth quarter of 2006 and resulted in a \$159.4 million decrease to our deferred tax liability and a \$156.3 million decrease to our goodwill. We have determined that these adjustments are not material to our current or previously issued consolidated financial statements.

Advertising

Advertising and sales promotion costs are expensed as incurred.

Legal Fees

We accrue for legal fees and other directly related costs of third parties when it is probable that such fees and costs will be incurred and the amounts can be reasonably estimated.

Impairment of Long-Lived Assets and Intangibles

We evaluate the carrying value of goodwill and indefinite-lived intangible assets for impairment at least annually in accordance with SFAS No. 142 "Goodwill and Other Intangible Assets." See Note 2 Goodwill and Other Intangible Assets. Long-lived assets, other than goodwill and indefinite-lived intangible assets, are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, these assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts of long-lived assets may not be recoverable. The carrying amounts of the assets are based upon our estimates of the undiscounted cash flows that are expected to result from the use and eventual disposition of the assets. An impairment charge is recognized for the amount, if any, by which the carrying value of an asset exceeds its fair value.

Stock Options (Predecessor only)

Prior to the Acquisition, certain of our employees were granted options to purchase shares of Ford common stock under Ford's 1998 Long-Term Incentive Plan, or the "1998 Plan." Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

Effective with the Acquisition, all unvested options became vested and exercisable. The total stock-based compensation expense, net of related tax effects, was \$6.8 million for the Predecessor period ended December 20, 2005 and \$3.6 million for the year ended December 31, 2004.

Stock-Based Compensation

In December 2004, the FASB, revised SFAS No. 123, with SFAS No. 123R, "Share-Based Payment." The revised statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is to be recognized over the period during which the employee is required to provide service in exchange for the award. Beginning January 1, 2006, we accounted for our employee stock-based compensation awards in accordance with SFAS No. 123R. We have estimated the fair value of options issued at the date of grant using a Black-Scholes option-pricing model, which includes assumptions related to volatility, expected life, dividend yield, risk-free interest rate and forfeiture rate. See Note 6 Hertz Holdings Stock Incentive Plan.

Use of Estimates and Assumptions

Use of estimates and assumptions as determined by management are required in the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or "GAAP." Actual results could differ from those estimates and assumptions.

Reclassifications

Certain prior year amounts have been reclassified to conform with current reporting.

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, or "FIN 48," "Accounting for Uncertainty in Income Taxes." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The impact of FIN 48 on our financial position as of January 1, 2007 is estimated to be up to a \$30.0 million increase in total liabilities.

In June 2006, the Emerging Issues Task Force, or "EITF," issued EITF No. 06-3, or "EITF 06-3," "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That Is, Gross versus Net Presentation)," which relates to any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction. EITF 06-3 states that the presentation of the taxes, either on a gross (included in revenues and costs) or a net basis (excluded from revenues), is an accounting policy decision that should be disclosed pursuant to Accounting Principles Board Opinion No. 22, "Disclosure of Accounting Policies," if those amounts are significant. EITF 06-3 should be applied to financial reports for interim and annual reporting periods beginning after December 15, 2006. Sales tax amounts collected from customers have been recorded on a net basis. The adoption of EITF 06-3 will not have any impact on our financial position or results of operations.

In September 2006, the United States Securities and Exchange Commission, or the "SEC," issued Staff Accounting Bulletin No. 108, or "SAB No. 108," "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." SAB No. 108 provides guidance on how prior year misstatements should be taken into consideration when quantifying misstatements in current year financial statements for purposes of determining whether the current year's financial statements are materially misstated. SAB No. 108 requires registrants to apply the new guidance to material errors in existence at the beginning of the first fiscal year ending after November 15, 2006 by correcting those errors through a one-time cumulative effect adjustment to beginning-of-year retained earnings. The adoption of SAB No. 108 did not have any impact on our financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, or "SFAS No. 157," "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for the fiscal year beginning after November 15, 2007. We are currently reviewing SFAS No. 157 to determine its impact, if any, on our financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, or "SFAS No. 159," "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The provisions of SFAS 159 are effective as of January 1, 2008. We are currently reviewing SFAS 159 to determine its impact, if any, on our financial position or results of operations.

Note 2 Goodwill and Other Intangible Assets

We account for our goodwill under SFAS No. 142. Under SFAS No. 142, goodwill is no longer amortized, but instead must be tested for impairment at least annually. We conducted the required annual goodwill and indefinite-lived intangible asset impairment test in the second quarter of 2006 and determined that there was no impairment. The Acquisition was recorded by allocating the cost of the assets acquired, including intangible assets and liabilities assumed, based on their estimated fair values at the Acquisition date. Consequently, the excess of the cost of the Acquisition over the net of amounts assigned to the fair value of assets acquired and the liabilities assumed is recorded to goodwill.

The Acquisition has been accounted for as a purchase in accordance with SFAS No. 141, with intangible assets recorded in conformity with SFAS No. 142, requiring an allocation of the purchase price to the tangible and intangible net assets acquired based on their relative fair values as of the date of acquisition. The allocation of purchase price is based on management's judgment after evaluating several factors, including actuarial estimates for pension liabilities, fair values of our indebtedness and other liabilities, and valuation assessments of our tangible and intangible assets determined with the assistance of a valuation specialist.

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The following summarizes the changes in our goodwill, by segment, for the periods presented (in thousands of dollars):

	Car Rental	Equipment Rental	Total
Balance as of December 31, 2005	\$ 393,395	\$ 628,986	\$ 1,022,381
Change as result of purchase accounting adjustments(1)	(63,591)	(6,587)	(70,178)
Other changes(2)	6,775	5,715	12,490
Balance as of December 31, 2006	\$ 336,579	\$ 628,114	\$ 964,693

- (1) Consists of a decrease of approximately \$156.5 million relating to tax adjustments booked in the fourth quarter of 2006 for tax liabilities indemnified by Ford at the date of sale, partly offset by: (i) a revision to estimated federal and state tax liabilities as of the date of acquisition, based on the tax returns filed, totaling \$60.5 million; (ii) adjustments made to the fair value of certain estimated liabilities as of the date of acquisition of \$23.9 million, partly offset by the tax effect of these adjustments; and (iii) further revisions to the valuation of certain tangible assets, partly offset by the tax effect of these adjustments.
- (2) Consists of changes primarily resulting from the translation of foreign currencies at different exchange rates from the beginning of the period to the end of the period.

Other intangible assets, net consisted of the following major classes (in thousands of dollars):

	December 31, 2006			December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortized intangible assets:						
Customer-related	\$ 611,783	\$ (63,046)	\$ 548,737	\$ 612,000	\$ (1,844)	\$ 610,156
Other	1,270	(512)	758	1,209	(100)	1,109
Total	613,053	(63,558)	549,495	613,209	(1,944)	611,265
Indefinite-lived intangible assets:						
Trade name	2,624,000		2,624,000	2,624,000		2,624,000
Total other intangible assets, net	\$ 3,237,053	\$ (63,558)	\$ 3,173,495	\$ 3,237,209	\$ (1,944)	\$ 3,235,265

Amortization of other intangible assets for the year ended December 31, 2006, the Successor period ended December 31, 2005 and the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 and was \$61.6 million, \$2.1 million, \$0.7 million, \$0.6 million, respectively. Future amortization expense of other intangible assets is expected to be approximately \$61.2 million per year for each of the next five years.

Note 3 Debt

Our debt consists of the following (in thousands of dollars):

	December 31, 2006	December 31, 2005
Corporate Debt		
Senior Term Facility, average interest rate: 2006, 7.4%; 2005, 8.5% (effective average interest rate: 2006, 7.5%; 2005, 8.7%); net of unamortized discount: 2006, \$38,378; 2005, \$44,806	\$ 1,947,907	\$ 1,662,194
Senior ABL Facility, average interest rate: 2006, N/A; 2005, 6.5% (effective average interest rate: 2006, N/A; 2005, 6.9%); net of unamortized discount: 2006, \$22,188; 2005, \$27,832	(22,188)	471,202
Senior Notes, average interest rate: 2006, 8.7%; 2005, 8.7% (effective average interest rate: 2006, 8.7%; 2005, 8.7%);	2,097,030	2,066,083
Senior Subordinated Notes, average interest rate: 2006, 10.5%; 2005, 10.5% (effective average interest rate: 2006, 10.5%; 2005, 10.5%);	600,000	600,000
Promissory notes, average interest rate: 2006, 7.2%; 2005, 6.9% (effective average interest rate: 2006, 7.3%; 2005, 7.0%); net of unamortized discount: 2006, \$5,545; 2005, \$4,875;.	633,463	798,422
Notes payable, including commercial paper, average interest rate: 2006, 4.1%; 2005, 4.3%	6,175	100,362
Foreign subsidiaries' debt in foreign currencies:		
Short-term borrowings:		
Banks, average interest rate: 2006, 13.4%; 2005, 3.6%	2,340	3,139
Commercial paper, average interest rate: 2005, 2.8%		47,284
Other borrowings, average interest rate: 2006, 5.1%; 2005, 4.4%	12,546	14,419
Total Corporate Debt	5,277,273	5,763,105
Fleet Debt		
U.S. Fleet Debt and pre-Acquisition ABS Notes, average interest rate: 2006, 4.4%; 2005, 4.4% (effective average interest rate: 2006, 4.5%; 2005, 4.4%); net of unamortized discount: 2006, \$10,631; 2005, \$19,822	4,845,202	4,920,178
International Fleet Debt in foreign currencies, average interest rate: 2006, 5.4%; 2005, 4.4% (effective average interest rate: 2006, 5.4%; 2005, 4.5%); net of unamortized discount: 2006, \$4,443; 2005, \$16,063	1,987,787	1,831,722
Fleet Financing Facility, average interest rate: 2006, 6.6% (effective average interest rate: 2006, 6.7%); net of unamortized discount: 2006, \$2,078	165,922	
Total Fleet Debt	6,998,911	6,751,900
Total Debt	\$ 12,276,184	\$ 12,515,005

The aggregate amounts of maturities of debt (in millions of dollars) are as follows: 2007, \$2,543.2 (including \$2,162.6 of other short-term borrowings); 2008, \$842.1; 2009, \$1,021.1; 2010, \$2,924.1; 2011, \$120.9; after 2011, \$4,908.0.

During the year ended December 31, 2006, short-term borrowings (in millions of dollars) were as follows: maximum month end amounts outstanding of \$11.1 of commercial paper and \$3,077.5 of bank

borrowings; monthly average amounts outstanding of \$12.4 of commercial paper (weighted-average interest rate 0.6%) and \$2,509.9 of bank borrowings (weighted-average interest rate 5.2%).

During the year ended December 31, 2005, short-term borrowings (in millions of dollars) were as follows: maximum month end amounts outstanding of \$2,052.7 of commercial paper and \$3,113.7 of bank borrowings; monthly average amounts outstanding of \$1,569.5 of commercial paper (weighted-average interest rate 3.1%) and \$1,798.3 of bank borrowings (weighted-average interest rate 5.2%).

As of December 31, 2006, there were standby letters of credit issued totaling \$460.9 million. Of this amount, \$234.0 million has been issued for the benefit of the ABS Program (\$200.0 million of which was issued by Ford and \$34.0 million of which relates to the Senior Credit Facilities below) and the remainder is primarily to support self-insurance programs (including insurance policies with respect to which we have indemnified the issuers for any losses) in the United States, Canada and Europe and to support airport concession obligations in the United States and Canada. As of December 31, 2006, the full amount of these letters of credit was undrawn.

Senior Credit Facilities

In connection with the Acquisition, Hertz entered into a credit agreement with respect to its Senior Term Facility with Deutsche Bank AG, New York Branch as administrative agent and collateral agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent, and the other financial institutions party thereto from time to time. The facility consisted of a \$2,000.0 million secured term loan facility providing for loans denominated in U.S. dollars, which included a delayed draw facility of \$293.0 million. In addition, there is a pre-funded synthetic letter of credit facility in an aggregate principal amount of \$250.0 million. On the Closing Date, Hertz utilized \$1,707.0 million of the Senior Term Facility and \$182.2 million in letters of credit. As of December 31, 2006, we had \$1,947.9 million in borrowings outstanding under this facility, which is net of a discount of \$38.4 million and had issued \$238.9 million in letters of credit. The term loan facility and the synthetic letter of credit facility will mature on December 21, 2012. The term loan will amortize in nominal quarterly installments (not exceeding one percent of the aggregate principal amount thereof per annum) until the maturity date. At the borrower's election, the interest rates per annum applicable to the loans under the Senior Term Facility will be based on a fluctuating rate of interest measured by reference to either (1) an adjusted London inter-bank offered rate, or "LIBOR," plus a borrowing margin or (2) an alternate base rate plus a borrowing margin. In addition, the borrower pays fees on the unused term loan commitments of the lenders, letter of credit participation fees on the full amount of the synthetic letter of credit facility plus fronting fees for the letter of credit issuing banks and other customary fees in respect of the Senior Term Facility.

Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries of Hertz also entered into a credit agreement with respect to the Senior ABL Facility with Deutsche Bank AG, New York Branch as administrative agent and collateral agent, Deutsche Bank AG, Canada Branch as Canadian Agent and Canadian collateral agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent and the financial institutions party thereto from time to time. This facility provided (subject to availability under a borrowing base) for aggregate maximum borrowings of \$1,600.0 million (which was increased in February 2007 to \$1,800.0 million) under a revolving loan facility providing for loans denominated in

U.S. dollars, Canadian dollars, Euros and Pounds Sterling. Up to \$200.0 million of the revolving loan facility is available for the issuance of letters of credit. Hertz and Hertz Equipment Rental Corporation are the U.S. borrowers under the Senior ABL Facility and Matthews Equipment Limited and its subsidiary Western Shut-Down (1995) Ltd. are the Canadian borrowers under the Senior ABL Facility. At December 31, 2006, net of a discount of \$22.2 million, Hertz and Matthews Equipment Limited collectively had no borrowings outstanding under this facility and issued \$18.2 million in letters of credit. The Senior ABL Facility will mature on December 21, 2010. At the borrower's election, the interest rates per annum applicable to the loans under the Senior ABL Facility will be based on a fluctuating rate of interest measured by reference to either (1) adjusted LIBOR plus a borrowing margin or (2) an alternate base rate plus a borrowing margin. The borrower will pay customary commitment and other fees in respect of the Senior ABL Facility.

Hertz's obligations under the Senior Term Facility and the Senior ABL Facility are guaranteed by Hertz Investors, Inc., its immediate parent, and most of its direct and indirect domestic subsidiaries (subject to certain exceptions, including for subsidiaries involved in the U.S. Fleet Debt Facility and similar special purpose financings), though Hertz Equipment Rental Corporation does not guarantee Hertz's obligations under the Senior ABL Facility because it is a borrower under that facility. In addition, the obligations of the Canadian borrowers under the Senior ABL Facility are guaranteed by their respective subsidiaries, if any, subject to limited exceptions. The lenders under each of the Senior Term Facility and the Senior ABL Facility have received a security interest in substantially all of the tangible and intangible assets of the borrowers and guarantors under those facilities, including pledges of the stock of certain of their respective subsidiaries, subject in each case to certain exceptions (including in respect of the U.S. Fleet Debt, the International Fleet Debt and, in the case of the Senior ABL Facility, other secured fleet financing.) Consequently, these assets will not be available to satisfy the claims of our general creditors.

The Senior Credit Facilities 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 other indebtedness, make dividends and other restricted payments, create liens, make investments, make acquisitions, engage in mergers, change the nature of their business, make capital expenditures, or engage in certain transactions with affiliates. Under the Senior Term Facility, the borrower is required to comply with specified financial ratios and tests, including a minimum interest expense coverage ratio and a maximum leverage ratio. Under the Senior ABL Facility, upon excess availability falling below certain levels, specified financial ratios and tests, including a minimum fixed charge coverage ratio and a maximum leverage ratio, will apply. The Senior Credit Facilities are subject to certain mandatory prepayment requirements and provide for customary events of default.

Restrictive covenants in the Senior Term Facility (as amended) permit cash dividends to be paid to Hertz Holdings (i) in an aggregate amount not to exceed the greater of a specified minimum amount and 1.0% of consolidated tangible assets less certain investments, (ii) in additional amounts at any time, up to a specified available amount determined by reference to, among other things, consolidated net income from October 1, 2005 to the end of the most recent fiscal quarter for which consolidated financial statements of Hertz are available and (iii) in additional amounts at any time, up to a specified amount of certain equity contributions made by Hertz Holdings to Hertz.

Restrictive covenants in the Senior ABL Facility (as amended) permit cash dividends to be paid to Hertz Holdings in an aggregate amount, taken together with certain other investments, acquisitions and optional prepayments, not to exceed \$100 million. Hertz may also pay additional cash dividends under the Senior ABL Facility at any time, and in any amount, so long as (a) there is at least \$250 million of availability under the facility after giving effect to the proposed dividend, (b) if certain other payments when taken together with the proposed dividend would exceed \$50 million in a 30-day period, Hertz can demonstrate projected average availability in the following six-month period of \$250 million or more and (c) (i) Hertz can demonstrate pro forma compliance with the consolidated leverage ratio and consolidated fixed charge coverage ratio set forth in the Senior ABL Facility or (ii) the amount of the proposed dividend does not exceed the sum of (x) the greater of a specified minimum amount and 1.0% of consolidated tangible assets plus (y) a specified available amount determined by reference to, among other things, consolidated net income from October 1, 2005 to the end of the most recent fiscal quarter for which consolidated financial statements of Hertz are available plus (z) a specified amount of certain equity contributions made by Hertz Holdings to the borrowers under such facility.

On June 30, 2006, we entered into amendments to each of our Senior Term Facility and Senior ABL Facility. The amendments provide, among other things, for additional capacity under the covenants in these credit facilities to enter into certain sale and leaseback transactions, to pay dividends (subject to the limitations described above) and, in the case of the amendment to the Senior Term Facility, to make investments. These amendments also have the effect of reducing the restrictions in the Senior Credit Facilities on Hertz's ability to provide cash to Hertz Holdings (whether in the form of a loan or a dividend) that would enable Hertz Holdings to service its indebtedness. The amendment to the Senior Term Facility also permits us to use proceeds of the unused portion of the \$293.0 million delayed draw facility to repay borrowings outstanding under the Senior ABL Facility. On July 10, 2006, the remaining \$208.1 million of the delayed draw facility was drawn down to pay down the equivalent amount of borrowings under the Senior ABL Facility.

In February 2007, we entered into amendments to each of our Senior Term Facility and Senior ABL Facility, see Note 16 Subsequent Events.

Senior Notes and Senior Subordinated Notes

In connection with the Acquisition, CCMG Acquisition Corporation issued the Senior Notes and the Senior Subordinated Notes under separate indentures between CCMG Acquisition Corporation and Wells Fargo Bank, National Association, as trustee. Hertz and the guarantors entered into supplemental indentures, dated as of the Closing Date, pursuant to which Hertz assumed the obligations of CCMG Acquisition Corporation under the Senior Notes, the Senior Subordinated Notes and the respective indentures, and the guarantors issued the related guarantees. CCMG Acquisition Corporation subsequently merged with and into Hertz, with Hertz as the surviving entity.

As of December 31, 2006, \$2,097.0 million and \$600.0 million in borrowings were outstanding under the Senior Notes and Senior Subordinated Notes, respectively. Prior to October 1, 2006, our Senior Euro Notes were not designated as a net investment hedge of our Euro-denominated net investments in our foreign operations. For the nine months ended September 30, 2006, we incurred unrealized exchange transaction losses of \$19.2 million resulting from the translation of these Euro-denominated notes into the U.S. dollar, which are recorded in our consolidated statement of operations in "Selling, general and administrative" expenses. On October 1, 2006, we designated our

Senior Euro Notes as an effective net investment hedge of our Euro-denominated net investment in our foreign operations. As a result of this net investment hedge designation, as of December 31, 2006, \$7.1 million of losses, which is net of tax of \$4.6 million, attributable to the translation of our Senior Euro Notes into the U.S. dollar, are recorded in our consolidated balance sheet in "Accumulated other comprehensive income (loss)." The Senior Notes will mature on January 1, 2014, and the Senior Subordinated Notes will mature on January 1, 2016. The Senior Dollar Notes bear interest at a rate per annum of 8.875%, the Senior Euro Notes bear interest at a rate per annum of 7.875% and the Senior Subordinated Notes bear interest at a rate per annum of 10.5%. Hertz's obligations under the indentures are guaranteed by each of its direct and indirect domestic subsidiaries that is a guarantor under the Senior Term Facility.

Both the indenture for the Senior Notes and the indenture for the Senior Subordinated Notes contain covenants that, among other things, limit the ability of Hertz and its restricted subsidiaries, described in the respective indentures, to incur more debt, pay dividends, redeem stock or make other distributions, make investments, create liens, transfer or sell assets, merge or consolidate and enter into certain transactions with Hertz's affiliates. The indenture for the Senior Subordinated Notes also contains subordination provisions and limitations on the types of senior subordinated debt that may be incurred. The indentures also contain certain mandatory and optional prepayment or redemption provisions and provide for customary events of default.

The restrictive covenants in the indentures governing the Senior Notes and the Senior Subordinated Notes permit Hertz to make loans, advances, dividends or distributions to Hertz Holdings in an amount determined by reference to consolidated net income for the period from October 1, 2005 to the end of the most recently ended fiscal quarter for which consolidated financial statements of Hertz are available, so long as Hertz's consolidated coverage ratio remains greater than or equal to 2.00:1.00 after giving pro forma effect to such restricted payments. Hertz is also permitted to make restricted payments to Hertz Holdings in an amount not exceeding the greater of a specified minimum amount and 1% of consolidated tangible assets (which payments are deducted in determining the amount available as described in the preceding sentence), and in an amount equal to certain equity contributions to Hertz. Hertz is also permitted to make restricted payments to its parent company in an amount not to exceed in any fiscal year 6% of the aggregate gross proceeds received by The Hertz Corporation through a contribution to equity capital from such offering to enable the public parent company to pay dividends to its stockholders.

Fleet Financing

U.S. Fleet Debt. In connection with the Acquisition, Hertz Vehicle Financing LLC, or "HVF," a bankruptcy-remote special purpose entity wholly-owned by Hertz, entered into an amended and restated base indenture, or the "ABS Indenture," dated as of the Closing Date, with BNY Midwest Trust Company as trustee, and a number of related supplements to the ABS Indenture, each dated as of the Closing Date, with BNY Midwest Trust Company as trustee and securities intermediary, or, collectively, the "ABS Supplement." On the Closing Date, HVF, as issuer, issued approximately \$4,300.0 million of new medium term asset-backed notes consisting of 11 classes of notes in two series under the ABS Supplement. HVF also issued approximately \$1,500.0 million of variable funding notes in two series, none of which were funded at closing. As of December 31, 2006, \$4,299.9 million, net of

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a \$0.1 million discount, in medium term notes were outstanding and no aggregate borrowings were outstanding in the form of variable funding notes.

Each class of notes matures three, four or five years from the Closing Date. The variable funding notes will be funded through the bank multi-seller commercial paper market. The assets of HVF, including the U.S. car rental fleet owned by HVF and certain related assets, collateralize the U.S. Fleet Debt and pre-Acquisition ABS Notes. Consequently, these assets will not be available to satisfy the claims of Hertz's general creditors.

The various series of U.S. Fleet Debt have either fixed or floating rates of interest. The interest rate per annum applicable to any floating rate notes (other than any variable funding asset-backed debt) is based on a fluctuating rate of interest measured by reference to one-month LIBOR plus a spread, although HVF intends to maintain hedging transactions so that it will not be required to pay a rate in excess of 4.87% per annum in order to receive the LIBOR amounts due from time to time on such floating rate notes. The interest rate per annum applicable to any variable funding asset-backed debt is either the blended average commercial paper rate, if funded through the commercial paper market, or if commercial paper is not being issued, the greater of the prime rate or the federal funds rate, or if requisite notice is provided, the Eurodollar rate plus a spread.

In connection with the Acquisition and the issuance of \$3,550.0 million of floating rate U.S. Fleet Debt, HVF and Hertz entered into seven interest rate swap agreements, or the "HVF Swaps," effective December 21, 2005, which qualify as cash flow hedging instruments in accordance with SFAS 133 "Accounting for Derivative Instruments and Hedging Activities." These agreements mature at various terms, in connection with the scheduled maturity of the associated debt obligations, through November 25, 2011. Under these agreements, HVF pays monthly interest at a fixed rate of 4.5% per annum in exchange for monthly amounts at one-month LIBOR, effectively transforming the floating rate U.S. Fleet Debt to fixed rate obligations. As of December 31, 2006 and December 31, 2005, the fair value of the HVF Swaps were \$50.6 million and \$37.0 million, respectively, which are reflected in our consolidated balance sheet in "Prepaid expenses and other assets." For the year ended December 31, 2006, we recorded a benefit of \$1.0 million in our consolidated statement of operations, in "Interest, net of interest income," associated with previously recognized ineffectiveness of the HVF Swaps.

The U.S. Fleet Debt issued on the closing date of the Acquisition has the benefit of financial guaranty insurance policies under which either MBIA Insurance Corporation or Ambac Assurance Corporation will guarantee the timely payment of interest on and ultimate payment of principal of such notes.

