HERTZ GLOBAL HOLDINGS INC
Form S-1/A
November 13, 2006

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As filed with the Securities and Exchange Commission on November 13, 2006

Registration No. 333-135782

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 7 to

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

HERTZ GLOBAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

(See table of additional registrants on following page.)

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

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

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

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

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

With copies to:

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

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

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

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

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

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

Subject to Completion. Dated November 13, 2006.

88,235,000 Shares

Hertz Global Holdings, Inc.

Common Stock

This is an initial public offering of shares of common stock of Hertz Global Holdings, Inc., which we refer to in this prospectus as "Hertz Holdings."

Hertz Holdings is offering 88,235,000 shares to be sold in this offering. Hertz Holdings intends to use a portion of the net proceeds of the offering to pay a special cash dividend to holders of record of its common stock immediately prior to this offering. The record date for this potential dividend will precede the consummation of this offering, and investors in this offering will not be entitled to receive any payments or distributions in connection with this dividend.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $16.00 and $18.00. Hertz Holdings has been approved to list the common stock on the New York Stock Exchange under the symbol HTZ.

See "Risk Factors" on page 22 to read about factors you should consider before buying shares of the common stock.

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

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Hertz Holdings	$	$

To the extent that the underwriters sell more than 88,235,000 shares of common stock, the underwriters have the option to purchase up to an additional 13,235,250 shares from the selling stockholders at the initial public offering price less the underwriting discount. Hertz Holdings will not receive any of the proceeds from the shares of common stock sold by the selling stockholders pursuant to any exercise of the underwriters' option to purchase additional shares.

The underwriters expect to deliver the shares against payment in New York, New York on , 2006.

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

JPMorgan

Morgan Stanley

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

Prospectus dated , 2006.

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

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

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

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

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

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

The "Restatement" refers to the restatement by Hertz of its previously issued consolidated statements of operations, stockholder's equity and cash flows for the Predecessor period ended December 20, 2005. See Note 1A to the Notes to our audited annual consolidated financial statements included elsewhere in this prospectus for more information regarding the Restatement.

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

SUMMARY

This summary highlights information appearing elsewhere in this prospectus. You should carefully read the entire prospectus, including the section entitled "Risk Factors," beginning on page 22 and our financial statements and notes to those financial statements included elsewhere in this prospectus before making any investment decision.

Our Company

We own what we believe is the largest worldwide general use car rental brand and one of the largest equipment rental businesses in the United States, both based on revenues. Our Hertz brand name is one of the most recognized in the world, signifying leadership in quality rental services and products. In our car rental business segment, we and our independent licensees and associates accept reservations for car rentals at approximately 7,600 locations in approximately 145 countries. We are the only car rental company that has an extensive