HVF is subject to numerous restrictive covenants under the ABS Indenture and the other agreements governing the U.S. Fleet Debt, including restrictive covenants with respect to liens, indebtedness, benefit plans, mergers, disposition of assets, acquisition of assets, dividends, officers' compensation, investments, agreements, the types of business it may conduct and other customary covenants for a bankruptcy-remote special purpose entity. The U.S. Fleet Debt is subject to events of default and amortization events that are customary in nature for U.S. rental car asset backed securitizations of this type. The occurrence of an amortization event or event of default could result in the acceleration of principal of the notes and a liquidation of the U.S. car rental fleet.

International Fleet Debt. In connection with the Acquisition, Hertz International, Ltd., or "HIL," a Delaware corporation organized as a foreign subsidiary holding company and a direct subsidiary of Hertz, and certain of its subsidiaries (all of which are organized outside the United States), together with certain bankruptcy-remote special purpose entities (whether organized as HIL's subsidiaries or as non-affiliated "orphan" companies), or "SPEs," entered into revolving bridge loan facilities providing commitments to lend, in various currencies up to an aggregate foreign currency equivalent of approximately \$3,197.0 million (calculated as of December 31, 2006), subject to borrowing bases comprised of rental vehicles and related assets of certain of HIL's subsidiaries (all of which are organized outside the United States) or one or more SPEs, as the case may be, and rental equipment and related assets of certain of HIL's subsidiaries organized outside North America or one or more SPEs, as the case may be. As of December 31, 2006, the foreign currency equivalent of \$1,954.6 million in borrowings was outstanding under these facilities, net of a \$4.4 million discount. These facilities are referred to collectively as the "International Fleet Debt Facilities."

The International Fleet Debt Facilities consist of four revolving loan tranches (Tranches A1, A2, B and C), each subject to borrowing bases comprising the revenue earning equipment and related assets of each applicable borrower (or, in the case of a borrower that is a SPE on-lending loan proceeds to a fleet-owning SPE or subsidiary, as the case may be, the rental vehicles and related assets of such fleet-owning SPE or subsidiary). A portion of the Tranche C loan will be available for the issuance of letters of credit.

The obligations of the borrowers under the International Fleet Debt Facilities are guaranteed by HIL, and by the other borrowers and certain related entities under the applicable tranche, in each case subject to certain legal, tax, cost and other structuring considerations. The obligations and the guarantees of the obligations of the Tranche A borrowers under the Tranche A2 loans are subordinated to the obligations and the guarantees of the obligations of such borrowers under the Tranche A1 loans. Subject to legal, tax, cost and other structuring considerations and to certain exceptions, the International Fleet Debt Facilities are secured by a material part of the assets of each borrower, certain related entities and each guarantor, including pledges of the capital stock of each borrower and certain related entities. The obligations of the Tranche A borrowers under the Tranche A2 loans and the guarantees thereof are secured on a junior second priority basis by any assets securing the obligations of the Tranche A borrowers under the Tranche A1 loans and the guarantees thereof. In addition, Hertz has guaranteed the obligations of its Brazilian subsidiary with respect to an aggregate principal amount of the Tranche B loan not exceeding \$52.0 million (or such other principal amount as may be agreed to by the Senior Credit Facilities lenders). That guarantee is secured equally and ratably with borrowings under the Senior Term Facility. The assets that collateralize the International Fleet Debt Facilities will not be available to satisfy the claims of Hertz's general creditors.

The facilities under each of the tranches mature five years from the Closing Date. Subject to certain exceptions, the loans are subject to mandatory prepayment and reduction in commitment amounts equal to the net proceeds of specified types of take-out financing transactions and asset sales.

The interest rates per annum applicable to loans under the International Fleet Debt Facilities are based on fluctuating rates of interest measured by reference to one-month LIBOR, EURIBOR or their equivalents for local currencies as appropriate (in the case of the Tranche A1 and A2 loans); relevant local currency base rates (in the case of Tranche B loans); or one-month EURIBOR (in the case of the Tranche C loans), in each case plus a borrowing margin. In addition, the borrowers under each of

Tranche A1, Tranche A2, Tranche B and Tranche C of the International Fleet Debt Facilities will pay fees on the unused commitments of the lenders under the applicable tranche, and other customary fees and expenses in respect of such facilities, and the Tranche A1 and A2 borrowing margins are subject to increase if HIL does not repay borrowings thereunder within specified periods of time and upon the occurrence of other specified events.

The International Fleet Debt Facilities contain a number of covenants (including, without limitation, covenants customary for transactions similar to the International Fleet Debt Facilities) that, among other things, limit or restrict the ability of HIL, the borrowers and the other subsidiaries of HIL to dispose of assets, incur additional indebtedness, incur guarantee obligations, create liens, make investments, make acquisitions, engage in mergers, make negative pledges, change the nature of their business or engage in certain transactions with affiliates. In addition, HIL is restricted from making dividends and other restricted payments (which may include payments of intercompany indebtedness) in an amount greater than €100 million plus a specified excess cash flow amount calculated by reference to excess cash flow in earlier periods. Subject to certain exceptions, until the later of one year from the Closing Date and such time as 50% of the commitments under the International Fleet Debt Facilities as of the closing of the Acquisition have been replaced by permanent take-out international asset-based facilities, the specified excess cash flow amount will be zero. Thereafter, this specified excess cash flow amount will be between 50% and 100% of cumulative excess cash flow based on the percentage of the International Fleet Debt Facilities that have been replaced by permanent take-out international asset-based facilities. As a result of the contractual restrictions on HIL's ability to pay dividends to Hertz as of December 31, 2006, the restricted net assets of our consolidated subsidiaries exceeded 25% of our total consolidated net assets.

The subsidiaries conducting the car rental business in certain European jurisdictions may, at their option, continue to engage in capital lease financings relating to revenue earning equipment outside the International Fleet Debt Facilities. As of December 31, 2006 and December 31, 2005, there were \$33.2 million and \$95.6 million, respectively, of such capital lease financings outstanding. These capital lease financings are included in the International Fleet Debt total.

In May 2006, in connection with the forecasted issuance of the permanent take-out international asset-based facilities, HIL purchased two swaptions for €3.3 million, to protect itself from interest rate increases. These swaptions give HIL the right, but not the obligation, to enter into three year interest rate swaps, based on a total notional amount of €600 million at an interest rate of 4.155%. As of December 31, 2006, the fair value of the swaptions was €1.3 million (or \$1.7 million), which is reflected in our consolidated balance sheet in "Prepaid expenses and other assets." During the year ended December 31, 2006, the fair value adjustment related to these swaps was a loss of \$2.6 million, which was recorded in our consolidated statement of operations in "Selling, general and administrative" expenses. The swaptions were renewed in 2007 prior to their scheduled expiration date of March 15, 2007 and now expire on September 5, 2007. See Note 16 Subsequent Events.

On March 21, 2007, certain amendments to the International Fleet Debt Facilities were entered into for the purpose of, among other things, extending the dates when margins on the affected facilities are scheduled to step up. See Note 16 Subsequent Events.

Fleet Financing Facility. On September 29, 2006, Hertz and Puerto Ricancars, Inc., a Puerto Rican corporation and wholly owned indirect subsidiary of Hertz, or "PR Cars," entered into a credit agreement to finance the acquisition of Hertz's and/or PR Cars' fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, U.S. Virgin Islands, dated as of September 29, 2006, or the "Fleet Financing Facility," with the several banks and other financial institutions from time to time party thereto as lenders, Gelco Corporation d.b.a. GE Fleet Services, or the "Fleet Financing Agent," as administrative agent, as collateral agent for collateral owned by Hertz and as collateral agent for collateral owned by PR Cars. Affiliates of Merrill Lynch & Co. are lenders under the Fleet Financing Facility.

The Fleet Financing Facility provides (subject to availability under a borrowing base) a revolving credit facility of up to \$275.0 million to Hertz and PR Cars. On September 29, 2006, Hertz borrowed \$124.0 million under this facility to refinance other debt. The borrowing base formula is subject to downward adjustment upon the occurrence of certain events and (in certain other instances) at the permitted discretion of the Fleet Financing Agent. As of December 31, 2006, Hertz and PR Cars had \$144.9 million (net of a \$2.1 million discount) and \$21.0 million, respectively, of borrowings outstanding.

The Fleet Financing Facility will mature on December 21, 2011, but Hertz and PR Cars may terminate or reduce the commitments of the lenders thereunder at any time. The Fleet Financing Facility is subject to mandatory prepayment in the amount by which outstanding extensions of credit to Hertz or PR Cars exceed the lesser of the Hertz or PR Cars borrowing base, as applicable, and the commitments then in effect.

The obligations of each of the borrowers under the Fleet Financing Facility are guaranteed by each of Hertz's direct and indirect domestic subsidiaries (other than subsidiaries whose only material assets consist of securities and debt of foreign subsidiaries and related assets, subsidiaries involved in the ABS Program or other similar special purpose financings, subsidiaries with minority ownership positions, certain subsidiaries of foreign subsidiaries and certain immaterial subsidiaries). In addition, the obligations of PR Cars are guaranteed by Hertz. The obligations of Hertz under the Fleet Financing Facility and the other loan documents, including, without limitation, its guarantee of PR Cars' obligations under the Fleet Financing Facility, are secured by security interests in Hertz's rental car fleet in Hawaii and by certain assets related to Hertz's rental car fleet in Hawaii and Kansas, including, without limitation, manufacturer repurchase program agreements. PR Cars' obligations under the Fleet Financing Facility and the other loan documents are secured by security interests in PR Cars' rental car fleet in Puerto Rico and St. Thomas, the U.S. Virgin Islands and by certain assets related thereto.

At the applicable borrower's election, the interest rates per annum applicable to the loans under the Fleet Financing Facility will be based on a fluctuating rate of interest measured by reference to either (1) LIBOR plus a borrowing margin of 125 basis points or (2) an alternate base rate of the prime rate plus a borrowing margin of 25 basis points. As of December 31, 2006, the average interest rate was 6.6% (LIBOR based).

The Fleet Financing Facility contains a number of covenants that, among other things, limit or restrict the ability of the borrowers and their subsidiaries to create liens, dispose of assets, engage in mergers, enter into agreements which restrict liens on the Fleet Financing Facility collateral or Hertz's rental car fleet in Kansas or change the nature of their business.

During the fourth quarter of 2006, certain of the documents relating to the Fleet Financing Facility were amended to make certain technical and administrative changes.

Hertz Holdings Loan Facility

On June 30, 2006, Hertz Holdings entered into a loan facility with Deutsche Bank, AG, New York Branch, Lehman Commercial Paper Inc., Merrill Lynch Capital Corporation, Goldman Sachs Credit Partners L.P., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. or affiliates thereof, providing for a loan of \$1.0 billion, or the "Hertz Holdings Loan Facility," for the purpose of paying a special cash dividend to the holders of its common stock and paying fees and expenses related to the facility. The Hertz Holdings Loan Facility was repaid in full with the proceeds of our initial public offering, and the restrictive covenants contained therein were terminated.

Pre-Acquisition Debt

As of December 31, 2006, we had approximately \$633.5 million (net of a \$5.5 million discount) outstanding in pre-Acquisition promissory notes issued under three separate indentures at an average interest rate of 7.2%. These pre-Acquisition promissory notes have maturities ranging from 2007 to 2028.

As of December 31, 2006, we had approximately €7.6 million (or \$10.0 million) outstanding in pre-Acquisition Euro-denominated medium term notes, in connection with which we entered into an interest rate swap agreement on December 21, 2005, effective January 16, 2006 and maturing on July 16, 2007. The purpose of this interest rate swap is to lock in the interest cash outflows at a fixed rate of 4.1% on the variable rate Euro-denominated medium term notes. Funds sufficient to repay all obligations associated with the remaining €7.6 million of Euro-denominated medium term notes at maturity have been placed in escrow for satisfaction of these obligations.

We also had outstanding as of December 31, 2006 approximately \$545.3 million in borrowings, net of a \$10.5 million discount, consisting of pre-Acquisition ABS Notes with an average interest rate of 3.2%. These pre-Acquisition ABS Notes have maturities ranging from 2007 to 2009. See "U.S. Fleet Debt" for a discussion of the collateralization of the pre-Acquisition ABS Notes.

Credit Facilities

As of December 31, 2006, the following credit facilities were available for the use of Hertz and its subsidiaries:

The Senior Term Facility had \$11.1 million available under the letter of credit facility. No amounts were available to refinance certain existing debt under the delayed draw facility.

The Senior ABL Facility had the foreign currency equivalent of approximately \$1,600.0 million of remaining capacity, all of which was available under the borrowing base limitation and \$181.8 million of which is available under the letter of credit facility sublimit.

The International Fleet Debt Facilities had the foreign currency equivalent of approximately \$1,236.4 million of remaining capacity and \$231.4 million available under the borrowing base limitation.

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The U.S. Fleet Debt had approximately \$1,500.0 million of remaining capacity and \$34.3 million available under the borrowing base limitation. No additional amounts were available under the letter of credit facility.

The Fleet Financing Facility had approximately \$107.0 million of remaining capacity and \$16.5 million available under the borrowing base limitation.

As of December 31, 2006, substantially all of our assets are pledged under one or more of the facilities noted above. We are currently in compliance with all of the covenants contained in the various facilities noted above that are currently applicable to us.

Note 4 Purchases and Sales of Operations

In June 1999, Hertz entered into a Limited Liability Company Agreement, or "LLC Agreement," with a subsidiary of Orbital Sciences Corporation, or "Orbital," whereby Navigation Solutions, L.L.C., or "Navigation Solutions," a limited liability company, was formed to purchase NeverLost vehicle navigation systems for installation in selected vehicles in our North American fleet. In July 2001, Orbital's subsidiary sold its membership interest in Navigation Solutions to a subsidiary of Thales North America, Inc., or "Thales." During 2004 (prior to July 1), we received distributions of \$2.0 million under the LLC Agreement, which represented our 40% ownership interest. In January 2004, along with Thales, Hertz amended the LLC Agreement to provide for Hertz to increase its ownership interest to 65% and for Navigation Solutions to purchase additional NeverLost vehicle navigation systems. For those periods prior to July 1, 2004, the results of operations and investment in this joint venture had been reported using the equity method of accounting. On July 1, 2004, Hertz's ownership interest in Navigation Solutions increased from 40% to 65% as a result of an equity distribution by Navigation Solutions to the other member of Navigation Solutions, effectively reducing their ownership interest to 35%. Based upon this ownership change, we began consolidating 100% of Navigation Solutions' balance sheet and results of operations into our financial statements and deducting the minority interest share relating to the 35% member.

Note 5 Employee Retirement Benefits

Qualified U.S. employees, after completion of specified periods of service, are eligible to participate in The Hertz Corporation Account Balance Defined Benefit Pension Plan, or "Hertz Retirement Plan," a cash balance plan. Under this qualified Hertz Retirement Plan, we pay the entire cost and employees are not required to contribute.

Most of our foreign subsidiaries have defined benefit retirement plans or participate in various insured or multiemployer plans. In certain countries, when the subsidiaries make the required funding payments, they have no further obligations under such plans. We participate in various multiemployer pension plans administered by labor unions representing some of our employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. Contributions to U.S. multiemployer plans were \$7.7 million, \$7.2 million and \$7.1 million for 2006, 2005 and 2004, respectively.

Company plans are generally funded, except for certain nonqualified U.S. defined benefit plans and in Germany, where unfunded liabilities are recorded.

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We sponsor defined contribution plans for certain eligible U.S. and non-U.S. employees. We match contributions of participating employees on the basis specified in the plans.

We also sponsor postretirement health care and life insurance benefits for a limited number of employees with hire dates prior to January 1, 1990. The postretirement health care plan is contributory with participants' contributions adjusted annually. An unfunded liability is recorded. In 2006, we recognized a liability of \$1.0 million for a key officer post-retirement car benefit. This plan provides the use of a vehicle for retired Senior Vice Presidents and above who have a minimum of 20 years of service and who retired at age 58 or above.

We use a December 31 measurement date for all our plans.

The following tables set forth the funded status and the net periodic pension cost of the Hertz Retirement Plan, other postretirement benefit plans (including health care and life insurance plans covering domestic ("U.S.") employees) and the retirement plans for foreign operations ("Non-U.S."), together with amounts included in our consolidated balance sheet and statement of operations (in millions of dollars):

	Pension Benefits				Postretirement Benefits (U.S.)	
	U.S.		Non-U.S.			
	2006	2005	2006	2005	2006	2005
Change in Benefit Obligation						
Benefit obligation at January 1	\$ 400.0	\$ 339.2	\$ 160.3	\$ 132.2	\$ 18.2	\$ 17.3
Service cost	28.0	24.4	9.6	7.1	0.4	0.4
Interest cost	22.2	19.6	8.4	6.3	0.8	1.0
Employee contributions			1.5	1.4	0.1	0.1
Plan amendments	0.1				1.0	
Benefits paid	(15.6)	(10.7)	(2.4)	(2.2)	(0.2)	(0.4)
Foreign exchange translation			21.1	(17.8)		
Actuarial loss (gain)	2.9	27.5	10.6	33.3	(3.7)	(0.2)
Benefit obligation at December 31	\$ 437.6	\$ 400.0	\$ 209.1	\$ 160.3	\$ 16.6	\$ 18.2
Change in Plan Assets						
Fair value of plan assets at January 1	\$ 310.2	\$ 270.5	\$ 95.1	\$ 83.9	\$	\$
Actual return on plan assets	39.3	18.0	14.0	17.2		
Company contributions	4.9	32.4	23.9	5.6	0.1	0.3
Employee contributions			1.5	1.4	0.1	0.1
Benefits paid	(15.6)	(10.7)	(2.4)	(2.2)	(0.2)	(0.4)
Foreign exchange			12.8	(10.5)		

Pension Benefits

translation						
Other			(0.2)	(0.3)		
Fair value of plan assets at December 31	\$ 338.8	\$ 310.2	\$ 144.7	\$ 95.1	\$	\$

Funded Status of the Plan

Plan assets less than benefit obligation	\$ (98.8)	\$ (89.8)	\$ (64.4)	\$ (65.2)	\$ (16.6)	\$ (18.2)
Unamortized:						
Transition obligation						
Prior service cost						
Net losses and other		(0.7)				
Net amount recognized	\$ (98.8)	\$ (90.5)	\$ (64.4)	\$ (65.2)	\$ (16.6)	\$ (18.2)

Amounts Recognized in the Balance Sheet

Assets/(Liabilities) (Prior to the adoption of SFAS 158)

Intangible assets (including prepaid assets)	\$		\$		\$	
Accrued liabilities		(90.5)		(65.2)		(18.2)
Deferred taxes on income						
Accumulated other comprehensive loss, net of tax						
Net amount recognized	\$	(90.5)	\$	(65.2)	\$	(18.2)

Pension Plans in Which Accumulated Benefit Obligation Exceeds Plan Assets at December 31 (Prior to the adoption of SFAS 158)

Projected benefit obligation	\$	64.2	\$	155.0
Accumulated benefit obligation		51.1		127.6
Fair value of plan assets				90.8

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	Pension Benefits		Postretirement Benefits (U.S.)
	U.S.	Non-U.S.	
For 2006 after the adoption of SFAS 158:			
Liabilities	\$ (98.8)	\$ (64.4)	\$ (16.6)
Net obligation recognized in the balance sheet	\$ (98.8)	\$ (64.4)	\$ (16.6)
Initial net asset (obligation)	\$	\$	\$
Prior service credit (cost)	(0.2)		
Net gain (loss)	13.1	(5.2)	3.6
Accumulated other comprehensive income (loss)	12.9	(5.2)	3.6
Prepaid (unfunded accrued) pension or postretirement (benefit) cost	(111.7)	(59.2)	(20.2)
Net asset (obligation) recognized in the balance sheet	\$ (98.8)	\$ (64.4)	\$ (16.6)
Changes due to minimum pension liability and intangible asset recognition prior to the adoption of SFAS 158:			
Other comprehensive income (loss)	\$	\$	\$
Changes in plan assets and benefit obligations recognized in other comprehensive income (loss):			
Total recognized in other comprehensive income (loss)	\$	\$	\$
Total recognized in net periodic benefit cost and other comprehensive loss (income)	\$ 26.2	\$ 9.4	\$ 1.1
Estimated amounts that will be amortized from accumulated other comprehensive income over the next fiscal year:			
Net gain (loss)	\$	\$	\$ 0.2
Balance sheet adjustment: Increase in accumulated other comprehensive (income) loss (before tax) to reflect the adoption of SFAS 158	\$ (12.9)	\$ 5.2	\$ (3.6)

	Pension Benefits				Postretirement Benefits (U.S.)	
	U.S.		Non-U.S.		2006	2005
	2006	2005	2006	2005		
Accumulated Benefit Obligation at December 31	\$ 365.4	\$ 330.1	\$ 164.0	\$ 131.3	N/A	N/A
Weighted-average assumptions as of December 31						
Discount rate	5.70%	5.50%	4.81%	4.65%	5.70%	5.50%
Expected return on assets	8.75%	8.75%	7.22%	6.88%	N/A	N/A
Average rate of increase in compensation	4.3%	4.3%	3.8%	3.6%	N/A	N/A
Initial health care cost trend rate					9.5%	10.0%
Ultimate health care cost trend rate					5.0%	5.0%
Number of years to ultimate trend rate					8	8

The discount rate used to determine the December 31, 2006 benefit obligations for U.S. pension plans is based on an average of three indices of high quality corporate bonds whose duration closely matches that of our plans. The rates on these bond indices are adjusted to reflect callable issues. For our plans outside the U.S., the discount rate reflects the market rates for high-quality corporate bonds

currently available. The discount rate in a country was determined based on a yield curve constructed from high quality corporate bonds in that country. The rate selected from the yield curve has a duration that matches our plan.

The expected return on plan assets for each funded plan is based on expected future investment returns considering the target investment mix of plan assets.

Pension Benefits									
U.S.					Non-U.S.				
Successor		Predecessor			Successor		Predecessor		
For the periods from				For the periods from					
Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004		
Components of Net Periodic Benefit Cost:									
Service cost	\$ 28.0	\$ 0.7	\$ 23.7	\$ 21.1	\$ 9.5	\$ 0.2	\$ 6.9	\$ 5.4	
Interest cost	22.2	0.6	19.0	17.7	8.4	0.2	6.1	5.4	
Expected return on plan assets	(24.0)	(0.6)	(20.8)	(17.9)	(8.5)	(0.2)	(5.4)	(4.5)	
Amortization:									
Transition									
Amendments			0.5	0.5					
Losses and other		0.1	3.5	1.8		0.1	1.8	1.2	
Settlement loss			1.1						
Net pension expense	\$ 26.2	\$ 0.8	\$ 27.0	\$ 23.2	\$ 9.4	\$ 0.3	\$ 9.4	\$ 7.5	
Weighted-average discount rate for expense	5.50%	5.75%	5.75%	6.25%	4.65%	5.14%	5.14%	5.52%	
Weighted-average assumed long-term rate of return on assets	8.75%	8.75%	8.75%	8.75%	6.88%	6.90%	6.90%	6.93%	

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Postretirement Benefits (U.S.)

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Components of Net Periodic Benefit Cost:				
Service cost	\$ 0.4	\$	\$ 0.4	\$ 0.4
Interest cost	0.8	0.1	0.9	1.0
Amortization:				
Losses and other	(0.1)		0.2	0.2
Net postretirement expense	\$ 1.1	\$ 0.1	\$ 1.5	\$ 1.6
Weighted-average discount rate for expense	5.50%	5.75%	5.75%	6.25%
Initial health care cost trend rate	10.0%	11.0%	11.0%	10.0%
Ultimate health care cost trend rate	5.0%	5.0%	5.0%	5.0%
Number of years to ultimate trend rate	8	9	9	10

Changing the assumed health care cost trend rates by one percentage point is estimated to have the following effects (in millions of dollars):

	One Percentage Point Increase	One Percentage Point Decrease
Effect on total of service and interest cost components	\$ 0.1	\$ (0.1)
Effect on postretirement benefit obligation	\$ 1.0	\$ (0.9)

The provisions charged to income for the year ended December 31, 2006, the Successor period ended December 31, 2005 and the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 for all other pension plans were approximately (in millions of dollars) \$8.0, \$0.2, \$8.0 and \$7.8, respectively.

The provisions charged to income for the year ended December 31, 2006, the Successor period ended December 31, 2005 and the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 for the defined contribution plans were approximately (in millions of dollars) \$15.1, \$0.5, \$14.8 and \$13.7, respectively.

Plan Assets

Our major U.S. and Non-U.S. pension plans' weighted-average asset allocations at December 31, 2006 and 2005, by asset category, are as follows:

Asset Category	Plan Assets			
	U.S.		Non-U.S.	
	2006	2005	2006	2005
Equity securities	72.4%	70.6%	85.0%	86.2%
Fixed income securities	27.6	29.4	15.0	13.8
Total	100.0%	100.0%	100.0%	100.0%

We have a long-term investment outlook for the assets held in our Company sponsored plans, which is consistent with the long-term nature of each plan's respective liabilities. We have two major plans which reside in the U.S. and the United Kingdom.

The U.S. Plan, or the "Plan," currently has a target asset allocation of 70% equity and 30% fixed income. The equity portion of the Plan is invested in one passively managed index fund, one actively managed U.S. small/midcap fund and one actively managed international portfolio. The fixed income portion of the Plan is actively managed by a professional investment manager and is benchmarked to the Lehman Long Govt/Credit Index. The Plan currently assumes an 8.75% rate of return on assets which represents the expected long-term annual weighted-average return for the Plan in total. The annualized long-term performance of the Plan has generally been in excess of the long-term rate of return assumptions.

The U.K. Plan currently invests in a professionally managed Balanced Consensus Index Fund which has the investment objective of achieving a total return relatively equal to its benchmark. The benchmark is based upon the average asset weightings of a broad universe of U.K. pension funds invested in pooled investment vehicles and each of their relevant indices. The asset allocation as of December 31, 2006, was 85.0% equity and 15.0% fixed income. The U.K. Plan currently assumes a rate of return on assets of 7.3%, which represents the expected long-term annual weighted-average return.

Contributions

Our policy for funded plans is to contribute annually, at a minimum, amounts required by applicable laws, regulations, and union agreements. From time to time we make contributions beyond those legally required. In 2006, we made no discretionary cash contributions to our U.S. pension plan, while in 2005, we made discretionary cash contributions of \$28.0 million to our U.S. pension plan. In 2007, we expect to contribute, at a minimum, approximately \$27.8 million to our worldwide pension plans, including contributions required by funding regulations, discretionary contributions and benefit payments for unfunded plans.

Estimated Future Benefit Payments

The following table presents estimated future benefit payments (in millions of dollars):

	Pension Benefits	Postretirement Benefits (U.S.)
	<u> </u>	<u> </u>
2007	\$ 34.6	\$ 0.6
2008	18.7	0.7
2009	23.3	0.8
2010	25.1	1.0
2011	27.8	1.1
2012-2016	199.2	7.0

The expected benefit payments for 2007 include a lump sum payment of \$17.9 million to our former Chief Executive Officer, Craig R. Koch.

Note 6 Hertz Holdings Stock Incentive Plan

On February 15, 2006, the Boards of Directors of Hertz and Hertz Holdings jointly approved the Hertz Global Holdings, Inc. Stock Incentive Plan, or the "Stock Incentive Plan." The Stock Incentive Plan provides for the sale of Hertz Holdings common stock to our executive officers, other key employees and directors as well as the grant of stock options to purchase shares of Hertz Holdings common stock to those individuals. The Board of Directors of Hertz Holdings, or a committee designated by it, selects the officers, employees and directors eligible to participate in the Stock Incentive Plan and either the Board or the Compensation Committee of Hertz Holdings may determine the specific number of shares to be offered or options to be granted to an individual employee or director. A maximum of 25 million shares are reserved for issuance under the Stock Incentive Plan. We currently intend to satisfy any need for shares of our common stock associated with the exercise of options issued under the Stock Incentive Plan through those new shares reserved for issuance, not through the use of Treasury shares or open market purchases of shares. The Stock Incentive Plan was approved by the stockholders of Hertz Holdings on March 8, 2006.

All option grants will be non-qualified options with a per-share exercise price no less than fair market value of one share of Hertz Holdings stock on the grant date. Any stock options granted will generally have a term of ten years, and unless otherwise determined by the Board or the Compensation Committee of Hertz Holdings, will vest in five equal annual installments. The Board or Compensation Committee may accelerate the vesting of an option at any time. In addition, vesting of options will be accelerated if Hertz Holdings experiences a change in control (as defined in the Stock Incentive Plan) unless options with substantially equivalent terms and economic value are substituted for existing options in place of accelerated vesting. Vesting of options will also be accelerated in the event of an employee's death or disability (as defined in the Stock Incentive Plan). Upon a termination for cause (as defined in the Stock Incentive Plan), all options held by an employee are immediately cancelled. Following a termination without cause, vested options will generally remain exercisable through the earliest of the expiration of their term or 60 days following termination of employment (180 days in the case of death, disability or retirement at normal retirement age).

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Unless sooner terminated by the Board of Directors, the Stock Incentive Plan will remain in effect until February 15, 2016.

During the second quarter of 2006, Hertz Holdings made an equity offering to approximately 350 of our executives and key employees (not including Craig R. Koch, our former Chairman of the Board and Chief Executive Officer). The shares sold and options granted to our employees in connection with this equity offering are subject to and governed by the terms of the Stock Incentive Plan. The offering closed on May 5, 2006. In connection with this offering, Hertz Holdings sold 1,757,354 shares at a purchase price of \$10.00 per share and granted options to purchase an additional 2,786,354 shares at an exercise price of \$10.00 per share (\$4.56 per share after adjustment for special cash dividends paid on June 30, 2006 and November 21, 2006). In addition, on May 18, 2006, Hertz Holdings granted our key executives and employees (except for Mr. Koch) options to acquire an additional 9,515,000 shares of Hertz Holdings common stock at \$10.00 per share (\$4.56 per share after adjustment for special cash dividends paid on June 30, 2006 and November 21, 2006), 800,000 shares at \$15.00 per share (\$9.56 per share after adjustment for special cash dividends paid on June 30, 2006 and November 21, 2006) and 800,000 shares at \$20.00 per share (\$14.56 per share after adjustment for special cash dividends paid on June 30, 2006 and November 21, 2006). These options are subject to and governed by the terms of the Stock Incentive Plan. The \$10.00 per share purchase price and exercise price was based on the Board's determination of the fair market value of the common stock of Hertz Holdings as of the grant date, as supported by an independent third party valuation.

On June 12, 2006, Mr. Koch purchased 50,000 shares of common stock of Hertz Holdings at a purchase price of \$10.00 per share and received options to purchase an additional 100,000 shares at a purchase price of \$10.00 per share (\$5.68 per share after adjustment for the special cash dividend paid on June 30, 2006). On August 15, 2006, the options issued to Mr. Koch in June 2006 were cancelled and he was issued options to purchase 112,000 shares of common stock of Hertz Holdings at an exercise price of \$7.68 per share (\$6.56 after adjustment for the special cash dividend paid on November 21, 2006). Hertz Holdings made a payment to Mr. Koch in connection with his share purchase equal to \$80,000.

On August 15, 2006, certain newly-hired employees purchased an aggregate of 20,000 shares at a price of \$7.68 per share and were granted options to purchase 220,000 shares of Hertz Holdings stock at an exercise price of \$7.68 per share (\$6.56 after adjustment for the special cash dividend paid on November 21, 2006). Also on August 15, 2006, in accordance with the terms of his employment agreement, Mr. Frissora purchased 1,056,338 shares of common stock of Hertz Holdings at a price of \$5.68, which was \$2.00 below the fair market value of \$7.68 on that date, and was granted options to purchase 800,000 shares of Hertz Holdings at an exercise price of \$7.68 per share (\$6.56 after adjustment for the special cash dividend paid on November 21, 2006), 400,000 options at an exercise price of \$10.68 per share (\$9.56 after adjustment for the special cash dividend paid on November 21, 2006) and 400,000 options at an exercise price of \$15.68 per share (\$14.56 after adjustment for the special cash dividend paid on November 21, 2006). All of Mr. Frissora's options will vest 20% per year on the first five anniversaries of the date of commencement of his employment and will have a ten year term.

In September 2006, we determined that the fair value of the common stock of Hertz Holdings as of August 15, 2006 was \$16.37 per share, rather than the \$7.68 that had originally been determined at that time and which we used for purposes of the Stock Incentive Plan and federal income tax purposes.

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Consequently, we recognized compensation expense of \$13.2 million, including amounts for a tax gross-up on the initial \$2.00 discount to fair market value in accordance with Mr. Frissora's employment agreement, in the quarter ended September 30, 2006.

The five-year vesting period is the requisite service period over which compensation cost will be recognized for all grants except the one to Mr. Koch. For all grants except the one for Mr. Koch, we will recognize compensation cost on a straight-line basis over the five-year vesting period. For Mr. Koch, all of the compensation costs were recognized over his expected service period in 2006. The options will be accounted for as equity-classified awards.

The value of each option award is estimated on the grant date using a Black-Scholes option valuation model that incorporates the assumptions noted in the following table. Because the stock of Hertz Holdings was not publicly traded at the time of these grants, we have used the calculated value method, substituting the historical volatility of an appropriate industry sector index for the expected volatility of Hertz Holdings' common stock price as an assumption in the valuation model. We measure the compensation cost related to employee stock options based on the calculated value instead of fair value of the options because we cannot reasonably estimate the volatility of Hertz Holdings' common stock. We selected the Dow Jones Specialized Consumer Services sub-sector within the consumer services industry, and we used the U.S. large capitalization component, which includes the top 70% of the index universe (by market value).

The calculation of the historical volatility of the index was made using the daily historical closing values of the index for the preceding 6.5 years, because that is the expected term of the options using the simplified approach allowed under SAB No. 107.

The risk-free interest rate is the implied zero-coupon yield for U.S. Treasury securities having a maturity of 6.5 years as of the grant date, which is the expected term of the options. The assumed dividend yield is zero. We assume that each year 1% of the options that are outstanding but not vested will be forfeited because of employee attrition.

Assumption	2006 Grants
Expected volatility	50.2%
Expected dividends	0.0%
Expected term (years)	6.5
Risk-free rate	4.89%-5.07%
Forfeiture rate (per year)	1.0%

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A summary of option activity under the Stock Incentive Plan as of December 31, 2006 is presented below. All of the outstanding options are non-vested and not exercisable.

	Non-vested Shares	Weighted-Average Exercise Price	Weighted-Average Grant-Date Calculated Value
Non-vested as of January 1, 2006		\$	\$
Granted	15,833,354	\$ 5.85	\$ 5.99
Forfeited or Expired	(85,000)	\$	\$ 5.63
Non-vested as of December 31, 2006	15,748,354	\$ 5.85	\$ 5.99

During the year ended December 31, 2006, we recognized compensation cost of approximately \$13.8 million (\$8.3 million, net of tax), and, as of December 31, 2006, there was approximately \$106.2 million of total unrecognized compensation cost related to non-vested stock options granted by Hertz Holdings under the Stock Incentive Plan, including costs related to modifying the exercise prices of certain option grants in order to preserve the intrinsic value of the options, consistent with applicable tax law, to reflect the special cash dividend of \$4.32 per share that was paid on June 30, 2006 and \$1.12 that was paid on November 21, 2006. These remaining costs are expected to be recognized over the remaining 4.4 years of the five-year requisite service period that began on the grant dates.

Note 7 Depreciation of Revenue Earning Equipment

Depreciation of revenue earning equipment includes the following (in thousands of dollars):

	Successor		Predecessor	
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Depreciation of revenue earning equipment	\$ 1,761,804	\$ 45,362	\$ 1,605,243	\$ 1,506,988
Adjustment of depreciation upon disposal of the equipment	(35,857)	(2,123)	(68,307)	(57,212)
Rents paid for vehicles leased	31,255	588	18,926	13,482
Total	\$ 1,757,202	\$ 43,827	\$ 1,555,862	\$ 1,463,258

The adjustment of depreciation upon disposal of revenue earning equipment for the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 included (in millions of dollars) net gains of \$16.3, \$1.3, \$41.8 and \$25.8, respectively, on the disposal of industrial and construction equipment used in our equipment rental operations, and net gains of \$19.6, \$0.8, \$26.5 and \$31.4, respectively, on the disposal of vehicles used in the car rental operations. Depreciation rates being used to compute the provision for depreciation of revenue earning equipment were decreased for all vehicles effective January 1, 2006 in our domestic car rental operations and in our U.S. and Canadian equipment rental operations to reflect changes in the estimated residual values to be realized when revenue earning equipment is sold. Depreciation rates on certain vehicles were increased effective October 1, 2006 in

our domestic car rental operations. Depreciation rates were also decreased effective April 1, 2006 in our French equipment rental operations. Depreciation rates were increased during 2006 in our international car rental operations to reflect changes in the estimated residual values of vehicles. The rate changes resulted in a net reduction of \$3.7 million in our domestic car rental depreciation expense, a net reduction of \$15.3 million in our combined U.S. and Canadian equipment rental operations depreciation expense, a net reduction of \$3.1 million in our French equipment rental operations depreciation expense and a net increase of \$9.0 million in our international car rental operations depreciation expense.

As a result of the Acquisition, the net book value of our revenue earning equipment was adjusted to its estimated fair value, resulting in a net increase of \$93.1 million. This net increase in net book value resulted in an increase in depreciation expense of approximately \$13.8 million and \$0.5 million for the year ended December 31, 2006 and the Successor period ended December 31, 2005, respectively.

Note 8 Taxes on Income

The components of income (loss) before income taxes and minority interest for the periods were as follows (in thousands of dollars):

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Domestic	\$ 97,044	\$ (19,144)	\$ 371,570	\$ 322,759
Foreign	103,607	(14,074)	203,336	179,793
Total	\$ 200,651	\$ (33,218)	\$ 574,906	\$ 502,552

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The total provision (benefit) for taxes on income consists of the following (in thousands of dollars):

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Current:				
Federal	\$ 6,576	\$	\$ 577,573	\$ (22,950)
Foreign	28,527		17,550	16,679
State and local	2,537		7,670	10,565
Total current	37,640		602,793	4,294
Deferred:				
Federal	28,499	(5,711)	(435,037)	132,877
Foreign	11,148	(4,822)	11,224	(11,801)
State and local	(9,293)	(1,710)	12,352	8,500
Total deferred	30,354	(12,243)	(411,461)	129,576
Total provision (benefit)	\$ 67,994	\$ (12,243)	\$ 191,332	\$ 133,870

The principal items of the U.S. and foreign net deferred tax liability at December 31, 2006 and 2005 are as follows (in thousands of dollars):

	2006	2005
Deferred Tax Assets:		
Employee benefit plans	\$ 130,966	\$ 126,454
Net operating loss carryforwards	411,744	101,156
Foreign tax credit carryforwards	14,604	
Federal and state alternative minimum tax credit carryforwards	4,683	4,464
Accrued and prepaid expenses deducted for tax purposes when paid or incurred	89,809	145,608
Total Deferred Tax Assets	651,806	377,682
Less: Valuation Reserves	(31,191)	(21,377)
Total Net Deferred Tax Assets	620,615	356,305
Deferred Tax Liabilities:		
Depreciation on tangible assets	(1,207,796)	(1,027,906)
Intangible assets	(1,213,892)	(1,180,941)
Total Deferred Tax Liabilities	(2,421,688)	(2,208,847)
Net Deferred Tax Liability	\$ (1,801,073)	\$ (1,852,542)

At December 31, 2006, deferred tax assets of \$371.3 million related to U.S. Net Operating Loss, or "NOL," carryforwards of \$836.9 million were recorded. These NOLs begin to expire in 2025.

At December 31, 2006, deferred tax assets of \$40.4 million related to foreign NOL carryforwards were recorded. All of these NOLs have an indefinite carryforward period. A valuation allowance of \$31.2 million at December 31, 2006 was recorded against the deferred tax asset as those deferred tax assets relate to jurisdictions which have historical losses. The valuation allowance relates to the likelihood that a portion of the NOL carryforwards may not be utilized in the future.

The American Jobs Creation Act, or "the Act," was enacted in October 2004. The Act contained a provision allowing a one-time favorable tax benefit in 2005 related to the repatriation of foreign earnings to the U.S. During 2005, in connection with the Acquisition, \$547.8 million of foreign earnings from certain foreign subsidiaries of Hertz were repatriated to the U.S. The repatriation generated \$168.2 million of tax expense, of which \$136.9 million was mitigated by foreign tax credits, resulting in a net tax expense of \$31.3 million.

On July 13, 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109", or "FIN No. 48." FIN No. 48 clarifies the criteria that must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN No. 48 will require companies to include additional qualitative and quantitative disclosures within their financial statements. The disclosures will include potential tax benefits from positions taken for tax return purposes that have not been recognized for financial reporting purposes and a tabular presentation of significant changes during each period. The disclosures will also include a discussion of the nature of uncertainties, factors which could cause a change, and an estimated range of reasonably possible changes in tax uncertainties. FIN No. 48 will also require a company to recognize a financial statement benefit for a position taken for tax return purposes when it is more likely than not that the position will be sustained. FIN No. 48 will be effective for fiscal years beginning after December 15, 2006. Tax positions taken in prior years are being evaluated under FIN No. 48 and management anticipates a decrease to the opening balance of retained earnings as of January 1, 2007 of up to \$30.0 million.

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The significant items in the reconciliation of the statutory and effective income tax rates consisted of the following:

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Statutory Federal Tax Rate	35.0%	35.0%	35.0%	35.0%
Foreign tax differential	(4.8)	(2.8)	2.7	(3.8)
State and local income taxes, net of federal income tax benefit	2.3	3.4	2.3	2.5
Increase (decrease) in valuation allowance	4.9		(6.1)	6.9
Adjustments made to federal and foreign tax accruals in connection with tax audit evaluations	0.7			(13.9)
Change in statutory rates	(5.4)			
All other items, net	1.2	1.3	(0.6)	(0.1)
Effective Tax Rate	33.9%	36.9%	33.3%	26.6%

The effective income tax rate on earnings before income taxes and minority interest for the successor periods ended December 31, 2006 and December 31, 2005 was 33.9% and 36.9%, respectively. The effective income tax rate for the predecessor periods ended December 20, 2005 and December 31, 2004 was 33.3% and 26.6%, respectively. The lower effective tax rate in 2004 was attributable to an audit settlement of the 1999 through 2003 income tax years.

As of December 31, 2006, approximately \$417.0 million of undistributed earnings of foreign subsidiaries existed for which U.S. deferred taxes have not been recorded because it is management's current intention to permanently reinvest these undistributed earnings offshore. If in the future these earnings are repatriated to the United States, or it is determined such earnings will be repatriated in the foreseeable future, additional tax provisions will be recorded.

Note 9 Lease and Concession Agreements

We have various concession agreements, which provide for payment of rents and a percentage of revenue with a guaranteed minimum, and real estate leases under which the following amounts were expensed (in thousands of dollars):

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Rents	\$ 120,726	\$ 3,500	\$ 112,627	\$ 100,243
Concession fees:				
Minimum fixed obligations	279,487	7,653	246,304	227,535
Additional amounts, based on revenues	194,220	5,544	178,431	182,069
Total	\$ 594,433	\$ 16,697	\$ 537,362	\$ 509,847

As of December 31, 2006, minimum obligations under existing agreements referred to above are approximately as follows (in thousands of dollars):

	Rents	Concessions
2007	\$ 105,836	\$ 247,444
2008	89,275	186,131
2009	68,838	143,653
2010	52,252	101,765
2011	41,201	74,518
Years after 2011	188,315	394,591

Many of our concession agreements and real estate leases require us to pay or reimburse operating expenses, such as common area charges and real estate taxes, to pay concession fees above guaranteed minimums or additional rent based on a percentage of revenues or sales (as defined in those agreements) arising at the relevant premises, or both. Such obligations are not reflected in the table of minimum future obligations appearing immediately above.

In addition to the above, we have various leases on revenue earning equipment and office and computer equipment under which the following amounts were expensed (in thousands of dollars):

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Revenue earning equipment	\$ 31,255	\$ 588	\$ 18,926	\$ 13,482
Office and computer equipment	14,718	466	14,984	15,338
Total	\$ 45,973	\$ 1,054	\$ 33,910	\$ 28,820

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As of December 31, 2006, minimum obligations under existing agreements referred to above that have a maturity of more than one year are as follows (in thousands of dollars): 2007, \$31,962; 2008, \$11,658; 2009, \$2,615; 2010, \$123; 2011, \$4; years after 2011, \$0.

Note 10 Segment Information

We follow SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The statement requires companies to disclose segment data based on how management makes decisions about allocating resources to segments and measuring their performance.

Our operating segments are aggregated into reportable business segments based primarily upon similar economic characteristics, products, services, customers, and delivery methods. We have identified two reportable segments: rental of cars and light trucks, or "car rental"; and rental of industrial, construction and material handling equipment, or "equipment rental." The contribution of these segments, as well as "corporate and other," for the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 are summarized below (in millions of dollars). "Corporate and other" includes general corporate expenses, certain interest expense (including, in Successor periods, net interest on corporate debt), as well as other business activities, such as our third party claim management services.

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	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Revenues				
Car rental	\$ 6,378.0	\$ 131.8	\$ 5,915.0	\$ 5,507.7
Equipment rental	1,672.6	22.5	1,392.8	1,162.2
Corporate and other	7.8	0.2	6.9	6.1
Total	\$ 8,058.4	\$ 154.5	\$ 7,314.7	\$ 6,676.0
Income (loss) before income taxes and minority interest				
Car rental	\$ 373.5	\$ (16.2)	\$ 390.8	\$ 437.7
Equipment rental	269.5	(11.4)	250.5	87.8
Corporate and other	(442.4)	(5.6)	(66.4)	(22.9)
Total	\$ 200.6	\$ (33.2)	\$ 574.9	\$ 502.6
Depreciation of revenue earning equipment				
Car rental	\$ 1,479.6	\$ 37.4	\$ 1,344.1	\$ 1,228.6
Equipment rental	277.6	6.4	211.8	234.7
Corporate and other				
Total	\$ 1,757.2	\$ 43.8	\$ 1,555.9	\$ 1,463.3
Depreciation of property and equipment				
Car rental	\$ 150.8	\$ 4.1	\$ 141.1	\$ 136.1
Equipment rental	40.5	1.2	36.4	36.7
Corporate and other	5.9	0.2	4.9	4.8
Total	\$ 197.2	\$ 5.5	\$ 182.4	\$ 177.6
Amortization of other intangible assets				
Car rental	\$ 29.4	\$ 1.1	\$ 0.7	\$ 0.6
Equipment rental	32.2	1.0		
Corporate and other				
Total	\$ 61.6	\$ 2.1	\$ 0.7	\$ 0.6
Interest expense, net of interest income				
Car rental	\$ 424.1	\$ 15.8	\$ 349.2	\$ 305.0
Equipment rental	140.0	3.4	86.4	72.0
Corporate and other	336.6	6.6	38.6	7.4
Total	\$ 900.7	\$ 25.8	\$ 474.2	\$ 384.4
Revenue earning equipment and property and equipment				
Car rental				
Expenditures	\$ 10,712.1	\$ 234.9	\$ 11,530.1	\$ 10,885.7
Proceeds from disposals	(9,362.7)	(199.8)	(9,927.2)	(8,554.3)
Net expenditures	\$ 1,349.4	\$ 35.1	\$ 1,602.9	\$ 2,331.4
Equipment rental				

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	Successor		Predecessor	
Expenditures	\$ 929.6	\$ 8.2	\$ 987.9	\$ 707.8
Proceeds from disposals	(256.5)	(1.1)	(251.4)	(245.5)
Net expenditures	\$ 673.1	\$ 7.1	\$ 736.5	\$ 462.3
Corporate and other				
Expenditures	\$ 3.1	\$ 0.2	\$ 2.7	\$ 3.0
Proceeds from disposals			(0.3)	(0.4)
Net expenditures	\$ 3.1	\$ 0.2	\$ 2.4	\$ 2.6

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	December 31,	
	2006	2005
Total assets at end of year		
Car rental	\$ 10,597.0	\$ 11,456.4
Equipment rental	4,475.9	3,418.8
Corporate and other	3,604.5	3,705.7
Total	\$ 18,677.4	\$ 18,580.9
Revenue earning equipment, net, at end of year		
Car rental	\$ 7,366.4	\$ 7,399.5
Equipment rental	2,439.1	2,075.5
Corporate and other		
Total	\$ 9,805.5	\$ 9,475.0

We operate in the United States and in foreign countries. Foreign operations are substantially in Europe. The operations within major geographic areas are summarized below (in millions of dollars):

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	December 31, 2004
Revenues				
United States	\$ 5,631.2	\$ 123.7	\$ 5,150.5	\$ 4,678.2
Foreign	2,427.2	30.8	2,164.2	1,997.8
Total	\$ 8,058.4	\$ 154.5	\$ 7,314.7	\$ 6,676.0
Income (loss) before income taxes and minority interest				
United States	\$ 61.0	\$ (19.1)	\$ 371.6	\$ 322.8
Foreign	139.6	(14.1)	203.3	179.8
Total	\$ 200.6	\$ (33.2)	\$ 574.9	\$ 502.6
Depreciation of revenue earning equipment				
United States	\$ 1,333.2	\$ 35.5	\$ 1,179.8	\$ 1,107.3
Foreign	424.0	8.3	376.1	356.0
Total	\$ 1,757.2	\$ 43.8	\$ 1,555.9	\$ 1,463.3
Depreciation of property and equipment				
United States	\$ 150.7	\$ 4.6	\$ 140.3	\$ 136.4
Foreign	46.5	0.9	42.1	41.2
Total	\$ 197.2	\$ 5.5	\$ 182.4	\$ 177.6
Amortization of other intangible assets				
United States	\$ 43.1	\$ 1.3	\$ 0.1	\$

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	Successor		Predecessor	
Foreign	18.5	0.8	0.6	0.6
Total	\$ 61.6	\$ 2.1	\$ 0.7	\$ 0.6

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	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	December 31, 2004
Interest expense, net of interest income				
United States	\$ 746.0	\$ 22.0	\$ 414.4	\$ 338.5
Foreign	154.7	3.8	59.8	45.9
Total	\$ 900.7	\$ 25.8	\$ 474.2	\$ 384.4
Revenue earning equipment and property and equipment				
United States				
Expenditures	\$ 8,037.8	\$ 188.9	\$ 8,762.3	\$ 7,928.5
Proceeds from disposals	(6,613.0)	(131.8)	(6,940.8)	(5,818.6)
Net expenditures	\$ 1,424.8	\$ 57.1	\$ 1,821.5	\$ 2,109.9
Foreign				
Expenditures	\$ 3,607.0	\$ 54.4	\$ 3,758.4	\$ 3,668.0
Proceeds from disposals	(3,006.2)	(69.1)	(3,238.1)	(2,981.6)
Net expenditures	\$ 600.8	\$ (14.7)	\$ 520.3	\$ 686.4
December 31,				
2006 2005				
Total assets at end of year				
United States			\$ 14,057.4	\$ 13,981.0
Foreign			4,620.0	4,599.9
Total			\$ 18,677.4	\$ 18,580.9
Revenue earning equipment, net, at end of year				
United States			\$ 7,243.3	\$ 7,270.9
Foreign			2,562.2	2,204.1
Total			\$ 9,805.5	\$ 9,475.0

Note 11 Litigation and Guarantees

Legal Proceedings

Fuel Related Class Actions

We are a defendant in four purported class actions filed in Texas, Oklahoma, New Mexico and Nevada in which the plaintiffs have put forth alternate theories to challenge the application of our Fuel and Service Charge, or "FSC," on rentals of cars that are returned with less fuel than when rented.

1. *Texas.* On March 15, 2004, *Jose M. Gomez, individually and on behalf of all other similarly situated persons, v. The Hertz Corporation* was commenced in the 214th Judicial District Court of Nueces County, Texas. Gomez purports to be a class action filed alternatively on behalf of all persons who were charged a FSC by us or all Texas residents who were charged a FSC by us. The petition alleged

that the

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FSC is an unlawful penalty and that, therefore, it is void and unenforceable. The plaintiff seeks an unspecified amount of compensatory damages, with the return of all FSC paid or the difference between the FSC and our actual costs, disgorgement of unearned profits, attorneys' fees and costs. In response to various motions by us, the plaintiff filed two amended petitions which scaled back the putative class from a nationwide class to a class of all Texas residents who were charged a FSC by us or by our Corpus Christi licensee. A new cause of action was also added for conversion for which the plaintiff is seeking punitive damages. After some limited discovery, we filed a motion for summary judgment in December 2004. That motion was denied in January 2005. The parties then engaged in more extensive discovery. In April 2006, the plaintiff further amended his petition by adding a cause of action for fraudulent misrepresentation and, at the plaintiff's request, a hearing on the plaintiff's motion for class certification was scheduled for August 2006. In May 2006, the plaintiff filed a fourth amended petition which deleted the cause of action for conversion and the plaintiff also filed a first amended motion for class certification in anticipation of the August 2006 hearing on class certification. After the hearing, the plaintiff filed a fifth amended petition seeking to further refine the putative class as including all Texas residents who were charged a FSC in Texas after February 6, 2000. In October 2006, the judge entered a class certification order which certified a class of all Texas residents who were charged an FSC in Texas after February 6, 2000. We are appealing the order.

2. *Oklahoma.* On November 18, 2004, *Keith Kochner, individually and on behalf of all similarly situated persons, v. The Hertz Corporation* was commenced in the District Court in and for Tulsa County, State of Oklahoma. As with the Gomez case, Kochner purports to be a class action, this time on behalf of Oklahoma residents who rented from us and incurred our FSC. The petition alleged that the imposition of the FSC is a breach of contract and amounts to an unconscionable penalty or liquidated damages in violation of Article 2A of the Oklahoma Uniform Commercial Code. The plaintiff seeks an unspecified amount of compensatory damages, with the return of all FSC paid or the difference between the FSC and our actual costs, disgorgement of unearned profits, attorneys' fees and costs. In March 2005, the trial court granted our motion to dismiss the action but also granted the plaintiff the right to replead. In April 2005, the plaintiff filed an amended class action petition, newly alleging that our FSC violates the Oklahoma Consumer Protection Act and that we have been unjustly enriched, and again alleging that our FSC is unconscionable under Article 2A of the Oklahoma Uniform Commercial Code. In May 2005, we filed a motion to dismiss the amended class action petition. In October 2005, the court granted our motion to dismiss, but allowed the plaintiff to file a second amended complaint and we then answered the complaint. Discovery has now commenced.

3. *New Mexico.* On December 13, 2005, *Janelle Johnson, individually and on behalf of all other similarly situated persons v. The Hertz Corporation* was filed in the Second Judicial District Court of the County of Bernalillo, New Mexico. As with the Gomez and Kochner cases, Johnson purports to be a class action, this time on behalf of all New Mexico residents who rented from us and who were charged a FSC. The complaint alleges that the FSC is unconscionable as a matter of law under pertinent sections of the New Mexico Uniform Commercial Code and that, under New Mexico common law, the collection of FSC does not constitute valid liquidated damages, but rather is a void penalty. The plaintiff seeks an unspecified amount of compensatory damages, with the return of all FSC paid or the difference between the FSC and its actual cost. In the alternative, the plaintiff requests that the court exercise its equitable jurisdiction and order us to cease and desist from our unlawful conduct and to modify our lease provisions to conform with applicable provisions of New Mexico statutory and common law. The complaint also asks for attorneys' fees and costs. We have removed the action to the U.S. District Court for the District of New Mexico and, in lieu of an answer, filed a motion to dismiss.

In November 2006, the judge granted our motion to dismiss the liquidated damages claim and the substantive unconscionability claim but did not grant our motion to dismiss the procedural unconscionability claim or the claim for equitable relief. Plaintiff then amended her complaint to replead the unconscionability claim and to add a fraudulent misrepresentation claim. In December 2006, we filed a motion to dismiss the amended complaint and, in January 2007, the court quickly dismissed the new fraud claim and reaffirmed the dismissal of the substantive unconscionability claim. In February 2007, the plaintiff dismissed the case with prejudice.

4. *Nevada*. On January 10, 2007, *Marlena Guerra, individually and on behalf of all other similarly situated persons, v. The Hertz Corporation* was filed in the United States District Court for the District of Nevada. As with the Gomez and Kochner cases, Guerra purports to be a class action on behalf of all individuals and business entities who rented vehicles at Las Vegas McCarran International Airport and were charged a FSC. The complaint alleged that those customers who paid the FSC were fraudulently charged a surcharge required for fuel in violation of Nevada's Deceptive Trade Practices Act. The plaintiff also alleged the FSC violates the Nevada Uniform Commercial Code, or "UCC," since it is unconscionable and operates as an unlawful liquidated damages provision. Finally, the plaintiff claimed that we breached our own rental agreement which the plaintiff claims to have been modified so as not to violate Nevada law by charging the FSC, since such charges violate the UCC and/or the prohibition against fuel surcharges. The plaintiff seeks compensatory damages, including the return of all FSC paid or the difference between the FSC and its actual costs, plus prejudgment interest, attorneys' fees and costs. In March 2007, we filed a motion to dismiss.

Other Consumer or Supplier Class Actions

1. *HERC LDW*. On August 15, 2006, *Davis Landscape, Ltd., individually and on behalf of all others similarly situated, v. Hertz Equipment Rental Corporation*, or "HERC," was filed in the United States District Court for the District of New Jersey. Davis Landscape, Ltd., purports to be a nationwide class action on behalf of all persons and business entities who rented equipment from HERC and who paid a Loss Damage Waiver, or "LDW," charge. The complaint alleges that the LDW is deceptive and unconscionable as a matter of law under pertinent sections of New Jersey law, including the New Jersey Consumer Fraud Act and the New Jersey Uniform Commercial Code. The plaintiff seeks an unspecified amount of statutory damages under the New Jersey Consumer Fraud Act, an unspecified amount of compensatory damages with the return of all LDW charges paid, declaratory relief and an injunction prohibiting HERC from engaging in acts with respect to the LDW charge that violate the New Jersey Consumer Fraud Act. The complaint also asks for attorneys' fees and costs. In October 2006, we filed an answer to the complaint. In November 2006, the plaintiff filed an amended complaint adding an additional plaintiff, Miguel V. Pro, an individual residing in Texas, and new claims relating to HERC's charging of an "Environmental Recovery Fee." Causes of action for breach of contract and breach of implied covenant of good faith and fair dealing were also added. In January 2007, we filed an answer to the amended complaint. Discovery has now commenced.

2. *Concession Fee Recoveries*. On October 13, 2006, *Janet Sobel, Daniel Dugan Ph.D., and Lydia Lee, individually and on behalf of all others similarly situated, v. The Hertz Corporation and Enterprise Rent-A-Car Company* was filed in the United States District Court for the District of Nevada. Sobel purports to be a nationwide class action on behalf of all persons who rented cars from Hertz or Enterprise at airports in Nevada and whom Hertz or Enterprise charged airport concession recovery fees. The complaint alleged that the airport concession recovery fees violate certain provisions of

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Nevada law, including Nevada's Deceptive Trade Practices Act. The plaintiffs seek an unspecified amount of compensatory damages, restitution of any charges found to be improper and an injunction prohibiting Hertz and Enterprise from quoting or charging any of the fees prohibited by Nevada law. The complaint also asks for attorneys' fees and costs. In November 2006, the plaintiffs and Enterprise stipulated and agreed that claims against Enterprise would be dismissed without prejudice. In January 2007, we filed a motion to dismiss.

We believe that we have meritorious defenses in the foregoing matters and will defend ourselves vigorously.

In addition, we are currently a defendant in numerous actions and have received numerous claims on which actions have not yet been commenced for public liability and property damage arising from the operation of motor vehicles and equipment rented from us and our licensees. In the aggregate, we can be expected to expend material sums to defend and settle public liability and property damage actions and claims or to pay judgments resulting from them.

On February 19, 2007, *The Hertz Corporation and TSD Rental LLC v. Enterprise Rent-A-Car Company and The Crawford Group, Inc.* was filed in the United States District Court for the District of Massachusetts. In this action, we and our co-plaintiff seek damages and injunctive relief based upon allegations that Enterprise and its corporate parent, The Crawford Group, Inc., unlawfully engaged in anticompetitive and unfair and deceptive business practices by claiming to customers of Hertz that once Enterprise obtains a patent that it has applied for relating to its insurance replacement reservation system, Hertz will be prevented from using the co-plaintiff's EDiCAR system, which Hertz currently uses in its insurance replacement business. The complaint alleges, among other things, that Enterprise's threats are improper because the Enterprise patent, once issued, should be invalid and unenforceable.

In addition to the foregoing, various legal actions, claims and governmental inquiries and proceedings are pending or may be instituted or asserted in the future against us and our subsidiaries. Litigation is 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 us or any of our subsidiaries involved. Although the amount of liability with respect to these matters cannot be ascertained, potential liability in excess of related accruals is not expected to materially affect our consolidated financial position, results of operations or cash flows but it could be material in the period in which it is recorded.

Guarantees

At December 31, 2006, the following guarantees (including indemnification commitments) were issued and outstanding.

Indemnifications

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

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have accrued for expected losses that are probable and estimable. The types of indemnifications for which payments are possible include the following:

Sponsors; Directors

On the Closing Date, Hertz entered into customary indemnification agreements with Hertz Holdings, the Sponsors and Hertz Holdings' stockholders affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, Hertz Holdings' stockholders affiliated with the Sponsors 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 the Sponsors and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We do not believe that these indemnifications are reasonably likely to have a material impact on us. We also entered into indemnification agreements with each of our directors in connection with the initial public offering of our common stock in November 2006.

Environmental

We have indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which we may be held responsible could be substantial. The probable losses that we expect to incur for such matters have been accrued and those losses are reflected in our consolidated financial statements. As of December 31, 2006 and 2005, the aggregate amounts accrued for environmental liabilities including liability for environmental indemnities, reflected in our consolidated balance sheet in "Other accrued liabilities" were \$3.7 million and \$3.9 million, respectively. The accrual generally represents the estimated cost to study potential environmental issues at sites deemed to require investigation or clean-up activities, and the estimated cost to implement remediation actions, including ongoing maintenance, as required. Cost estimates are developed by site. Initial cost estimates are based on historical experience at similar sites and are refined over time on the basis of in-depth studies of the site. For many sites, the remediation costs and other damages for which we ultimately may be responsible cannot be reasonably estimated because of uncertainties with respect to factors such as our connection to the site, the materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies, and remediation to be undertaken (including the technologies to be required and the extent, duration, and success of remediation).

Note 12 Quarterly Financial Information (Unaudited)

A summary of the quarterly operating results during 2006 and 2005 were as follows (in thousands of dollars, except per share data):

Successor				
	First Quarter 2006	Second Quarter 2006	Third Quarter 2006	Fourth Quarter 2006
Revenues	\$ 1,786,594	\$ 2,040,633	\$ 2,240,594	\$ 1,990,584
Operating income: pre-tax income before interest expense and minority interest	147,013 ⁽¹⁾⁽²⁾	269,883 ⁽⁴⁾	413,685 ⁽⁶⁾	270,727 ⁽⁸⁾
(Loss) income before income taxes and minority interest	(63,300) ⁽¹⁾⁽²⁾⁽³⁾	57,273 ⁽⁴⁾⁽⁵⁾	163,971 ⁽⁶⁾⁽⁷⁾	42,707 ⁽⁸⁾⁽⁹⁾⁽¹⁰⁾
Net (loss) income	(49,236)	17,818	107,538	39,823 ⁽¹¹⁾
(Loss) earnings per share, basic	\$ (0.21)	\$ 0.08	\$ 0.46	\$ 0.14
(Loss) earnings per share, diluted	\$ (0.21)	\$ 0.08	\$ 0.46	\$ 0.14

Predecessor			Successor		
	First Quarter 2005	Second Quarter 2005	For the periods from		
	First Quarter 2005	Second Quarter 2005	Third Quarter 2005	October 1, 2005 to December 20, 2005	December 21, 2005 to December 31, 2005
Revenues	\$ 1,640,573	\$ 1,862,329	\$ 2,123,630	\$ 1,688,213	\$ 154,469
Operating income (loss): pre-tax income (loss) before interest expense and minority interest	134,691	267,386 ⁽¹²⁾	405,460 ⁽¹³⁾	241,616 ⁽¹⁶⁾	(7,483) ⁽¹⁶⁾
Income (loss) before income taxes and minority interest	35,479	154,554 ⁽¹²⁾	264,296 ⁽¹³⁾⁽¹⁴⁾	120,577 ⁽¹⁶⁾⁽¹⁷⁾	(33,218) ⁽¹⁶⁾
Net income (loss)	20,875	99,200	205,221 ⁽¹⁵⁾	46,027 ⁽¹⁸⁾	(21,346)
Loss per share, basic	\$ 0.09	\$ 0.43	\$ 0.89	\$ 0.20	\$ (0.09)
Loss per share, diluted	\$ 0.09	\$ 0.43	\$ 0.89	\$ 0.20	\$ (0.09)

- (1) Includes a \$3.6 million and a \$5.1 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our domestic car rental operations and our combined U.S. and Canadian equipment rental operations, respectively.
- (2) Includes a gain of \$6.6 million related to the assignment of certain interest rate swaps. See note (9).
- (3) Includes \$76.5 million of net interest expense on corporate debt.
- (4) Includes a \$5.4 million and \$1.1 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our combined U.S. and Canadian and our French equipment rental operations, respectively, and a \$1.0 million increase in depreciation expense related to a change in revenue earning equipment depreciation rates in our international car rental operations.
- (5) Includes \$78.2 million of net interest expense on corporate debt.
- (6) Includes a \$0.5 million, \$2.7 million and a \$1.0 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our domestic car rental operations, our combined U.S. and Canadian and our French equipment rental operations, respectively, and a \$3.0 million increase in depreciation expense related to a change in revenue earning equipment depreciation rates in our international car rental operations.
- (7) Includes \$93.4 million of net interest expense on corporate debt.

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(8)

Includes a \$2.1 million and \$1.0 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our combined U.S. and Canadian and our French equipment rental operations, respectively, and a

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\$4.9 million increase in depreciation expense related to a change in revenue earning equipment depreciation rates in our domestic and international car rental operations.

- (9) Includes an adjustment of \$5.6 million to correct the original gain amount of \$6.6 million disclosed in the first quarter of 2006 which did not take into account the relinquishment of a counterparty receivable in the amount of \$5.6 million see note (2). This adjustment had a negative impact on the quarter of \$0.02 per share on a fully diluted basis and had no effect on Corporate EBITDA.
- (10) Includes \$88.4 million of net interest expense on corporate debt.
- (11) Included favorable net tax adjustments of \$2.9 million related to prior periods, which had the impact of \$0.01 per share in the quarter on a fully diluted basis and no effect on Corporate EBITDA.
- (12) Includes a \$14.9 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our domestic car rental operations and our combined U.S. and Canadian equipment rental operations.
- (13) Includes a \$9.8 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our domestic car rental operations and our combined U.S. and Canadian equipment rental operations.
- (14) Includes interest expense of \$16.3 million on the Intercompany note payable to Ford Holdings LLC (relating to the dividend declared and paid on June 10, 2005).
- (15) Includes the reversal of a valuation allowance on foreign tax credit carryforwards of \$35.0 million.
- (16) The total combined fourth quarter of 2005 includes a \$10.3 million decrease in depreciation expense related to a change in revenue earning equipment depreciation rates in our domestic car rental operations and our combined U.S. and Canadian equipment rental operations.
- (17) Includes interest expense of \$15.6 million on the Intercompany note payable to Ford Holdings LLC (relating to the dividend declared and paid on June 10, 2005) for the Predecessor period October 1, 2005 to December 20, 2005. The note was repaid on December 21, 2005.
- (18) Includes a \$31.3 million provision relating to the repatriation of foreign earnings and favorable foreign tax adjustments of \$5.3 million relating to years prior to 2005.

Note 13 Financial Instruments

Financial instruments, which potentially subject us to concentrations of credit risk, consist principally of cash equivalents, short term investments and trade receivables. We place our cash equivalents with a number of financial institutions and investment funds to limit the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising our customer base, and their dispersion across different businesses and geographic areas. As of December 31, 2006, we had no significant concentration of credit risk.

Cash and Equivalents and Restricted Cash

Fair value approximates cost indicated on the balance sheet at December 31, 2006 because of the short-term maturity of these instruments.

Debt

For borrowings with an initial maturity of 93 days or less, fair value approximates carrying value because of the short-term nature of these instruments. For all other debt, fair value is estimated based on quoted market rates as well as borrowing rates currently available to us for loans with similar terms and average maturities. The aggregate fair value of all debt at December 31, 2006 approximated

\$12.5 billion, compared to its aggregate carrying value of \$12.4 billion. Since all debt was recorded at fair value on December 21, 2005 due to the Acquisition, the fair value approximated carrying value at December 31, 2005.

Derivative Instruments and Hedging Activities

We utilize certain derivative instruments to enhance our ability to manage risk relating to cash flow and interest rate exposure. Derivative instruments are entered into for periods consistent with the related underlying exposures. We document all relationships between hedging instruments and hedged items, as well as our risk-management objectives and strategies for undertaking various hedge transactions.

Interest Rate Risk

From time to time, we enter into interest rate swap agreements to manage interest rate risk. Effective September 30, 2003, we entered into interest rate swap agreements relating to the issuance of our 4.7% notes due October 2, 2006. Effective June 3, 2004, we entered into interest rate swap agreements relating to the issuance of our 6.35% notes due June 15, 2010. Under these agreements, we paid interest at a variable rate in exchange for fixed rate receipts, effectively transforming these notes to floating rate obligations. As a result of the Acquisition, a significant portion of the underlying fixed rate debt was tendered, causing the interest rate swaps to be ineffective as of December 21, 2005. Consequently, any changes in the fair value of the interest rate swaps were recognized in the statement of operations. Between December 21, 2005 (the date the hedge accounting was discontinued) and December 31, 2005, the fair value adjustment related to these interest rate swaps was a gain of \$2.7 million, which was recorded in our consolidated statement of operations in "Selling, general and administrative" expenses. During January 2006, we assigned these interest rate swaps to a third party in return for cash. As a result of the assignment of these interest rate swaps, we recorded a gain of \$1.0 million, which is reflected in our consolidated statement of operations in "Selling, general and administrative" expenses. See Note 12 Quarterly Financial Information (Unaudited).

In connection with the Acquisition and the issuance of \$3,550.0 million of floating rate U.S. Fleet Debt, HVF and Hertz entered into seven interest rate swap agreements, or the "HVF swaps," effective December 21, 2005, which qualify as cash flow hedging instruments in accordance with SFAS 133. The HVF swaps were entered into for the purpose of locking in the interest cash outflows on the floating rate U.S. Fleet Debt. These agreements mature at various terms, in connection with the scheduled maturity of the associated debt obligations, through November 25, 2011. Under these agreements, HVF pays monthly interest at a fixed rate of 4.5% per annum in exchange for monthly amounts at one-month LIBOR, effectively transforming the floating rate U.S. Fleet Debt to fixed rate obligations. For the Successor period ended December 31, 2005, we recognized \$1.0 million of interest expense in our consolidated statement of operations, which resulted from the inherent ineffectiveness associated with the HVF swaps, as these interest rate swaps were entered into at off-market rates. For the year ended December 31, 2006, we recorded a benefit of \$1.0 million in our consolidated statement of operations associated with previously recognized ineffectiveness of the HVF Swaps. As of December 31, 2006, the fair value of HVF swaps was \$50.6 million, which is reflected in our consolidated balance sheet in "Prepaid expenses and other assets." Additionally, as of December 31, 2006, \$3.5 million, net of \$2.4 million of tax, was reflected in our consolidated balance sheet in "Accumulated other comprehensive income (loss)."

Also in connection with the issuance of \$3,550.0 million of floating rate U.S. Fleet Debt, Hertz entered into seven differential interest rate swap agreements, or the "differential swaps." These differential swaps were required to be put in place to protect the counterparties to the HVF swaps in the event of a default by HVF on the asset backed notes, which will cause a "rapid amortization" of the notes. In the event of a "rapid amortization period," the differential is transferred to Hertz. There was no initial payment associated with these differential swaps and their notional amounts are and will continue to be zero unless 1) there is an amortization event, which causes the rapid amortization of the loan balance, 2) there is an increased probability that an amortization event will occur, which would cause the rapid amortization of the loan balance, or 3) the debt is prepaid. Given this and that the initial assessment of the probability of the occurrence of an amortization event is considered remote, the current fair value of the differential swaps is considered to be zero. Should any of the above events occur, then the differential swaps will have a fair value, which will result in the differential swaps being recorded at fair value on the balance sheet, with a corresponding amount affecting earnings, as there is no qualifying hedge relationship.

In connection with our Euro-denominated medium term notes that were not tendered to us in connection with the Acquisition, we entered into an interest rate swap agreement on December 21, 2005, effective January 16, 2006, maturing on July 16, 2007. The purpose of this interest rate swap is to lock in the interest cash outflows at a fixed rate of 4.1% on the variable rate Euro-denominated medium term notes. As the critical terms of the swap and remaining portion of the Euro-denominated medium term notes match, the swap qualifies for cash flow hedge accounting and the shortcut method of assessing effectiveness, in accordance with SFAS 133. Therefore, the fair value of the swap will be carried on the balance sheet, with offsetting gains or losses recorded in other comprehensive income. At December 31, 2006, the fair value of this swap was \$0.1 million.

In May 2006, in connection with the forecasted issuance of the permanent take-out international asset-based facilities, HIL purchased two swaptions for €3.3 million, to protect itself from interest rate increases. These swaptions give HIL the right, but not the obligation, to enter into three year interest rate swaps, based on a total notional amount of €600 million at an interest rate of 4.155%. As of December 31, 2006, the fair value of the swaptions was €1.3 million (or \$1.7 million), which is reflected in our consolidated balance sheet in "Prepaid expenses and other assets." During the year ended December 31, 2006, the fair value adjustment related to these swaps was a loss of \$2.6 million, which was recorded in our consolidated statement of operations in "Selling, general and administrative" expenses. The swaptions were renewed in 2007 prior to their scheduled expiration date of March 15, 2007 and now expire on September 5, 2007. See Note 16 Subsequent Events.

Foreign Currency Risk

We manage our foreign currency risk primarily by incurring, to the extent practicable, operating and financing expenses in the local currency in the countries in which we operate, including making fleet and equipment purchases and borrowing for working capital needs. Also, we have purchased foreign exchange options to manage exposure to fluctuations in foreign exchange rates for selected marketing programs. At December 31, 2006, the total notional amount of these foreign exchange options was \$9.7 million, maturing at various dates in 2007, and the fair value of all outstanding foreign exchange options, was approximately \$0.3 million. The fair value of the foreign currency options were estimated using market prices provided by financial institutions. Gains and losses resulting from changes in the fair value of these options are included in our results of operations. The total notional

amount included options to buy Euro in the amount of \$5.9 million and sell yen and Canadian dollars in the amounts of \$2.3 million and \$1.5 million, respectively.

We also manage exposure to fluctuations in currency risk on intercompany loans we make to certain of our subsidiaries by entering into foreign currency forward contracts, or "forwards," at the time of the loans. The forward rate is reflected in the intercompany loan rate to the subsidiaries, and as a result, the forwards have no material impact on our results of operations. At December 31, 2006, the total notional amount of these forwards was \$252.7 million, maturing within one month. The total notional amount includes forwards to sell Canadian dollars and Euro in the notional amounts of \$189.1 million and \$63.7 million, respectively.

In connection with the Transactions, Hertz issued €225 million of unhedged Senior Euro Notes. Prior to October 1, 2006, our Senior Euro Notes were not designated as a net investment hedge of our Euro-denominated net investments in our foreign operations. For the nine months ended September 30, 2006, we incurred unrealized exchange transaction losses of \$19.2 million resulting from the translation of these Euro-denominated notes into the U.S. dollar, which are recorded in our consolidated statement of operations in "Selling, general and administrative" expenses. On October 1, 2006, we designated our Senior Euro Notes as an effective net investment hedge of our Euro-denominated net investment in our foreign operations. As a result of this net investment hedge designation, as of December 31, 2006, \$7.1 million of losses, which is net of tax of \$4.6 million, attributable to the translation of our Senior Euro Notes into the U.S. dollar are recorded in our consolidated balance sheet in "Accumulated other comprehensive income (loss)."

Note 14 Related Party Transactions

Relationship with Ford

Prior to the Acquisition, we were an indirect, wholly owned subsidiary of Ford. We and certain of our subsidiaries had entered into contracts, or other transactions or relationships, with Ford or subsidiaries of Ford, the most significant of which are described below.

Car purchases/repurchases and advertising arrangements

Over the three years ended December 31, 2006, on a weighted average basis, approximately 41% of the cars acquired by us for our U.S. car rental fleet, and approximately 32% of the cars acquired by us for our international fleet, were manufactured by Ford and subsidiaries. During the year ended December 31, 2006, approximately 40% of the cars we acquired domestically were manufactured by Ford and subsidiaries and approximately 30% of the cars we acquired for our international fleet were manufactured by Ford and subsidiaries, which represented the largest percentage of any automobile manufacturer in that year.

On July 5, 2005, Hertz, one of its wholly owned subsidiaries and Ford signed a Master Supply and Advertising Agreement, effective July 5, 2005 and expiring August 31, 2010, that covers the 2005 through 2010 vehicle model years. This agreement replaces and supersedes previously existing joint advertising and vehicle supply agreements that would have expired August 31, 2007.

The terms of the Master Supply and Advertising Agreement only apply to our fleet requirements and advertising in the United States and to Ford, Lincoln or Mercury brand vehicles, or "Ford Vehicles." Under the Master Supply and Advertising Agreement, Ford has agreed to supply to us and

we have agreed to purchase from Ford, during each of the 2005 through 2010 vehicle model years, a specific number of Ford Vehicles. Ford has also agreed in the Master Supply and Advertising Agreement to pay us a contribution toward the cost of our advertising of Ford Vehicles equal to one-half of our total expenditure on such advertising, up to a specified maximum amount. To be eligible for advertising cost contribution under the Master Supply and Advertising Agreement, the advertising must meet certain conditions, including the condition that we feature Ford Vehicles in a manner and with a prominence that is reasonably satisfactory to Ford. It further provides that the amounts Ford will be obligated to pay to us for our advertising costs will be increased or reduced according to the number of Ford Vehicles acquired by us in any model year, provided Ford will not be required to pay any amount for our advertising costs for any year if the number of Ford Vehicles acquired by us in the corresponding model year is less than a specified minimum except to the extent that our failure to acquire the specified minimum number of Ford Vehicles is attributable to the availability of Ford Vehicles or Ford vehicle production is disrupted for reasons beyond the control of Ford. To the extent we acquire less than a specified minimum number of Ford Vehicles in any model year, we have agreed to pay Ford a specified amount per vehicle below the minimum.

The amounts contributed by Ford for the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 were (in millions of dollars) \$42.7, \$1.3, \$42.4 and \$38.1, respectively. The advertising contributions paid by Ford for the 2006 vehicle model year under the Master Supply and Advertising Agreement were more than the advertising contributions we received from Ford for the 2005 model year due to an increase in the number of Ford Vehicles acquired and an increase in the per car contribution. We expect that contributions in future years will be below levels for the 2006 model year based upon anticipated reductions in the number of Ford Vehicles to be acquired. We do not expect that the reductions in Ford's advertising contributions will have a material adverse effect on our results of operations. We incurred net advertising expense for the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 of (in millions of dollars) \$154.5, \$5.0, \$159.9 and \$168.3, respectively.

Under the terms of the Master Supply and Advertising Agreement we will be able to enter into vehicle advertising and supply agreements with other automobile manufacturers in the United States and in other countries, and we intend to explore those opportunities. However, we cannot offer assurance that we will be able to obtain advertising contributions from other automobile manufacturers that will mitigate the reduction in Ford's advertising contributions.

Ford subsidiaries and affiliates also supply other brands of cars, including Jaguar, Volvo, Mazda and Land Rover cars, to us in the United States under arrangements separate from the Master Supply and Advertising Agreement. In addition, Ford, its subsidiaries and affiliates are significant suppliers of cars to our international operations.

During the year ended December 31, 2006, the Successor period ended December 31, 2005, the Predecessor period ended December 20, 2005 and the year ended December 31, 2004, we purchased cars from Ford and its subsidiaries at a cost of approximately (in billions of dollars) \$4.1, \$0.1, \$4.7 and \$4.4, respectively, and sold cars to Ford and its subsidiaries under various repurchase programs for approximately (in billions of dollars) \$3.1, \$0.1, \$3.5 and \$3.3, respectively.

Stock option plan

Certain employees of ours participate in the stock option plan of Ford under Ford's 1998 Long-Term Incentive Plan. As a result of the Acquisition, all outstanding options became vested. See Note 1 Summary of Significant Accounting Policies.

Taxes

Prior to the Acquisition, Hertz and its domestic subsidiaries filed a consolidated federal income tax return with Ford. Pursuant to a tax sharing agreement, or the "Agreement," with Ford, current and deferred taxes were reported, and paid to Ford, as if Hertz had filed its own consolidated tax returns with its domestic subsidiaries. The Agreement provided that Hertz was reimbursed for foreign tax credits in accordance with the utilization of those credits by the Ford consolidated tax group.

On December 21, 2005, in connection with the Acquisition, the Agreement with Ford was terminated. Upon termination, all tax payables and receivables with Ford were cancelled and neither Hertz nor Ford has any future rights or obligations under the Agreement. Hertz may be exposed to tax liabilities attributable to periods it was a consolidated subsidiary of Ford. While Ford has agreed to indemnify Hertz for certain tax liabilities pursuant to the arrangements relating to our separation from Ford, we cannot offer assurance that payments in respect of the indemnification agreement will be available.

Other relationships and transactions

We and Ford also engage in other transactions in the ordinary course of our respective businesses. These transactions include providing equipment rental services to Ford, our providing insurance and insurance claim management services to Ford and our providing car rental services to Ford. In addition, Ford subsidiaries are our car rental licensees in Scandinavia and Finland.

Relationship with Hertz Investors, Inc. and the Sponsors

Stockholders Agreement

In connection with the Acquisition, we entered into a stockholders agreement, or the "Stockholders Agreement," with investment funds associated with or designated by the Sponsors. The Stockholders Agreement contains agreements that entitle investment funds associated with or designated by the Sponsors to nominate all of our directors. The director nominees are to include three nominees of an investment fund associated with CD&R (one of whom shall serve as the chairman), two nominees of investment funds associated with Carlyle, two nominees of an investment fund associated with MLGPE and three independent directors, subject to adjustment in the case that the applicable investment fund sells more than a specified amount of its shareholdings in us. Upon completion of the initial public offering of our common stock, the Stockholders Agreement was amended and restated among other things, to reflect an agreement of the Sponsors to increase the size of our Board. Each Sponsor will continue to have the right with respect to director nominees described above, but up to an additional three independent directors may also be nominated, subject to unanimous consent of the directors (other than the independent directors) nominated by the investment funds associated with or designated by the Sponsors. In addition, the Stockholders Agreement, as amended, provides that one of the nominees of an investment fund associated with CD&R shall serve as the chairman of the executive

and governance committee and, unless otherwise agreed by this fund, as Chairman of the Board. On October 12, 2006, our Board elected four independent directors, effective from completion of the initial public offering of our common stock.

The Stockholders Agreement also granted to the investment funds associated with or designated by the Sponsors special governance rights, including rights of approval over our budget, certain business combination transactions, the incurrence of additional material indebtedness, amendments to our certificate of incorporation and certain other transactions and grants to investment funds associated with CD&R or to the majority of directors nominated by the Sponsors the right to remove Hertz's chief executive officer. Any replacement chief executive officer requires the consent of investment funds associated with CD&R as well as investment funds associated with at least one other Sponsor. The rights described above apply only for so long as the investment funds associated with the applicable Sponsor maintain certain specified minimum levels of shareholdings in us. The Stockholders Agreement also gives investment funds associated with the Sponsors preemptive rights with respect to certain issuances of our equity securities, including Hertz, subject to certain exceptions. It also contains restrictions on the transfer of our shares, as well as tag-along and drag along rights and rights of first offer. Upon the completion of the initial public offering of our common stock, this agreement was amended and restated to remove these rights of approval (other than the approval and retention rights relating to our chief executive officer) and preemptive rights and to retain tag-along and drag-along rights, and restrictions on transfers of our shares, in certain circumstances.

In addition, the Stockholders Agreement limits the rights of the investment funds associated with or designated by the Sponsors that have invested in our common stock and our affiliates, subject to several exceptions, to own, manage, operate or control any of our competitors (as defined in the Stockholders Agreement). The Stockholders Agreement may be amended from time to time in the future to eliminate or modify these restrictions without our consent.

Registration Rights Agreement

On the Closing Date, we entered into a registration rights agreement, or the "Registration Rights Agreement," with investment funds associated with or designated by the Sponsors. The Registration Rights Agreement grants to certain of these investment funds the right, following the earlier of the initial public offering of our common stock and the eighth anniversary of the Closing Date, to cause us, at our own expense, to use our best efforts to register such securities held by the investment funds for public resale, subject to certain limitations. The exercise of this right was limited to three requests by the group of investment funds associated with each Sponsor, except for registrations effected pursuant to Form S-3, which are unlimited, subject to certain limitations, if we are eligible to use Form S-3. In the event we register any of our common stock following our initial public offering, these investment funds also have the right to require us to use our best efforts to include shares of our common stock held by them, subject to certain limitations, including as determined by the underwriters. The Registration Rights Agreement also provides for us to indemnify the investment funds party to that agreement and their affiliates in connection with the registration of our securities.

Consulting agreements

Sponsor Consulting Agreements

On the Closing Date, we entered into consulting agreements, or the "Consulting Agreements," with Hertz and each of the Sponsors (or one of their affiliates), pursuant to which such Sponsor or its affiliate agreed to provide us and our subsidiaries with financial advisory and management consulting services. Pursuant to the Consulting Agreements, we or our affiliates agreed to pay to each of the three Sponsors or its affiliate an annual fee of \$1 million for such services, plus expenses, unless the Sponsors unanimously agreed to a higher amount. If an individual designated by CD&R, serves as both Chairman of our board of directors and Chief Executive Officer for any quarter, we agreed to pay CD&R an additional fee of \$500,000 for that quarter. The Sponsor or its affiliate under each Consulting Agreement also agreed to provide us and our subsidiaries with financial, investment banking, management advisory and other agreed upon services with respect to proposed transactions, including any proposed acquisition, merger, full or partial recapitalization, reorganization of our structure or shareholdings, or sales of assets or equity interests. In connection with such transactional services, each Consulting Agreement provided that we would pay a fee (together with expenses) to be based on a percentage of the transaction value, as defined in the agreements. No transactional services fees were paid under the Consulting Agreements in connection with the initial public offering, and none were paid in connection with the Hertz Holdings Loan Facility. Each Consulting Agreement provided for termination upon the first to occur of (i) the consummation of an initial public offering by Hertz Holdings, if a majority of the Sponsor-designated directors have requested the termination of all Consulting Agreements, (ii) December 31, 2015, (iii) the date the applicable Sponsor and its affiliates cease to own at least 25% of the Hertz Holdings common stock it held on the Closing Date, and (iv) upon notice by the applicable Sponsor or its affiliate. We reevaluated our need for the Consulting Agreements in connection with the initial public offering. In connection with this reevaluation, we determined it would be in our best interest to terminate the Consulting Agreements following the consummation of our initial public offering, and the Sponsors agreed to terminate these agreements at that time for a fee of \$5 million (\$15 million in the aggregate) which is recorded in our consolidated statement of operations in "Selling, general and administrative" expenses.

Other Consulting Arrangements

On September 29, 2006, Hertz entered into an agreement with Tenzing Consulting LLC, a management consulting firm in which Thomas McLeod, who is the brother-in-law of our director David H. Wasserman, is a principal. Under the arrangement, which has now been fully performed, Tenzing Consulting LLC provided supply chain management and corporate purchasing management consulting. In exchange for these services, Tenzing Consulting LLC received fees of \$25,000 per week, plus reimbursement of out-of-pocket expenses. For the year ended December 31, 2006, the total amount of such fees and expenses paid to Tenzing Consulting LLC under this agreement was approximately \$0.2 million.

Guarantees

Hertz's obligations under the Senior Term Facility and Senior ABL Facility are guaranteed by Hertz's immediate parent, Hertz Investors, Inc. (previously known as CCMG Corporation.) Hertz Holdings is not a guarantor of these facilities. See Note 3 Debt.

Indemnification agreements

On the Closing Date, Hertz entered into customary indemnification agreements with Hertz Holdings, the Sponsors and Hertz Holdings stockholders affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, the Hertz Holdings stockholders affiliated with the Sponsors and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of the performance of a consulting agreement with Hertz Holdings and each of the Sponsors and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We have not recorded any liability because these liabilities are considered to be *de minimis*.

Hertz Holdings has entered into indemnification agreements with each of its directors. The indemnification agreements provide the directors with contractual rights to the indemnification and expense advancement rights provided under our by-laws, as well as contractual rights to additional indemnification as provided in the indemnification agreements.

Director Stock Incentive Plan

On October 12, 2006, the Board of Directors of Hertz Holdings approved a Director Stock Incentive Plan. The stockholders of Hertz Holdings approved the Director Stock Incentive Plan on October 20, 2006. The Director Stock Incentive Plan provides for the grant of shares of common stock of Hertz Holdings, options to purchase shares of common stock of Hertz Holdings and "phantom shares," which are the right to receive shares of common stock of Hertz Holdings at a specified point in the future. A maximum of 3,500,000 shares are reserved for issuance under the Director Stock Incentive Plan.

Options granted under the Director Stock Incentive Plan must be granted at an exercise price no less than fair market value of such shares on the date of grant. Options granted as part of a director's annual retainer fee will be fully vested at the time of grant and will generally have a 10-year term.

A director may generally elect to receive all or a portion of fees that would otherwise be payable in cash in the form of shares of common stock of Hertz Holdings having a fair market value at such time equal to the amount of such fees. Any such shares will be paid to the director when cash fees would otherwise be payable, although, if a director so chooses, these shares may be payable on a tax-deferred basis in phantom shares, in which case the actual shares of the common stock of Hertz Holdings will be paid to the director promptly following the date on which he or she ceases to serve as a director (or, if earlier, upon a change in control).

A director will recognize ordinary income upon exercising options granted under the Director Stock Incentive Plan in an amount equal to the fair market value of the shares acquired on the date of exercise, less the exercise price, and Hertz Holdings will have a corresponding tax deduction at that time. In the case of shares issued in lieu of cash fees, a director who is an individual will generally recognize ordinary income equal to the fair market value of such shares on the date such shares are paid to the director and Hertz Holdings will have a corresponding tax deduction at that time.

Other

In connection with the Acquisition, Hertz paid a fee of \$25 million to each Sponsor and reimbursed certain expenses of the Sponsors and their affiliates. Of this amount, \$35 million has been recorded as deferred finance charges and \$40 million has been recorded as direct costs of the Acquisition. In addition, an affiliate of one of the Sponsors was engaged to provide advisory services to the Sponsors and was paid a fee of \$5 million. This affiliate is in the business of providing such services and was engaged by the Sponsors in an arm's-length transaction.

Financing Arrangements with Related Parties

Affiliates of ML Global Private Equity, L.P. and its related funds, which are stockholders of Hertz Holdings, and of Merrill Lynch & Co., one of the underwriters in the initial public offering of our common stock, were lenders under the Hertz Holdings Loan Facility; are lenders under the original and amended Senior Term Facility, the original and amended Senior ABL Facility and the Fleet Financing Facility; acted as initial purchasers with respect to the offerings of the Senior Notes and the Senior Subordinated Notes; acted as structuring advisors and agents under Hertz's asset-backed facilities; and acted as dealer managers and solicitation agents for Hertz's tender offers for its existing debt securities in connection with the Acquisition. See Note 3 Debt.

Other Sponsor Relationships

In connection with our car and equipment rental businesses, we enter into millions of rental transactions every year involving millions of customers. In order to conduct those businesses, we also procure goods and services from thousands of vendors. Some of those customers and vendors may be affiliated with the Sponsors or members of our Board of Directors. We believe that all such rental and procurement transactions have been conducted on an arms-length basis and involved terms no less favorable to us than those that we believe we would have obtained in the absence of such affiliation. It is our management's practice to bring to the attention of our Board of Directors any transaction, even if it arises in the ordinary course of business, in which our management believes that the terms being sought by transaction participants affiliated with the Sponsors or our Directors would be less favorable to us than those to which we would agree absent such affiliation.

Note 15 Earnings (Loss) Per Share

As a result of the Acquisition, our capital structure initially consisted of 229,500,000 shares of common stock outstanding. Earnings per share for the Predecessor period ended December 20, 2005 and the year ended December 31, 2004 reflect our initial post-Acquisition capital structure on a consistent basis. See Note 1 Summary of Significant Accounting Policies Background and Change in Ownership Initial Public Offering and Note 6 Hertz Holdings Stock Incentive Plan for a discussion of subsequent capital structure changes. Basic earnings per share have been computed based upon the weighted average number of common shares outstanding. Dilutive earnings per share have been computed based upon the weighted average number of common shares outstanding plus the effect of all potentially dilutive common stock equivalents.

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The following table sets forth the computation of basic and diluted earnings (loss) per share (in thousands of dollars, except per share amounts):

	Successor		Predecessor	
	For the periods from			
	Year ended December 31, 2006	December 21, 2005 to December 31, 2005	January 1, 2005 to December 20, 2005	Year ended December 31, 2004
Basic and diluted earnings (loss) per share:				
Numerator:				
Net income (loss)	\$ 115,943	\$ (21,346)	\$ 371,323	\$ 365,471
Denominator:				
Weighted average shares used in basic and diluted computation	242,460	229,500	229,500	229,500
Add: Dilutive impact of stock options	894			
Weighted average shares used in dilutive computation	243,354	229,500	229,500	229,500
Earnings (loss) per share, basic	\$ 0.48	\$ (0.09)	\$ 1.62	\$ 1.59
Earnings (loss) per share, diluted	\$ 0.48	\$ (0.09)	\$ 1.62	\$ 1.59

Diluted earnings per share computations for the year ended December 31, 2006 excluded the weighted-average impact of the assumed exercise of 11,520 shares issuable under stock option plans because such impact would be antidilutive.

Note 16 Subsequent Events

Restructuring

As part of our effort to implement our strategy of reducing operating costs, we are evaluating our workforce and operations and making adjustments, including headcount reductions and process improvements to optimize work flow at rental locations and maintenance facilities as well as streamlining our back-office operations, that we believe are necessary and appropriate. When we make adjustments to our workforce and operations, we may incur incremental expenses that delay the benefit of a more efficient workforce and operating structure, but we believe that increasing our operating efficiency and reducing the costs associated with the operation of our business are important to our long-term competitiveness.

On January 5, 2007, we announced the first in a series of initiatives to further improve our competitiveness through targeted job reductions affecting approximately 200 employees primarily at our corporate headquarters in Park Ridge, New Jersey and our U.S. service center in Oklahoma City. We expect to incur an estimated \$3.3 million to \$3.8 million restructuring charge in the first quarter of 2007 for severance and related costs arising from these reductions.

On February 28, 2007, we announced the second initiative to further improve our competitiveness and industry leadership through targeted job reductions affecting approximately 1,350 employees primarily in our U.S. car rental operations, with much smaller reductions occurring in U.S. equipment rental operations, the corporate headquarters in Park Ridge, New Jersey, and the U.S. service center in Oklahoma City, as well as in Canada, Puerto Rico, Brazil, Australia and New Zealand. We expect to

incur an estimated \$9.0 million to \$11.0 million restructuring charge in the first quarter of 2007 for severance and related costs arising from these reductions.

Further cost reduction initiatives are in process. We currently anticipate incurring future charges to earnings in connection with those initiatives; however, we have not yet developed detailed estimates of these expenses.

Exchange Offers

On January 12, 2007, Hertz completed exchange offers for the outstanding Senior Notes and Senior Subordinated Notes whereby over 99% of the outstanding notes were exchanged for a like principal amount of new notes with identical terms that were registered under the Securities Act of 1933 pursuant to a registration statement on Form S-4.

Amendments to the Senior Term Facility and the Senior ABL Facility

On February 9, 2007, Hertz entered into an amendment to its Senior Term Facility. The amendment was entered into for the purpose of (i) lowering the interest rate on the Senior Term Facility by 50 basis points from the interest rate previously in effect, and revising financial ratio requirements for specific interest rate levels; (ii) eliminating certain mandatory prepayment requirements; (iii) increasing the amounts of certain other types of indebtedness that Hertz and its subsidiaries may incur outside of the Senior Term Facility; (iv) permitting certain additional asset dispositions and sale and leaseback transactions; and (v) effecting certain technical and administrative changes to the Senior Term Facility.

On February 15, 2007, Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries entered into an amendment to their Senior ABL Facility. The amendment was entered into for the purpose of (i) lowering the interest rate on the Senior ABL Facility by 25 basis points from the interest rate previously in effect, and revising financial ratio requirements for specific interest rate levels; (ii) increasing the availability under the Senior ABL Facility from \$1,600 million to \$1,800 million; (iii) extending the term of the commitments under the Senior ABL Facility to February 15, 2012; (iv) increasing the amounts of certain other types of indebtedness that the borrowers and their subsidiaries may incur outside of the Senior ABL Facility; (iv) permitting certain additional asset dispositions and sale and leaseback transactions; and (v) effecting certain technical and administrative changes to the Senior ABL Facility.

Amendments to certain of the agreements relating to the International Fleet Debt Facilities

On March 21, 2007, certain of the agreements relating to the International Fleet Debt Facilities were amended and restated for the purpose of (i) extending the dates when margins on the facilities are scheduled to step up, subject to satisfaction of interim goals pertaining to the execution of agreements with automobile manufacturers and dealers that are required in connection with the planned securitization of the international car rental fleet and the take-out of the Tranche A1 and Tranche A2 loans; (ii) subject to certain conditions, permitting the financing of value-added tax receivables under the facilities; and (iii) effecting certain technical and administrative changes to the terms of the facilities.

HIL Swaption Extension and Payment

On February 8, 2007, the €600 million HIL swaptions that were to expire on March 15, 2007 were extended at a cost of €1.8 million. The HIL swaptions now expire on September 5, 2007.

SCHEDULE I
CONDENSED FINANCIAL INFORMATION OF REGISTRANT
HERTZ GLOBAL HOLDINGS, INC.
PARENT COMPANY BALANCE SHEETS
(In Thousands of Dollars)

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
ASSETS		
Cash and equivalents	\$ 2,718	\$
Receivables	31	
Deferred taxes on income	15,732	
Investments in subsidiaries	2,518,453	2,266,182
	<u> </u>	<u> </u>
Total assets	\$ 2,536,934	\$ 2,266,182
	<u> </u>	<u> </u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 1,076	\$
Accrued liabilities	1,296	
	<u> </u>	<u> </u>
Total Liabilities	2,372	
	<u> </u>	<u> </u>
Stockholders' equity:		
Common stock, \$0.01 par value, 2,000,000,000 shares authorized, 320,618,692 and 229,500,000 shares issued	3,206	2,295
Additional capital paid-in	2,427,293	2,292,705
Retained earnings (deficit)	9,535	(21,346)
Accumulated other comprehensive income (loss)	94,528	(7,472)
	<u> </u>	<u> </u>
Total stockholders' equity	2,534,562	2,266,182
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 2,536,934	\$ 2,266,182
	<u> </u>	<u> </u>

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

HERTZ GLOBAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF OPERATIONS
(In Thousands of Dollars)

	Year ended December 31, 2006	For the period from December 21, 2005 to December 31, 2005
Revenues	\$	\$
Expenses:		
Selling, general and administrative	92	
Interest, net of interest income of \$250 and \$0	39,986	
Total Expenses	40,078	
Other income (loss)	15,471	
Loss before income taxes	(24,607)	
Benefit for taxes on income	15,732	
Equity earnings (losses) of subsidiaries, net of tax	140,289	(21,346)
Net income (loss)	\$ 131,414	\$ (21,346)

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

HERTZ GLOBAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands of Dollars, except share data)

	Number of Shares	Common Stock	Additional Capital Paid-In	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at:						
DECEMBER 21, 2005		\$	\$	\$	\$	\$
Sale of common stock	229,500,000	2,295	2,292,705			2,295,000
Net loss				(21,346)		(21,346)
Total comprehensive loss of subsidiary					(7,472)	(7,472)
Total Comprehensive Loss						(28,818)
DECEMBER 31, 2005	229,500,000	2,295	2,292,705	(21,346)	(7,472)	2,266,182
Net income				131,414		131,414
Reduction in subsidiary equity for dividends received				(15,471)		(15,471)
Total comprehensive income of subsidiary					102,000	102,000
Total Comprehensive Income						217,943
Sale of common stock in initial public offering	88,235,000	882	1,259,384			1,260,266
Cash dividends (\$4.32 and \$1.12 per common share)			(1,174,456)	(85,062)		(1,259,518)
Stock-based employee compensation			25,452			25,452
Sale of stock under employee equity offering	2,883,692	29	24,208			24,237
DECEMBER 31, 2006	320,618,692	\$ 3,206	\$ 2,427,293	\$ 9,535	\$ 94,528	\$ 2,534,562

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

HERTZ GLOBAL HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousands of Dollars)

	Year ended December 31, 2006	For the period from December 31, 2005 to December 31, 2005
Cash flows from operating activities:		
Net income (loss)	\$ 131,414	\$ (21,346)
Non-cash expenses:		
Amortization of deferred financing costs	505	
Amortization of debt discount	5,000	
Deferred taxes on income	(15,732)	
Changes in assets and liabilities:		
Receivables	(31)	
Accounts payable	1,076	
Accrued liabilities	1,296	
Equity (earnings) losses of subsidiaries, net of tax	(140,289)	21,346
	<u>(16,761)</u>	<u>(16,761)</u>
Net cash flows used in operating activities		
	<u>(16,761)</u>	<u>(16,761)</u>
Cash flows from investing activities:		
Investment in and advances to consolidated subsidiaries	(15,472)	(2,295,000)
Dividends from subsidiary	15,471	
	<u>(1)</u>	<u>(2,295,000)</u>
Net cash used in investing activities		
	<u>(1)</u>	<u>(2,295,000)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,000,000	
Repayment of long-term debt	(1,000,000)	
Payment of financing costs	(5,505)	
Proceeds from the sale of common stock	1,284,503	2,295,000
Dividends paid	(1,259,518)	
	<u>19,480</u>	<u>2,295,000</u>
Net cash provided by financing activities		
	<u>19,480</u>	<u>2,295,000</u>
Effect of foreign exchange rate changes on cash and equivalents		
	<u>2,718</u>	<u>2,718</u>
Net increase in cash and equivalents during the period		
Cash and equivalents at beginning of period		
	<u>2,718</u>	<u>2,718</u>
Cash and equivalents at end of period		
	<u>\$ 2,718</u>	<u>\$ 2,718</u>
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for:		
Interest (net of amounts capitalized)	\$ 34,482	\$
Income taxes		

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

HERTZ GLOBAL HOLDINGS, INC.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

Note 1 Background and Basis of Presentation

Hertz Global Holdings, Inc., or "Hertz Holdings," is the top-level holding company that conducts substantially all of its business operations through its indirect subsidiaries. Hertz Holdings was incorporated in Delaware on August 31, 2005 in anticipation of the December 21, 2005 acquisition by its subsidiary, Hertz Investors, Inc., of the Hertz Corporation. Hertz Holdings had no operations prior to December 21, 2005, and accordingly, its results of operations and cash flows have only been presented for the post-acquisition 11-day period ended December 31, 2005 and the year ended December 31, 2006.

There are significant restrictions over the ability of Hertz Holdings to obtain funds from its indirect subsidiaries through dividends, loans or advances. Accordingly, these condensed financial statements have been presented on a "parent-only" basis. Under a parent-only presentation, the investments of Hertz Holdings in its consolidated subsidiaries are presented under the equity method of accounting. These parent-only financial statements should be read in conjunction with the consolidated financial statements of Hertz Holdings included elsewhere in this prospectus.

Note 2 Debt

On June 30, 2006, Hertz Holdings entered into a loan facility with Deutsche Bank, AG, New York Branch, Lehman Commercial Paper Inc., Merrill Lynch Capital Corporation, Goldman Sachs Credit Partners L.P., JPMorgan Chase Bank, N.A. and Morgan Stanley Senior Funding, Inc. or affiliates thereof, providing for a loan of \$1.0 billion, or the "Hertz Holdings Loan Facility," for the purpose of paying a special cash dividend to the holders of record of its common stock immediately prior to the initial public offering and paying fees and expenses related to the facility. The Hertz Holdings Loan Facility was repaid in full with the proceeds of our initial public offering, and the restrictive covenants contained therein were terminated. As of December 31, 2006, Hertz Holdings had no direct outstanding debt obligations, but its indirect subsidiaries did. For a discussion of the debt obligations of the indirect subsidiaries of Hertz Holdings, see Note 3 to the Notes to our consolidated financial statements included elsewhere in this prospectus.

Note 3 Commitments and Contingencies

Hertz Holdings has no direct commitments and contingencies, but its indirect subsidiaries do. For a discussion of the commitments and contingencies of the indirect subsidiaries of Hertz Holdings, see Note 9 to the Notes to our consolidated financial statements included elsewhere in this prospectus.

Note 4 Dividends

Cash dividends received by the Company from its subsidiaries during 2006 were \$15.5 million.

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES
(In Thousands of Dollars)

	Balance at Beginning of Period	Additions			Deductions	Balance at End of Period
		Charged to Expense	Translation Adjustments			
Allowance for doubtful accounts:						
Successor						
Year ended December 31, 2006	\$ 460	\$ 17,132	\$ 401	\$ 16,004 (b)	\$ 1,989	
For the period from December 21, 2005 to December 31, 2005	\$ (a)	\$ 462	\$ (10)	\$ (8)(b)	\$ 460	
Predecessor						
For the period from January 1, 2005 to December 20, 2005	\$ 30,447	\$ 11,447	\$ (1,202)	\$ 22,529 (b)	\$ 18,163	
Year ended December 31, 2004	\$ 35,758	\$ 14,133	\$ 1,123	\$ 20,567 (b)	\$ 30,447	

- (a) The underlying accounts receivable were revalued at their estimated net realizable value as of the date of the Acquisition. Accordingly, the allowance for doubtful accounts was valued at zero.
- (b) Amounts written off, net of recoveries.

PROSPECTUS

**45,000,000 Shares
Common Stock**

Hertz Global Holdings, Inc.

Goldman, Sachs & Co.

Lehman Brothers

Merrill Lynch & Co.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

, 2007

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the estimated fees and expenses (except for the Securities and Exchange Commission registration fee and the National Association of Securities Dealers, Inc. filing fee) payable by the registrant in connection with the registration of the common stock:

Securities and Exchange Commission registration fee	\$	34,738	
National Association of Securities Dealers, Inc. filing fee	\$		*
Printing and engraving costs	\$		*
Legal fees and expenses	\$		*
Accountants' fees and expenses	\$		*
Blue sky qualification fees and expenses	\$		*
Transfer agent fees	\$		*
Miscellaneous	\$		*
Total	\$		*

*

To be furnished by amendment

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145 of the Delaware General Corporation Law, or DGCL, provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees)), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Hertz Holdings' By-Laws authorize the indemnification of officers and directors of the corporation consistent with Section 145 of the Delaware Corporation Law, as amended. Hertz Holdings has entered

into indemnification agreements with its directors providing the directors contractual rights to indemnification, and expense advance and reimbursement, to the fullest extent permitted under the Delaware Corporation Law.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

On May 5, 2006, 1,757,354 shares of common stock of Hertz Holdings were sold to certain key employees of Hertz for an aggregate price of \$17,573,540 (\$10 per share). 1,752,354 of the shares were sold pursuant to an exemption from registration under Rule 701 of the Securities Act of 1933, as amended. 5,000 of the shares were sold pursuant to an exemption from registration under Regulation D of the Securities Act of 1933, as amended. On June 12, 2006, we sold 50,000 shares of common stock of Hertz Holdings to Craig R. Koch for an aggregate price of \$500,000. These shares were sold pursuant to an exemption under Rule 701 of the Securities Act of 1933, as amended. On August 15, 2006, we sold a total of 1,076,338 shares of common stock of Hertz Holdings to Mark P. Frissora and two other members of management. These shares were sold pursuant to an exemption under Rule 701 of the Securities Act of 1933, as amended.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibits

The following exhibits are included as exhibits to this Registration Statement.

Exhibit Number	Description
1.1	Form of Underwriting Agreement
2.1	Stock Purchase Agreement, dated as of September 12, 2005, among CCMG Holdings, Inc., Ford Holdings LLC and Ford Motor Company (Incorporated by reference to Exhibit 2 to the Quarterly Report on Form 10-Q of Ford Motor Company, as filed on November 7, 2005.)
3.1	Amended and Restated Certificate of Incorporation of Hertz Global Holdings, Inc.***
3.2	Amended and Restated By-Laws of Hertz Global Holdings, Inc. ***
4.1.1	Indenture, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, governing the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014**
4.1.2	Merger Supplemental Indenture, dated as of December 21, 2005, by and between The Hertz Corporation and Wells Fargo Bank, National Association, as Trustee, relating to the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014**
4.1.3	Supplemental Indenture in Respect of Subsidiary Guarantee, dated as of December 21, 2005, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014**
4.1.4	Third Supplemental Indenture, dated as of July 7, 2006, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014 (Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)

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- 4.2.1 Indenture, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, governing the 10.5% Senior Subordinated Notes due 2016**
- 4.2.2 Merger Supplemental Indenture, dated as of December 21, 2005, by and between The Hertz Corporation and Wells Fargo Bank, National Association, as Trustee, relating to the 10.5% Senior Subordinated Notes due 2016**
- 4.2.3 Supplemental Indenture in Respect of Subsidiary Guarantee, dated as of December 21, 2005, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 10.5% Senior Subordinated Notes due 2016**
- 4.2.4 Third Supplemental Indenture, dated as of July 7, 2006, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 10.5% Senior Subordinated Notes due 2016 (Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)
- 4.3.1 Exchange and Registration Rights Agreement, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, Deutsche Bank Securities Inc. and the other financial institutions named therein, relating to the 8.875% Senior Notes due 2014 and the 7.875% Senior Notes due 2014**
- 4.3.2 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of The Hertz Corporation relating to the 8.875% Senior Notes due 2014 and the 7.875% Senior Notes due 2014**
- 4.3.3 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of the Subsidiary Guarantors named therein, relating to the 8.875% Senior Notes due 2014 and the 7.875% Senior Notes due 2014**
- 4.4.1 Exchange and Registration Rights Agreement, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, Deutsche Bank Securities Inc. and the other financial institutions named therein, relating to the 10.5% Senior Subordinated Notes due 2016**
- 4.4.2 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of The Hertz Corporation, relating to the 10.5% Senior Subordinated Notes due 2016**
- 4.4.3 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of the Subsidiary Guarantors named therein, relating to the 10.5% Senior Subordinated Notes due 2016**
- 4.5.1 Senior Bridge Facilities Agreement, dated as of December 21, 2005, by and between Hertz International, Ltd., certain of its subsidiaries, Hertz Europe Limited, as Coordinator, BNP Paribas and The Royal Bank of Scotland plc, as Mandated Lead Arrangers, Calyon, as Co-Arranger, BNP Paribas, The Royal Bank of Scotland plc, and Calyon, as Joint Bookrunners, BNP Paribas, as Facility Agent, BNP Paribas, as Security Agent, BNP Paribas, as Global Coordinator, and the financial institutions named therein**

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- 4.5.2 Intercreditor Deed, dated as of December 21, 2005, by and between Hertz International, Ltd., as Parent, Hertz Europe Limited, as Coordinator, certain of its subsidiaries, BNP Paribas as A/C Facility Agent and NZ Facility Agent, BNP Paribas as Security Agent, Banco BNP Paribas Brasil S.A., as Brazilian Facility Agent, BNP Paribas, as Australian Security Trustee, the financial institutions named therein, and The Hertz Corporation**
- 4.5.3 Australian Purchaser Charge (Project H) Unlimited, dated as of December 21, 2005, by and between Hertz Australia Pty Limited and HA Funding Pty Limited**
- 4.5.4 Australian Purchaser Charge (Project H) South Australia, dated as of December 21, 2005, by and between Hertz Australia Pty Limited and HA Funding Pty Limited**
- 4.5.5 Australian Purchaser Charge (Project H) Queensland, dated as of December 21, 2005, by and between Hertz Australia Pty Limited and HA Funding Pty Limited**
- 4.5.6 Australian Share Mortgage of Purchaser Shares (Project H), dated as of December 21, 2005, by and between Hertz Investment (Holdings) Pty Limited and HA Funding Pty Limited**
- 4.5.7 Australian Issuer Charge (Project H), dated as of December 21, 2005, by and between Hertz Note Issuer Pty Limited and HA Funding Pty Limited**
- 4.5.8 Australian Borrower Charge (Project H), dated as of December 20, 2005, by and between HA Funding Pty Limited and the BNP Paribas**
- 4.5.9 Australian Security Trust Deed (Project H), dated as of December 21, 2005, between HA Funding Pty Limited and BNP Paribas**
- 4.5.10 Business Pledge Agreement, dated as of December 21, 2005, by and between Hertz Belgium N.V., as Pledgor, and BNP Paribas S.A., as Pledgee (English language version)**
- 4.5.11 Receivables and Bank Account Pledge Agreement, dated as of December 21, 2005, by and between Hertz Belgium NV as Pledgor, and BNP Paribas, as Pledgee**
- 4.5.12 Share Pledge Agreement, dated as of December 21, 2005, by and between Hertz Holdings Netherlands B.V., as Pledgor, and BNP Paribas, as Pledgee**
- 4.5.13 Security Agreement, dated as of December 21, 2005, by and between Hertz Canada Limited, as Obligor, and BNP Paribas (Canada), as Security Agent**
- 4.5.14.1 Deed of Hypothec, dated as of December 21, 2005, by and between Hertz Canada Limited and BNP Paribas (Canada), and related Bond and Bond Pledge Agreement**
- 4.5.14.2 Bond Pledge Agreement, dated as of December 21, 2005, by and between Hertz Canada Limited, as Pledgor, and BNP Paribas (Canada), as Security Agent**
- 4.5.15 Security Agreement, dated as of December 21, 2005, by and between 1677932 Ontario Limited, as Obligor, and BNP Paribas (Canada), as Security Agent**
- 4.5.16 Security Agreement, dated as of December 21, 2005, by and between CMGC Canada Acquisition ULC, as Obligor, and BNP Paribas (Canada), as Security Agent**
- 4.5.17 Pledge of a Business as a Going Concern (Acte de Nantissement de Fonds de Commerce), dated as of December 21, 2005, by and between Hertz France, as Pledgor, and BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
- 4.5.18 Bank Account Pledge Agreement (Acte de Nantissement de Solde de Compte Bancaire), dated as of December 21, 2005, by and between Hertz France, as Pledgor, and BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**

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- 4.5.19 Share Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Hertz France, as Pledgor, BNP Paribas, as Security Agent, Hertz Equipement France, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.20 Pledge of a Business as a Going Concern (Acte de Nantissement de Fonds de Commerce), dated as of December 21, 2005, by and between Hertz Equipement France, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
- 4.5.21 Bank Account Pledge Agreement (Acte de Nantissement de Solde de Compte Bancaire), dated as of December 21, 2005, by and between Hertz Equipement France, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
- 4.5.22 Master Agreement For Assignment of Receivables (Contrat Cadre de Cession de Creances Professionnelles a Titre de Garantie), dated as of December 21, 2005, by and between Hertz Equipement France, as Assignor, BNP Paribas, as Security Agent, and the assignees described therein**
- 4.5.23 Pledge of a Business as a Going Concern (Acte de Nantissement de Fonds de Commerce), dated as of December 21, 2005, by and between Equipole Finance Services, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
- 4.5.24 Master Agreement for Assignment of Receivables (Contrat Cadre de Cession de Creances Professionnelles a Titre de Garantie), dated as of December 21, 2005, by and between Equipole Finance Services, as Assignor, BNP Paribas, as Security Agent, and the assignees described therein**
- 4.5.25 Bank Account Pledge Agreement (Acte de Nantissement de Solde de Compte Bancaire), dated as of December 21, 2005, by and between Equipole Finance Services, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
- 4.5.26 Shares Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Equipole, as Pledgor, BNP Paribas, as Security Agent, Equipole Finance Services, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.27 Share Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Equipole, as Pledgor, BNP Paribas, as Security Agent, Hertz France, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.28 Shares Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Equipole, as Pledgor, BNP Paribas, as Security Agent, Hertz Equipement France, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.29 Account Pledge Agreement, dated as of December 21, 2005, among Hertz Autovermietung GmbH, The Royal Bank of Scotland plc, Calyon, BNP Paribas (Canada) and Indosuez Finance (U.K.) Limited as Pledgees and BNP Paribas S.A. as Security Agent**

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- 4.5.30 Global Assignment Agreement, dated as of December 21, 2005, between Hertz Autovermietung GmbH as assignor and BNP Paribas S.A. as Security Agent and lender (English language version)**
- 4.5.31 Security Transfer of Moveable Assets, dated as of December 21, 2005, between Hertz Autovermietung GmbH as assignor and BNP Paribas S.A. as Security Agent and lender**
- 4.5.32 Share Pledge Agreement, dated as of December 21, 2005, among Equipole S.A. (France), The Royal Bank of Scotland plc, Calyon, BNP Paribas (Canada), Indosuez Finance (U.K.) Limited and BNP Paribas S.A., as Security Agent**
- 4.5.33 Security Assignment of Receivables, dated as of December 21, 2005, between Hertz Italiana S.p.A. as assignor and BNP Paribas S.A. as Security Agent**
- 4.5.34 Pledge Agreement over the Balance of Bank Account, dated as of December 21, 2005, between Hertz Italiana S.p.A. as pledgor and BNP Paribas S.A. as Pledgee and Security Agent**
- 4.5.35 Pledge Agreement over the Balance of Bank Account, dated as of December 21, 2005, between Hertz Italiana S.p.A., as Pledgor, and BNP Paribas S.A., as Pledgee and Security Agent**
- 4.5.36 Pledge Agreement over Hertz Italiana S.p.A. shares, dated as of December 21, 2005, between Hertz Holding South Europe S.r.l as Pledgor and BNP Paribas S.A. as Pledgee and Security Agent**
- 4.5.37 Deed of Non-Possessory Pledge of Movables, dated as of December 21, 2005, between Stuurgroep Holland B.V., as Pledgor, and BNS Automobile Funding B.V. and BNP Paribas as Security Agent, as Pledgees**
- 4.5.38 Deed of Disclosed Pledge of Receivables, dated as of December 21, 2005, between Stuurgroep Holland B.V., as Pledgor, and BNS Automobile Funding B.V. and BNP Paribas as Security Agent, as Pledgees**
- 4.5.39 Deed of Undisclosed Pledge of Receivables between Stuurgroep Holland B.V., as Pledgor, and BNS Automobile Funding B.V. and BNP Paribas as Security Agent, as Pledgees**
- 4.5.40 Deed of Pledge of Registered Shares, dated as of December 21, 2005, between Stuurgroep Holland B.V., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas, as Pledgees, and Hertz Automobielen Netherlands B.V.**
- 4.5.41 Deed of Pledge on Registered Shares, dated as of December 21, 2005, between Hertz Holdings Netherlands B.V., as Pledgor, BNS Automobile Funding B.V., as Pledgee, and Stuurgroep Holland B.V.**
- 4.5.42 Deed of Disclosed Pledge of Receivables between BNS Automobile Funding B.V., as Pledgor, and BNP Paribas as Security Agent, as Pledgee**
- 4.5.43 Pledges of Shares Contract, dated as of December 21, 2005, among Hertz de España, S.A, Hertz Alquiler de Maquinaria, S.L., BNS Automobile Funding B.V. and BNP Paribas S.A. as Security Agent relating to Hertz Alquiler de Maquinaria**
- 4.5.44 Contract on Pledges of Credit Rights, dated as of December 21, 2005, among Hertz de España, S.A., BNS Automobile Funding B.V. and BNP Paribas S.A. as Security Agent**
- 4.5.45 Pledge of Credit Rights of Insurance Policies Contract, dated as of December 21, 2005, among Hertz de España, S.A., BNS Automobile Funding B.V. and BNP Paribas S.A. as Security Agent**

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- 4.5.46 Pledge of Credit Rights of Bank Accounts, dated as of December 21, 2005 among Hertz de España, S.A., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.47 Pledges over VAT Credit Rights Contract, dated as of December 21, 2005, among Hertz de España, S.A., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.48 Contract on Pledges of Credit Rights, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria, S.L., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.49 Pledge of Credit Rights of Bank Accounts Contract, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria, S.L., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.50 Pledges of Credit Rights of Insurance Policies Contract, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria, S.L., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.51 Pledges over VAT Credit Rights Contracts, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria S.L., as Pledgor, BNS Automobile Funding B.V., and BNP Paribas S.A., as Security Agent**
- 4.5.52 Pledges of Credit Rights Contract, dated as of December 21, 2005, among BNS Automobile Funding B.V., as Pledgor, Hertz de España S.A., Hertz Alquiler de Maquinaria, S.L., and BNP Paribas S.A., as Security Agent**
- 4.5.53 Pledges of Shares Contract, dated as of December 21, 2005, among Hertz International Ltd., Hertz Equipment Rental International, Limited, Hertz de España, S.A., and BNP Paribas S.A., as Security Agent**
- 4.5.54 Share Pledge Agreement, dated as of December 21, 2005, between Hertz AG and BNP Paribas S.A. as Security Agent relating to the pledge of the entire share capital of Züri-Leu Garage AG and Société Immobilière Fair Play**
- 4.5.55 Assignment Agreement, dated as of December 21, 2005, between Hertz AG and BNP Paribas S.A. as Security Agent relating to the assignment and transfer of trade receivables, insurance claims, inter-company receivables and bank accounts**
- 4.5.56 Share Pledge Agreement, dated as of December 21, 2005, between Hertz Holdings South Europe S.r.l and BNP Paribas S.A. as Security Agent relating to the pledge of the entire share capital of Hertz AG**
- 4.5.57 Deed of Charge, dated as of December 21, 2005, between Hertz (U.K.) Limited as Chargor and BNP Paribas as Security Agent**
- 4.5.58 Deed of Charge over Shares, in Hertz (U.K.) Limited, dated as of December 21, 2005, between Hertz Holdings II U.K. Limited as Chargor and BNP Paribas as Security Agent**
- 4.5.59 Deed of Charge over Shares in Hertz Holdings III UK Limited, dated as of December 21, 2005, between Hertz International, Ltd. and BNP Paribas as Security Agent**
- 4.5.60 Deed of Charge, dated as of December 21, 2005, between BNS Automobile Funding B.V. as Chargor and BNP Paribas as Security Agent**

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- 4.6.1 Credit Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, and BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers**
- 4.6.2 Guarantee and Collateral Agreement, dated as of December 21, 2005, by and between CCMG Corporation, The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.6.3 Copyright Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.6.4 Trademark Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.6.5 Deed of Trust, Security Agreement, and Assignment of Leases and Rents and Fixture Filing, dated as of December 21, 2005, among the Hertz Corporation and Deutsche Bank AG, New York Branch**
- 4.6.6 Term Loan Mortgage Schedule listing the material differences in mortgages from Exhibit 4.6.5 for each of the mortgaged properties**
- 4.6.7 Amendment, dated as of June 30, 2006, among The Hertz Corporation, Deutsche Bank AG, New York Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, and BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)

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- 4.6.8 Second Amendment, dated as of February 9, 2007, among The Hertz Corporation, Deutsche Bank AG, New York Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, and BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers***
- 4.7.1 Credit Agreement, dated as of December 21, 2005, by and between Hertz Equipment Rental Corporation, The Hertz Corporation, the Canadian Borrowers parties thereto, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers**
- 4.7.2 U.S. Guarantee and Collateral Agreement, dated as of December 21, 2005, by and between CCMG Corporation, The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.7.3 Canadian Guarantee and Collateral Agreement, dated as of December 21, 2005, by and between Matthews Equipment Limited, Western Shut-Down (1995) Limited, certain of its subsidiaries, and Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent**
- 4.7.4 Copyright Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.7.5 Trademark Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.7.6 Trademark Security Agreement, dated as of December 21, 2005, by and between Matthews Equipment Limited and Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent**
- 4.7.7 Deed of Trust, Security Agreement, and Assignment of Leases and Rents and Fixture Filing, dated as of December 21, 2005, among the Hertz Corporation and Deutsche Bank AG, New York Branch**
- 4.7.8 Term Loan Mortgage Schedule listing the material differences in mortgages from Exhibit 4.7.7 for each of the mortgaged properties**

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- 4.7.9 Amendment, dated as of June 30, 2006, among Hertz Equipment Rental Corporation, The Hertz Corporation, Matthews Equipment Limited, Western Shut-Down (1995) Limited, Deutsche Bank AG, New York Branch, Deutsche Bank AG, Canada Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between Hertz Equipment Rental Corporation, The Hertz Corporation, the Canadian Borrowers parties thereto, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)
- 4.7.10 Second Amendment, dated as of February 15, 2007, among Hertz Equipment Rental Corporation, The Hertz Corporation, Matthews Equipment Limited, Western Shut-Down (1995) Limited, Deutsche Bank AG, New York Branch, Deutsche Bank AG, Canada Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between Hertz Equipment Rental Corporation, The Hertz Corporation, the Canadian Borrowers parties thereto, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers***
- 4.8 Intercreditor Agreement, dated as of December 21, 2005, by and between Deutsche Bank AG, New York Branch, as ABL Agent, Deutsche Bank AG, New York Branch, as Term Agent, as acknowledged by CCMG Corporation, The Hertz Corporation and certain of its subsidiaries**
- 4.9.1 Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee***
- 4.9.2 Amended and Restated Series 2005-1 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
- 4.9.3 Amended and Restated Series 2005-2 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***

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- 4.9.4 Amended and Restated Series 2005-3 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
- 4.9.5 Amended and Restated Series 2005-4 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
- 4.9.6 Second Amended and Restated Series 2004-1 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
- 4.9.7 Second Amended and Restated Master Motor Vehicle Operating Lease and Servicing Agreement, dated as of August 1, 2006, between The Hertz Corporation, as Lessee and Servicer, and Hertz Vehicle Financing LLC, as Lessor***
- 4.9.8 Amended and Restated Participation, Purchase and Sale Agreement, dated as of December 21, 2005, by and between Hertz General Interest LLC, Hertz Vehicle Financing LLC and The Hertz Corporation, as Lessee and Servicer**
- 4.9.9 Purchase and Sale Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicle Financing LLC and Hertz Funding Corp.**
- 4.9.10 Contribution Agreement, dated as of December 21, 2005, by and between Hertz Vehicle Financing LLC and The Hertz Corporation**
- 4.9.11 Second Amended and Restated Collateral Agency Agreement, dated as of January 26, 2007, among Hertz Vehicle Financing LLC, as a Grantor, Hertz General Interest LLC, as a Grantor, The Hertz Corporation, as Servicer, BNY Midwest Trust Company, as Collateral Agent, BNY Midwest Trust Company, as Trustee and a Secured Party, and The Hertz Corporation, as a Secured Party***
- 4.9.12 Amended and Restated Administration Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicle Financing LLC, and BNY Midwest Trust Company, as Trustee**
- 4.9.13 Amended and Restated Master Exchange Agreement, dated as of January 26, 2007, among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz General Interest LLC, Hertz Car Exchange Inc., and J.P. Morgan Property Holdings LLC***
- 4.9.14 Amended and Restated Escrow Agreement, dated as of January 26, 2007, among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz General Interest LLC, Hertz Car Exchange Inc., and J.P. Morgan Chase Bank, N.A.***
- 4.9.15 Amended and Restated Class A-1 Note Purchase Agreement (Series 2005-3 Variable Funding Rental Car Asset Backed Notes, Class Aa-1), dated as of March 3, 2006, by and between Hertz Vehicle Financing LLC, The Hertz Corporation, as Administrator, certain Conduit Investors, each as a Conduit Investor, certain Financial Institutions, each as a Committed Note Purchaser, certain Funding Agents, and Lehman Commercial Paper Inc., as Administrative Agent**

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- 4.9.16 Amended and Restated Class A-2 Note Purchase Agreement (Series 2005-3 Variable Funding Rental Car Asset backed Notes, Class A-2), dated as of March 3, 2006, by and between Hertz Vehicle Financing LLC, The Hertz Corporation, as Administrator, certain Conduit Investors, each as a Conduit Investor, certain Financial Institutions, each as a Committed Note Purchaser, certain Funding Agents, and Lehman Commercial Paper Inc., as Administrative Agent**
- 4.9.17 Amended and Restated Class A Note Purchase Agreement (Series 2005-4 Variable Funding Rental Car Asset Backed Notes, Class A), dated as of March 3, 2006, by and between Hertz Vehicle Financing LLC, The Hertz Corporation, as Administrator, certain Conduit Investors, each as a Conduit Investor, certain Financial Institutions, each as a Committed Note Purchaser, certain Funding Agents, and Lehman Commercial Paper Inc., as Administrative Agent**
- 4.9.18 Letter of Credit Facility Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicle Financing LLC, and Ford Motor Company**
- 4.9.19 Insurance Agreement, dated as of December 21, 2005, by and between MBIA Insurance Corporation, as Insurer, Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee**
- 4.9.20 Insurance Agreement, dated as of December 21, 2005, by and between Ambac Assurance Corporation, as Insurer, Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee**
- 4.9.21 Note Guaranty Insurance Policy, dated as of December 21, 2005, of MBIA Insurance Corporation, relating to Series 2005-1 Rental Car Asset Backed Notes**
- 4.9.22 Note Guaranty Insurance Policy, dated as of December 21, 2005, of MBIA Insurance Corporation, relating to Series 2005-4 Rental Car Asset Backed Notes**
- 4.9.23 Note Guaranty Insurance Policy, dated as of December 21, 2005, of Ambac Assurance Corporation, relating to Series 2005-2 Rental Car Asset Backed Notes**
- 4.9.24 Note Guaranty Insurance Policy, dated as of December 21, 2005, of Ambac Assurance Corporation, relating to Series 2005-3 Rental Car Asset Backed Notes**
- 4.9.25 Supplement to Second Amended and Restated Collateral Agency Agreement, dated as of January 26, 2007, among The Hertz Corporation, as Grantor, Gelco Corporation d/b/a GE Fleet Services, as Secured Party and BNY Midwest Trust Company as Collateral Agent***
- 4.10 Amended and Restated Stockholders Agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc., Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., CD&R Parallel Fund VII, L.P., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l SICAR, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, ML Hertz Co-Investor, L.P. and CMC-Hertz Partners, L.P.***
- 4.11 Registration Rights Agreement, dated as of December 21, 2005, among CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, ML Hertz Co-Investor, L.P. and CMC-Hertz Partners, L.P. (filed as the exhibit of the same number to Amendment No. 3 to the Registration Statement on Form S-1 filed on October 23, 2006)

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- 4.12 Amendment No. 1, dated as of November 20, 2006, to the Registration Rights Agreement, dated as of December 21, 2005, among CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., CD&R Parallel Fund VII, L.P., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l SICAR, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, ML Hertz Co-Investor, L.P. and CMC-Hertz Partners, L.P.***
- 4.13 Credit Agreement, dated as of September 29, 2006, among The Hertz Corporation, Puerto Ricancars, Inc., the several banks and other financial institutions from time to time parties as lenders thereto and Gelco Corporation d.b.a. GE Fleet Services, as administrative agent and collateral agents for the lenders thereunder (filed as the exhibit of the same number to Amendment No. 4 to the Registration Statement on Form S-1 filed on October 27, 2006)
- 4.13.1 First Amendment, dated as of October 6, 2006, to the Credit Agreement, dated as of September 29, 2006, among The Hertz Corporation, Puerto Ricancars, Inc., the several banks and other financial institutions from time to time parties as lenders thereto and Gelco Corporation d.b.a. GE Fleet Services, as administrative agent and collateral agents for the lenders thereunder (filed as the exhibit of the same number to Amendment No. 4 to the Registration Statement on Form S-1 filed on October 27, 2006)
- 4.13.2 Second Amendment, dated as of October 31, 2006, to the Credit Agreement, dated as of September 29, 2006, among The Hertz Corporation, Puerto Ricancars, Inc., the several banks and other financial institutions from time to time parties as lenders thereto and Gelco Corporation d.b.a. GE Fleet Services, as administrative agent and collateral agents for the lenders thereunder***
- 4.14 Form of Stock Certificate (filed as the exhibit of the same number to Amendment No. 6, filed on November 7, 2006, to the registrant's Registration Statement on Form S-1 (File No. 333-135782) (such registration statement, the "Registration Statement"))
- 5.1 Opinion of Debevoise & Plimpton LLP
- 10.1 Hertz Global Holdings, Inc. Stock Incentive Plan* **
- 10.1.1 First Amendment to the Hertz Global Holdings, Inc. Stock Incentive Plan (filed as the exhibit of the same number to Amendment No. 4 to the Registration Statement on Form S-1 filed on October 27, 2006)*
- 10.2 Form of Stock Subscription Agreement under Stock Incentive Plan* **
- 10.3 Form of Stock Option Agreement under Stock Incentive Plan* **
- 10.4 Employment Agreement between The Hertz Corporation and Craig R. Koch (Incorporated by reference to Exhibit 10.4(3) to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.5 Form of Change in Control Agreement (and certain terms related thereto) among The Hertz Corporation, Ford Motor Company and each of Messrs. Koch, Nothwang, Siracusa, Taride and Plescia (Incorporated by reference to Exhibit 10.5 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.6 Non-Compete Agreement, dated April 10, 2000, between Hertz Europe Limited and Michel Taride (Incorporated by reference to Exhibit 10.6 to the Registration Statement No.333-125764 of The Hertz Corporation)*

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- 10.7 The Hertz Corporation Compensation Supplemental Retirement and Savings Plan (Incorporated by reference to Exhibit 10.7 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.8 The Hertz Corporation Executive Long Term Incentive Compensation Plan (Incorporated by reference to Exhibit 10.8 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.9 The Hertz Corporation Supplemental Executive Retirement Plan (Incorporated by reference to Exhibit 10.9 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.10 The Hertz Corporation Benefit Equalization Plan (Incorporated by reference to Exhibit 10.10 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.11 The Hertz Corporation Key Officer Postretirement Assigned Car Benefit Plan (Incorporated by reference to Exhibit 10.11 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.12 The Hertz Corporation Retirement Plan (Incorporated by reference to Exhibit 10.12 to the Registration Statement No. 333-125764 of the Hertz Corporation)*
- 10.13 The Hertz Corporation (UK) 1972 Pension Plan (Incorporated by reference to Exhibit 10.13 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.14 The Hertz Corporation (UK) Supplementary Unapproved Pension Scheme (Incorporated by reference to Exhibit 10.14 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.15 RCA Executive Deferred Compensation Plan and Employee Participation Agreement, dated May 29, 1985, between Craig R. Koch and The Hertz Corporation (Incorporated by reference to Exhibit 10.15 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.16 The Hertz Corporation 2005 Executive Incentive Compensation Plan* **
- 10.17 Letter Agreement, dated October 19, 2005, as amended and restated as of November 15, 2005, between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.) and Craig R. Koch* **
- 10.18 Amended and Restated Indemnification Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicles LLC, Hertz Funding Corp., Hertz General Interest LLC, and Hertz Vehicle Financing LLC**
- 10.19 Consulting Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, and Clayton, Dubilier & Rice, Inc.**
- 10.20 Consulting Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, and TC Group IV, L.L.C.**
- 10.21 Consulting Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, and Merrill Lynch Global Partners, Inc.**

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- 10.22 Indemnification Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., and Clayton, Dubilier & Rice, Inc.**
- 10.23 Indemnification Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, Carlyle Partners IV, L.P., CP IV Coinvestment L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l., and TC Group IV, L.L.C.**
- 10.24 Indemnification Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, CMC-Hertz Partners, L.P., ML Hertz Co-Investor, L.P., and Merrill Lynch Global Partners, Inc.**
- 10.25 Tax Sharing Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), CCMG Corporation, The Hertz Corporation, and Hertz International, Ltd.**
- 10.26 Tax Sharing Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), CCMG Corporation, and The Hertz Corporation**
- 10.27 Master Supply and Advertising Agreement, dated as of July 5, 2005, by and between Ford Motor Company, The Hertz Corporation and Hertz General Interest LLC (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of The Hertz Corporation filed with the Securities and Exchange Commission on July 11, 2005. Such Exhibit omits certain information that has been filed separately with the Securities and Exchange Commission and submitted pursuant to an application for confidential treatment.)
- 10.28 Employment letter agreement, dated as of July 10, 2006, between Hertz Global Holdings, Inc. and Mark P. Frissora (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of The Hertz Corporation filed with the Securities and Exchange Commission on August 14, 2006.)
- 10.29 Form of Director Indemnification Agreement (filed as the exhibit of the same number to Amendment No. 3 to our Registration Statement on Form S-1, filed on October 23, 2006)
- 10.30 Termination letter agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc. (formerly known as CCMG Holdings, Inc.), The Hertz Corporation and Clayton, Dubilier & Rice, Inc., terminating the Consulting Agreement, dated as of December 21, 2005, among Hertz Global Holdings, Inc., the Hertz Corporation and Clayton, Dubilier & Rice, Inc.***
- 10.31 Termination letter agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc. (formerly known as CCMG Holdings, Inc.), The Hertz Corporation and TC Group IV, L.L.C., terminating the Consulting Agreement, dated as of December 21, 2005, among Hertz Global Holdings, Inc., the Hertz Corporation and TC Group IV, L.L.C.***
- 10.32 Termination letter agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc. (formerly known as CCMG Holdings, Inc.), The Hertz Corporation and Merrill Lynch Global Partners, Inc., terminating the Consulting Agreement, dated as of December 21, 2005, among Hertz Global Holdings, Inc., the Hertz Corporation and Merrill Lynch Global Partners, Inc.***

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10.33	Hertz Global Holdings, Inc. Director Stock Incentive Plan* (filed as the exhibit of the same number to Amendment No. 6 to the Registration Statement on Form S-1 filed on November 7, 2006)
15.1	Letter from PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, related to Financial Information
21.1	List of subsidiaries***
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Debevoise & Plimpton LLP (included in Exhibit 5.1)
24.1	Powers of Attorney (included in signature pages)

*
Indicates management compensation plan.

**
Incorporated by reference to the exhibit of the same number to the Current Report on Form 8-K of The Hertz Corporation, as filed on March 31, 2006.

Incorporated by reference to the exhibit of the same number to the Annual Report on Form 10-K of Hertz Global Holdings, Inc., as filed on March 30, 2007.

To be filed by amendment.

As of March 31, 2007, we had various additional obligations which could be considered long-term debt, none of which exceeded 10% of our total assets on a consolidated basis. We agree to furnish to the SEC upon request a copy of any such instrument defining the rights of the holders of such long-term debt.

Schedules and exhibits not included above have been omitted because the information required has been included in the financial statements or notes thereto or are not applicable or not required.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes as follows:

- (1)
For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance on Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2)
For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 14 or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Hertz Global Holdings, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Borough of Park Ridge in the State of New Jersey, on May 21, 2007.

HERTZ GLOBAL HOLDINGS, INC.

By: /s/ PAUL J. SIRACUSA

Name: Paul J. Siracusa
 Title: Executive Vice President and
 Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Paul J. Siracusa, Harold E. Rolfe and Richard J. Foti, jointly and severally, as his true and lawful attorney-in-fact and agent, acting alone, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this registration statement and any new registration statement with respect to the offering contemplated hereby filed pursuant to Rule 462(b) of the Securities Act of 1933, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed on May 21, 2007 by the following persons in the capacities indicated.

Signature	Title
<hr/>	<hr/>
/s/ GEORGE W. TAMKE	
<hr/>	Lead Director
George W. Tamke	
/s/ MARK P. FRISSORA	
<hr/>	Chief Executive Officer and Chairman of the Board of Directors
Mark P. Frissora	
/s/ PAUL J. SIRACUSA	
<hr/>	Executive Vice President and Chief Financial Officer
Paul J. Siracusa	
/s/ RICHARD J. FOTI	
<hr/>	Controller
Richard J. Foti	
/s/ NATHAN K. SLEEPER	
<hr/>	Director
Nathan K. Sleeper	
<hr/>	<hr/>

/s/ DAVID H. WASSERMAN

Director

David H. Wasserman

/s/ BRIAN A. BERNASEK

Director

Brian A. Bernasek

/s/ GREGORY S. LEDFORD

Director

Gregory S. Ledford

/s/ GEORGE A. BITAR

Director

George A. Bitar

/s/ ROBERT F. END

Director

Robert F. End

/s/ BARRY H. BERACHA

Independent Director

Barry H. Beracha

/s/ CARL T. BERQUIST

Independent Director

Carl T. Berquist

/s/ MICHAEL J. DURHAM

Independent Director

Michael J. Durham

/s/ HENRY C. WOLF

Independent Director

Henry C. Wolf

EXHIBIT INDEX

Exhibit Number	Description
1.1	Form of Underwriting Agreement
2.1	Stock Purchase Agreement, dated as of September 12, 2005, among CCMG Holdings, Inc., Ford Holdings LLC and Ford Motor Company (Incorporated by reference to Exhibit 2 to the Quarterly Report on Form 10-Q of Ford Motor Company, as filed on November 7, 2005.)
3.1	Amended and Restated Certificate of Incorporation of Hertz Global Holdings, Inc.***
3.2	Amended and Restated By-Laws of Hertz Global Holdings, Inc.***
4.1.1	Indenture, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, governing the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014**
4.1.2	Merger Supplemental Indenture, dated as of December 21, 2005, by and between The Hertz Corporation and Wells Fargo Bank, National Association, as Trustee, relating to the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014**
4.1.3	Supplemental Indenture in Respect of Subsidiary Guarantee, dated as of December 21, 2005, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014**
4.1.4	Third Supplemental Indenture, dated as of July 7, 2006, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the U.S. Dollar 8.875% Senior Notes due 2014 and the Euro 7.875% Senior Notes due 2014 (Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)
4.2.1	Indenture, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, as Issuer, the Subsidiary Guarantors from time to time parties thereto, and Wells Fargo Bank, National Association, as Trustee, governing the 10.5% Senior Subordinated Notes due 2016**
4.2.2	Merger Supplemental Indenture, dated as of December 21, 2005, by and between The Hertz Corporation and Wells Fargo Bank, National Association, as Trustee, relating to the 10.5% Senior Subordinated Notes due 2016**
4.2.3	Supplemental Indenture in Respect of Subsidiary Guarantee, dated as of December 21, 2005, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 10.5% Senior Subordinated Notes due 2016**
4.2.4	Third Supplemental Indenture, dated as of July 7, 2006, by and between The Hertz Corporation, the Subsidiary Guarantors named therein, and Wells Fargo Bank, National Association, as Trustee, relating to the 10.5% Senior Subordinated Notes due 2016 (Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)
4.3.1	Exchange and Registration Rights Agreement, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, Deutsche Bank Securities Inc. and the other financial institutions named therein, relating to the 8.875% Senior Notes due 2014 and the 7.875% Senior Notes due 2014**

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- 4.3.2 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of The Hertz Corporation relating to the 8.875% Senior Notes due 2014 and the 7.875% Senior Notes due 2014**
 - 4.3.3 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of the Subsidiary Guarantors named therein, relating to the 8.875% Senior Notes due 2014 and the 7.875% Senior Notes due 2014**
 - 4.4.1 Exchange and Registration Rights Agreement, dated as of December 21, 2005, by and between CCMG Acquisition Corporation, Deutsche Bank Securities Inc. and the other financial institutions named therein, relating to the 10.5% Senior Subordinated Notes due 2016**
 - 4.4.2 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of The Hertz Corporation, relating to the 10.5% Senior Subordinated Notes due 2016**
 - 4.4.3 Joinder Agreement to the Exchange and Registration Rights Agreement, dated as of December 21, 2005, of the Subsidiary Guarantors named therein, relating to the 10.5% Senior Subordinated Notes due 2016**
 - 4.5.1 Senior Bridge Facilities Agreement, dated as of December 21, 2005, by and between Hertz International, Ltd., certain of its subsidiaries, Hertz Europe Limited, as Coordinator, BNP Paribas and The Royal Bank of Scotland plc, as Mandated Lead Arrangers, Calyon, as Co-Arranger, BNP Paribas, The Royal Bank of Scotland plc, and Calyon, as Joint Bookrunners, BNP Paribas, as Facility Agent, BNP Paribas, as Security Agent, BNP Paribas, as Global Coordinator, and the financial institutions named therein**
 - 4.5.2 Intercreditor Deed, dated as of December 21, 2005, by and between Hertz International, Ltd., as Parent, Hertz Europe Limited, as Coordinator, certain of its subsidiaries, BNP Paribas as A/C Facility Agent and NZ Facility Agent, BNP Paribas as Security Agent, Banco BNP Paribas Brasil S.A., as Brazilian Facility Agent, BNP Paribas, as Australian Security Trustee, the financial institutions named therein, and The Hertz Corporation**
 - 4.5.3 Australian Purchaser Charge (Project H) Unlimited, dated as of December 21, 2005, by and between Hertz Australia Pty Limited and HA Funding Pty Limited**
 - 4.5.4 Australian Purchaser Charge (Project H) South Australia, dated as of December 21, 2005, by and between Hertz Australia Pty Limited and HA Funding Pty Limited**
 - 4.5.5 Australian Purchaser Charge (Project H) Queensland, dated as of December 21, 2005, by and between Hertz Australia Pty Limited and HA Funding Pty Limited**
 - 4.5.6 Australian Share Mortgage of Purchaser Shares (Project H), dated as of December 21, 2005, by and between Hertz Investment (Holdings) Pty Limited and HA Funding Pty Limited**
 - 4.5.7 Australian Issuer Charge (Project H), dated as of December 21, 2005, by and between Hertz Note Issuer Pty Limited and HA Funding Pty Limited**
 - 4.5.8 Australian Borrower Charge (Project H), dated as of December 20, 2005, by and between HA Funding Pty Limited and the BNP Paribas**
 - 4.5.9 Australian Security Trust Deed (Project H), dated as of December 21, 2005, between HA Funding Pty Limited and BNP Paribas**
 - 4.5.10 Business Pledge Agreement, dated as of December 21, 2005, by and between Hertz Belgium N.V., as Pledgor, and BNP Paribas S.A., as Pledgee (English language version)**
 - 4.5.11 Receivables and Bank Account Pledge Agreement, dated as of December 21, 2005, by and between Hertz Belgium NV as Pledgor, and BNP Paribas, as Pledgee**
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- 4.5.12 Share Pledge Agreement, dated as of December 21, 2005, by and between Hertz Holdings Netherlands B.V., as Pledgor, and BNP Paribas, as Pledgee**
 - 4.5.13 Security Agreement, dated as of December 21, 2005, by and between Hertz Canada Limited, as Obligor, and BNP Paribas (Canada), as Security Agent**
 - 4.5.14.1 Deed of Hypothec, dated as of December 21, 2005, by and between Hertz Canada Limited and BNP Paribas (Canada), and related Bond and Bond Pledge Agreement**
 - 4.5.14.2 Bond Pledge Agreement, dated as of December 21, 2005, by and between Hertz Canada Limited, as Pledgor, and BNP Paribas (Canada), as Security Agent**
 - 4.5.15 Security Agreement, dated as of December 21, 2005, by and between 1677932 Ontario Limited, as Obligor, and BNP Paribas (Canada), as Security Agent**
 - 4.5.16 Security Agreement, dated as of December 21, 2005, by and between CMGC Canada Acquisition ULC, as Obligor, and BNP Paribas (Canada), as Security Agent**
 - 4.5.17 Pledge of a Business as a Going Concern (Acte de Nantissement de Fonds de Commerce), dated as of December 21, 2005, by and between Hertz France, as Pledgor, and BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
 - 4.5.18 Bank Account Pledge Agreement (Acte de Nantissement de Solde de Compte Bancaire), dated as of December 21, 2005, by and between Hertz France, as Pledgor, and BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
 - 4.5.19 Share Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Hertz France, as Pledgor, BNP Paribas, as Security Agent, Hertz Equipement France, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
 - 4.5.20 Pledge of a Business as a Going Concern (Acte de Nantissement de Fonds de Commerce), dated as of December 21, 2005, by and between Hertz Equipement France, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
 - 4.5.21 Bank Account Pledge Agreement (Acte de Nantissement de Solde de Compte Bancaire), dated as of December 21, 2005, by and between Hertz Equipement France, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
 - 4.5.22 Master Agreement For Assignment of Receivables (Contrat Cadre de Cession de Creances Professionnelles a Titre de Garantie), dated as of December 21, 2005, by and between Hertz Equipement France, as Assignor, BNP Paribas, as Security Agent, and the assignees described therein**
 - 4.5.23 Pledge of a Business as a Going Concern (Acte de Nantissement de Fonds de Commerce), dated as of December 21, 2005, by and between Equipole Finance Services, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
 - 4.5.24 Master Agreement for Assignment of Receivables (Contrat Cadre de Cession de Creances Professionnelles a Titre de Garantie), dated as of December 21, 2005, by and between Equipole Finance Services, as Assignor, BNP Paribas, as Security Agent, and the assignees described therein**
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- 4.5.25 Bank Account Pledge Agreement (Acte de Nantissement de Solde de Compte Bancaire), dated as of December 21, 2005, by and between Equipole Finance Services, as Pledgor, BNP Paribas, as Security Agent, and the beneficiaries described therein (English language version)**
- 4.5.26 Shares Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Equipole, as Pledgor, BNP Paribas, as Security Agent, Equipole Finance Services, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.27 Share Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Equipole, as Pledgor, BNP Paribas, as Security Agent, Hertz France, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.28 Shares Account Pledge Agreement (Acte de Nantissement de Compte d'Instruments Financiers), dated as of December 21, 2005, by and between Equipole, as Pledgor, BNP Paribas, as Security Agent, Hertz Equipement France, as Account Holder, BNP Paribas, as Bank Account Holder, and the beneficiaries described therein**
- 4.5.29 Account Pledge Agreement, dated as of December 21, 2005, among Hertz Autovermietung GmbH, The Royal Bank of Scotland plc, Calyon, BNP Paribas (Canada) and Indosuez Finance (U.K.) Limited as Pledgees and BNP Paribas S.A. as Security Agent**
- 4.5.30 Global Assignment Agreement, dated as of December 21, 2005, between Hertz Autovermietung GmbH as assignor and BNP Paribas S.A. as Security Agent and lender (English language version)**
- 4.5.31 Security Transfer of Moveable Assets, dated as of December 21, 2005, between Hertz Autovermietung GmbH as assignor and BNP Paribas S.A. as Security Agent and lender**
- 4.5.32 Share Pledge Agreement, dated as of December 21, 2005, among Equipole S.A. (France), The Royal Bank of Scotland plc, Calyon, BNP Paribas (Canada), Indosuez Finance (U.K.) Limited and BNP Paribas S.A., as Security Agent**
- 4.5.33 Security Assignment of Receivables, dated as of December 21, 2005, between Hertz Italiana S.p.A. as assignor and BNP Paribas S.A. as Security Agent**
- 4.5.34 Pledge Agreement over the Balance of Bank Account, dated as of December 21, 2005, between Hertz Italiana S.p.A. as pledgor and BNP Paribas S.A. as Pledgee and Security Agent**
- 4.5.35 Pledge Agreement over the Balance of Bank Account, dated as of December 21, 2005, between Hertz Italiana S.p.A., as Pledgor, and BNP Paribas S.A., as Pledgee and Security Agent**
- 4.5.36 Pledge Agreement over Hertz Italiana S.p.A. shares, dated as of December 21, 2005, between Hertz Holding South Europe S.r.l as Pledgor and BNP Paribas S.A. as Pledgee and Security Agent**
- 4.5.37 Deed of Non-Possessory Pledge of Movables, dated as of December 21, 2005, between Stuurgroep Holland B.V., as Pledgor, and BNS Automobile Funding B.V. and BNP Paribas as Security Agent, as Pledgees**
- 4.5.38 Deed of Disclosed Pledge of Receivables, dated as of December 21, 2005, between Stuurgroep Holland B.V., as Pledgor, and BNS Automobile Funding B.V. and BNP Paribas as Security Agent, as Pledgees**
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- 4.5.39 Deed of Undisclosed Pledge of Receivables between Stuurgroep Holland B.V., as Pledgor, and BNS Automobile Funding B.V. and BNP Paribas as Security Agent, as Pledgees**
- 4.5.40 Deed of Pledge of Registered Shares, dated as of December 21, 2005, between Stuurgroep Holland B.V., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas, as Pledgees, and Hertz Automobielen Netherlands B.V.**
- 4.5.41 Deed of Pledge on Registered Shares, dated as of December 21, 2005, between Hertz Holdings Netherlands B.V., as Pledgor, BNS Automobile Funding B.V., as Pledgee, and Stuurgroep Holland B.V.**
- 4.5.42 Deed of Disclosed Pledge of Receivables between BNS Automobile Funding B.V., as Pledgor, and BNP Paribas as Security Agent, as Pledgee**
- 4.5.43 Pledges of Shares Contract, dated as of December 21, 2005, among Hertz de España, S.A, Hertz Alquiler de Maquinaria, S.L., BNS Automobile Funding B.V. and BNP Paribas S.A. as Security Agent relating to Hertz Alquiler de Maquinaria**
- 4.5.44 Contract on Pledges of Credit Rights, dated as of December 21, 2005, among Hertz de España, S.A., BNS Automobile Funding B.V. and BNP Paribas S.A. as Security Agent**
- 4.5.45 Pledge of Credit Rights of Insurance Policies Contract, dated as of December 21, 2005, among Hertz de España, S.A., BNS Automobile Funding B.V. and BNP Paribas S.A. as Security Agent**
- 4.5.46 Pledge of Credit Rights of Bank Accounts, dated as of December 21, 2005 among Hertz de España, S.A., as Pledgor, BNS Automobile Funding .V. and BNP Paribas S.A., as Security Agent**
- 4.5.47 Pledges over VAT Credit Rights Contract, dated as of December 21, 2005, among Hertz de España, S.A., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.48 Contract on Pledges of Credit Rights, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria, S.L., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.49 Pledge of Credit Rights of Bank Accounts Contract, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria, S.L., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.50 Pledges of Credit Rights of Insurance Policies Contract, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria, S.L., as Pledgor, BNS Automobile Funding B.V. and BNP Paribas S.A., as Security Agent**
- 4.5.51 Pledges over VAT Credit Rights Contracts, dated as of December 21, 2005, among Hertz Alquiler de Maquinaria S.L., as Pledgor, BNS Automobile Funding B.V., and BNP Paribas S.A., as Security Agent**
- 4.5.52 Pledges of Credit Rights Contract, dated as of December 21, 2005, among BNS Automobile Funding B.V., as Pledgor, Hertz de Espana S.A., Hertz Alquiler de Maquinaria, S.L., and BNP Paribas S.A., as Security Agent**
- 4.5.53 Pledges of Shares Contract, dated as of December 21, 2005, among Hertz International Ltd., Hertz Equipment Rental International, Limited, Hertz de España, S.A., and BNP Paribas S.A., as Security Agent**
- 4.5.54 Share Pledge Agreement, dated as of December 21, 2005, between Hertz AG and BNP Paribas S.A. as Security Agent relating to the pledge of the entire share capital of Züri-Leu Garage AG and Société Immobilière Fair Play**
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- 4.5.55 Assignment Agreement, dated as of December 21, 2005, between Hertz AG and BNP Paribas S.A. as Security Agent relating to the assignment and transfer of trade receivables, insurance claims, inter-company receivables and bank accounts**
- 4.5.56 Share Pledge Agreement, dated as of December 21, 2005, between Hertz Holdings South Europe S.r.l and BNP Paribas S.A. as Security Agent relating to the pledge of the entire share capital of Hertz AG**
- 4.5.57 Deed of Charge, dated as of December 21, 2005, between Hertz (U.K.) Limited as Chargor and BNP Paribas as Security Agent**
- 4.5.58 Deed of Charge over Shares, in Hertz (U.K.) Limited, dated as of December 21, 2005, between Hertz Holdings II U.K. Limited as Chargor and BNP Paribas as Security Agent**
- 4.5.59 Deed of Charge over Shares in Hertz Holdings III UK Limited, dated as of December 21, 2005, between Hertz International, Ltd. and BNP Paribas as Security Agent**
- 4.5.60 Deed of Charge, dated as of December 21, 2005, between BNS Automobile Funding B.V. as Chargor and BNP Paribas as Security Agent**
- 4.6.1 Credit Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, and BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers**
- 4.6.2 Guarantee and Collateral Agreement, dated as of December 21, 2005, by and between CCMG Corporation, The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.6.3 Copyright Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.6.4 Trademark Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.6.5 Deed of Trust, Security Agreement, and Assignment of Leases and Rents and Fixture Filing, dated as of December 21, 2005, among the Hertz Corporation and Deutsche Bank AG, New York Branch**
- 4.6.6 Term Loan Mortgage Schedule listing the material differences in mortgages from Exhibit 4.6.5 for each of the mortgaged properties**
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- 4.6.7 Amendment, dated as of June 30, 2006, among The Hertz Corporation, Deutsche Bank AG, New York Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, and BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)
- 4.6.8 Second Amendment, dated as of February 9, 2007, among The Hertz Corporation, Deutsche Bank AG, New York Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, and BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers, Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers***
- 4.7.1 Credit Agreement, dated as of December 21, 2005, by and between Hertz Equipment Rental Corporation, The Hertz Corporation, the Canadian Borrowers parties thereto, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers**
- 4.7.2 U.S. Guarantee and Collateral Agreement, dated as of December 21, 2005, by and between CCMG Corporation, The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.7.3 Canadian Guarantee and Collateral Agreement, dated as of December 21, 2005, by and between Matthews Equipment Limited, Western Shut-Down (1995) Limited, certain of its subsidiaries, and Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent**
- 4.7.4 Copyright Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
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- 4.7.5 Trademark Security Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, certain of its subsidiaries, and Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent**
- 4.7.6 Trademark Security Agreement, dated as of December 21, 2005, by and between Matthews Equipment Limited and Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent**
- 4.7.7 Deed of Trust, Security Agreement, and Assignment of Leases and Rents and Fixture Filing, dated as of December 21, 2005, among the Hertz Corporation and Deutsche Bank AG, New York Branch**
- 4.7.8 Term Loan Mortgage Schedule listing the material differences in mortgages from Exhibit 4.7.7 for each of the mortgaged properties**
- 4.7.9 Amendment, dated as of June 30, 2006, among Hertz Equipment Rental Corporation, The Hertz Corporation, Matthews Equipment Limited, Western Shut-Down (1995) Limited, Deutsche Bank AG, New York Branch, Deutsche Bank AG, Canada Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between Hertz Equipment Rental Corporation, The Hertz Corporation, the Canadian Borrowers parties thereto, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of The Hertz Corporation, as filed on July 7, 2006.)
- 4.7.10 Second Amendment, dated as of February 15, 2007, among Hertz Equipment Rental Corporation, The Hertz Corporation, Matthews Equipment Limited, Western Shut-Down (1995) Limited, Deutsche Bank AG, New York Branch, Deutsche Bank AG, Canada Branch, and the other parties signatory thereto, to the Credit Agreement, dated as of December 21, 2005, by and between Hertz Equipment Rental Corporation, The Hertz Corporation, the Canadian Borrowers parties thereto, the several lenders from time to time parties thereto, Deutsche Bank AG, New York Branch, as Administrative Agent and Collateral Agent, Deutsche Bank AG, Canada Branch, as Canadian Agent and Canadian Collateral Agent, Lehman Commercial Paper Inc., as Syndication Agent, Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Documentation Agent, Deutsche Bank Securities Inc., Lehman Brothers Inc., and Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, as Joint Lead Arrangers, BNP Paribas, The Royal Bank of Scotland plc, and Calyon New York Branch, as Co-Arrangers, and Deutsche Bank Securities Inc., Lehman Brothers Inc., Merrill Lynch & Co., Merrill Lynch, Pierce, Fenner and Smith Incorporated, Goldman Sachs Credit Partners L.P., and JPMorgan Chase Bank, N.A., as Joint Bookrunning Managers***
- 4.8 Intercreditor Agreement, dated as of December 21, 2005, by and between Deutsche Bank AG, New York Branch, as ABL Agent, Deutsche Bank AG, New York Branch, as Term Agent, as acknowledged by CCMG Corporation, The Hertz Corporation and certain of its subsidiaries**
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- 4.9.1 Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee***
 - 4.9.2 Amended and Restated Series 2005-1 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
 - 4.9.3 Amended and Restated Series 2005-2 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
 - 4.9.4 Amended and Restated Series 2005-3 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
 - 4.9.5 Amended and Restated Series 2005-4 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
 - 4.9.6 Second Amended and Restated Series 2004-1 Supplement to the Second Amended and Restated Base Indenture, dated as of August 1, 2006, between Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee and Securities Intermediary***
 - 4.9.7 Second Amended and Restated Master Motor Vehicle Operating Lease and Servicing Agreement, dated as of August 1, 2006, between The Hertz Corporation, as Lessee and Servicer, and Hertz Vehicle Financing LLC, as Lessor***
 - 4.9.8 Amended and Restated Participation, Purchase and Sale Agreement, dated as of December 21, 2005, by and between Hertz General Interest LLC, Hertz Vehicle Financing LLC and The Hertz Corporation, as Lessee and Servicer**
 - 4.9.9 Purchase and Sale Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicle Financing LLC and Hertz Funding Corp.**
 - 4.9.10 Contribution Agreement, dated as of December 21, 2005, by and between Hertz Vehicle Financing LLC and The Hertz Corporation**
 - 4.9.11 Second Amended and Restated Collateral Agency Agreement, dated as of January 26, 2007, among Hertz Vehicle Financing LLC, as a Grantor, Hertz General Interest LLC, as a Grantor, The Hertz Corporation, as Servicer, BNY Midwest Trust Company, as Collateral Agent, BNY Midwest Trust Company, as Trustee and a Secured Party, and The Hertz Corporation, as a Secured Party***
 - 4.9.12 Amended and Restated Administration Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicle Financing LLC, and BNY Midwest Trust Company, as Trustee**
 - 4.9.13 Amended and Restated Master Exchange Agreement, dated as of January 26, 2007, among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz General Interest LLC, Hertz Car Exchange Inc., and J.P. Morgan Property Holdings LLC***
 - 4.9.14 Amended and Restated Escrow Agreement, dated as of January 26, 2007, among The Hertz Corporation, Hertz Vehicle Financing LLC, Hertz General Interest LLC, Hertz Car Exchange Inc., and J.P. Morgan Chase Bank, N.A.***
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- 4.9.15 Amended and Restated Class A-1 Note Purchase Agreement (Series 2005-3 Variable Funding Rental Car Asset Backed Notes, Class Aa-1), dated as of March 3, 2006, by and between Hertz Vehicle Financing LLC, The Hertz Corporation, as Administrator, certain Conduit Investors, each as a Conduit Investor, certain Financial Institutions, each as a Committed Note Purchaser, certain Funding Agents, and Lehman Commercial Paper Inc., as Administrative Agent**
- 4.9.16 Amended and Restated Class A-2 Note Purchase Agreement (Series 2005-3 Variable Funding Rental Car Asset backed Notes, Class A-2), dated as of March 3, 2006, by and between Hertz Vehicle Financing LLC, The Hertz Corporation, as Administrator, certain Conduit Investors, each as a Conduit Investor, certain Financial Institutions, each as a Committed Note Purchaser, certain Funding Agents, and Lehman Commercial Paper Inc., as Administrative Agent**
- 4.9.17 Amended and Restated Class A Note Purchase Agreement (Series 2005-4 Variable Funding Rental Car Asset Backed Notes, Class A), dated as of March 3, 2006, by and between Hertz Vehicle Financing LLC, The Hertz Corporation, as Administrator, certain Conduit Investors, each as a Conduit Investor, certain Financial Institutions, each as a Committed Note Purchaser, certain Funding Agents, and Lehman Commercial Paper Inc., as Administrative Agent**
- 4.9.18 Letter of Credit Facility Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicle Financing LLC, and Ford Motor Company**
- 4.9.19 Insurance Agreement, dated as of December 21, 2005, by and between MBIA Insurance Corporation, as Insurer, Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee**
- 4.9.20 Insurance Agreement, dated as of December 21, 2005, by and between Ambac Assurance Corporation, as Insurer, Hertz Vehicle Financing LLC, as Issuer, and BNY Midwest Trust Company, as Trustee**
- 4.9.21 Note Guaranty Insurance Policy, dated as of December 21, 2005, of MBIA Insurance Corporation, relating to Series 2005-1 Rental Car Asset Backed Notes**
- 4.9.22 Note Guaranty Insurance Policy, dated as of December 21, 2005, of MBIA Insurance Corporation, relating to Series 2005-4 Rental Car Asset Backed Notes**
- 4.9.23 Note Guaranty Insurance Policy, dated as of December 21, 2005, of Ambac Assurance Corporation, relating to Series 2005-2 Rental Car Asset Backed Notes**
- 4.9.24 Note Guaranty Insurance Policy, dated as of December 21, 2005, of Ambac Assurance Corporation, relating to Series 2005-3 Rental Car Asset Backed Notes**
- 4.9.25 Supplement to Second Amended and Restated Collateral Agency Agreement, dated as of January 26, 2007, among The Hertz Corporation, as Grantor, Gelco Corporation d/b/a GE Fleet Services, as Secured Party and BNY Midwest Trust Company as Collateral Agent***
- 4.10 Amended and Restated Stockholders Agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc., Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., CD&R Parallel Fund VII, L.P., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l SICAR, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, ML Hertz Co-Investor, L.P. and CMC-Hertz Partners, L.P.
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- 4.11 Registration Rights Agreement, dated as of December 21, 2005, among CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, ML Hertz Co- Investor, L.P. and CMC-Hertz Partners, L.P. (filed as the exhibit of the same number to Amendment No. 3 to the Registration Statement on Form S-1 filed on October 23, 2006)
 - 4.12 Amendment No. 1, dated as of November 20, 2006, to the Registration Rights Agreement, dated as of December 21, 2005, among CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., CD&R Parallel Fund VII, L.P., Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l SICAR, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, ML Hertz Co-Investor, L.P. and CMC-Hertz Partners, L.P.***
 - 4.13 Credit Agreement, dated as of September 29, 2006, among The Hertz Corporation, Puerto Ricancars, Inc., the several banks and other financial institutions from time to time parties as lenders thereto and Gelco Corporation d.b.a. GE Fleet Services, as administrative agent and collateral agents for the lenders thereunder (filed as the exhibit of the same number to Amendment No. 4 to the Registration Statement on Form S-1 filed on October 27, 2006)
 - 4.13.1 First Amendment, dated as of October 6, 2006, to the Credit Agreement, dated as of September 29, 2006, among The Hertz Corporation, Puerto Ricancars, Inc., the several banks and other financial institutions from time to time parties as lenders thereto and Gelco Corporation d.b.a. GE Fleet Services, as administrative agent and collateral agents for the lenders thereunder (filed as the exhibit of the same number to Amendment No. 4 to the Registration Statement on Form S-1 filed on October 27, 2006)
 - 4.13.2 Second Amendment, dated as of October 31, 2006, to the Credit Agreement, dated as of September 29, 2006, among The Hertz Corporation, Puerto Ricancars, Inc., the several banks and other financial institutions from time to time parties as lenders thereto and Gelco Corporation d.b.a. GE Fleet Services, as administrative agent and collateral agents for the lenders thereunder ***
 - 4.14 Form of Stock Certificate (filed as the exhibit of the same number to Amendment No. 6, filed on November 7, 2006, to the registrant's Registration Statement on Form S-1(File No. 333-135782) (such registration statement, the "Registration Statement"))
 - 5.1 Opinion of Debevoise & Plimpton LLP
 - 10.1 Hertz Global Holdings, Inc. Stock Incentive Plan***
 - 10.1.1 First Amendment to the Hertz Global Holdings, Inc. Stock Incentive Plan (filed as the exhibit of the same number to Amendment No. 4 to the Registration Statement on Form S-1 filed on October 27, 2006)*
 - 10.2 Form of Stock Subscription Agreement under Stock Incentive Plan***
 - 10.3 Form of Stock Option Agreement under Stock Incentive Plan***
 - 10.4 Employment Agreement between The Hertz Corporation and Craig R. Koch (Incorporated by reference to Exhibit 10.4(3) to the Registration Statement No. 333-125764 of The Hertz Corporation)*
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- 10.5 Form of Change in Control Agreement (and certain terms related thereto) among The Hertz Corporation, Ford Motor Company and each of Messrs. Koch, Nothwang, Siracusa, Taride and Plescia (Incorporated by reference to Exhibit 10.5 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.6 Non-Compete Agreement, dated April 10, 2000, between Hertz Europe Limited and Michel Taride (Incorporated by reference to Exhibit 10.6 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.7 The Hertz Corporation Compensation Supplemental Retirement and Savings Plan (Incorporated by reference to Exhibit 10.7 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.8 The Hertz Corporation Executive Long Term Incentive Compensation Plan (Incorporated by reference to Exhibit 10.8 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.9 The Hertz Corporation Supplemental Executive Retirement Plan (Incorporated by reference to Exhibit 10.9 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.10 The Hertz Corporation Benefit Equalization Plan (Incorporated by reference to Exhibit 10.10 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.11 The Hertz Corporation Key Officer Postretirement Assigned Car Benefit Plan (Incorporated by reference to Exhibit 10.11 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.12 The Hertz Corporation Retirement Plan (Incorporated by reference to Exhibit 10.12 to the Registration Statement No. 333-125764 of the Hertz Corporation)*
- 10.13 The Hertz Corporation (UK) 1972 Pension Plan (Incorporated by reference to Exhibit 10.13 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.14 The Hertz Corporation (UK) Supplementary Unapproved Pension Scheme (Incorporated by reference to Exhibit 10.14 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.15 RCA Executive Deferred Compensation Plan and Employee Participation Agreement, dated May 29, 1985, between Craig R. Koch and The Hertz Corporation (Incorporated by reference to Exhibit 10.15 to the Registration Statement No. 333-125764 of The Hertz Corporation)*
- 10.16 The Hertz Corporation 2005 Executive Incentive Compensation Plan***
- 10.17 Letter Agreement, dated October 19, 2005, as amended and restated as of November 15, 2005, between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.) and Craig R. Koch* **
- 10.18 Amended and Restated Indemnification Agreement, dated as of December 21, 2005, by and between The Hertz Corporation, Hertz Vehicles LLC, Hertz Funding Corp., Hertz General Interest LLC, and Hertz Vehicle Financing LLC**
- 10.19 Consulting Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, and Clayton, Dubilier & Rice, Inc.**
- 10.20 Consulting Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, and TC Group IV, L.L.C.**
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- 10.21 Consulting Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, and Merrill Lynch Global Partners, Inc.**
- 10.22 Indemnification Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, Clayton, Dubilier & Rice Fund VII, L.P., CDR CCMG Co-Investor L.P., and Clayton, Dubilier & Rice, Inc.**
- 10.23 Indemnification Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, Carlyle Partners IV, L.P., CP IV Coinvestment L.P., CEP II U.S. Investments, L.P., CEP II Participations S.à.r.l., and TC Group IV, L.L.C.**
- 10.24 Indemnification Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), The Hertz Corporation, ML Global Private Equity Fund, L.P., Merrill Lynch Ventures L.P. 2001, CMC-Hertz Partners, L.P., ML Hertz Co-Investor, L.P., and Merrill Lynch Global Partners, Inc.**
- 10.25 Tax Sharing Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), CCMG Corporation, The Hertz Corporation, and Hertz International, Ltd.**
- 10.26 Tax Sharing Agreement, dated as of December 21, 2005, by and between CCMG Holdings, Inc. (now known as Hertz Global Holdings, Inc.), CCMG Corporation, and The Hertz Corporation**
- 10.27 Master Supply and Advertising Agreement, dated as of July 5, 2005, by and between Ford Motor Company, The Hertz Corporation and Hertz General Interest LLC (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of The Hertz Corporation filed with the Securities and Exchange Commission on July 11, 2005. Such Exhibit omits certain information that has been filed separately with the Securities and Exchange Commission and submitted pursuant to an application for confidential treatment.)
- 10.28 Employment letter agreement, dated as of July 10, 2006, between Hertz Global Holdings, Inc. and Mark P. Frissora (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of The Hertz Corporation filed with the Securities and Exchange Commission on August 14, 2006.)
- 10.29 Form of Director Indemnification Agreement (filed as the exhibit of the same number to Amendment No. 3 to our Registration Statement on Form S-1, filed on October 23, 2006)
- 10.30 Termination letter agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc. (formerly known as CCMG Holdings, Inc.), The Hertz Corporation and Clayton, Dubilier & Rice, Inc., terminating the Consulting Agreement, dated as of December 21, 2005, among Hertz Global Holdings, Inc., the Hertz Corporation and Clayton, Dubilier & Rice, Inc.***
- 10.31 Termination letter agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc. (formerly known as CCMG Holdings, Inc.), The Hertz Corporation and TC Group IV, L.L.C., terminating the Consulting Agreement, dated as of December 21, 2005, among Hertz Global Holdings, Inc., the Hertz Corporation and TC Group IV, L.L.C.***
- 10.32 Termination letter agreement, dated as of November 20, 2006, among Hertz Global Holdings, Inc. (formerly known as CCMG Holdings, Inc.), The Hertz Corporation and Merrill Lynch Global Partners, Inc., terminating the Consulting Agreement, dated as of December 21, 2005, among Hertz Global Holdings, Inc., the Hertz Corporation and Merrill Lynch Global Partners, Inc.***
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10.33	Hertz Global Holdings, Inc. Director Stock Incentive Plan* (filed as the exhibit of the same number to Amendment No. 6 to the Registration Statement on Form S-1 filed on November 7, 2006)
15.1	Letter from PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, related to Financial Information
21.1	List of subsidiaries***
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Debevoise & Plimpton LLP (included in Exhibit 5.1)
24.1	Powers of Attorney (included in signature pages)

*

Indicates management compensation plan.

**

Incorporated by reference to the exhibit of the same number to the Current Report on Form 8-K of The Hertz Corporation, as filed on March 31, 2006.

Incorporated by reference to the exhibit of the same number to the Annual Report on Form 10-K of Hertz Global Holdings, Inc., as filed on March 30, 2007.

To be filed by amendment.

As of March 31, 2007, we had various additional obligations which could be considered long-term debt, none of which exceeded 10% of our total assets on a consolidated basis. We agree to furnish to the SEC upon request a copy of any such instrument defining the rights of the holders of such long-term debt.

Schedules and exhibits not included above have been omitted because the information required has been included in the financial statements or notes thereto or are not applicable or not required.

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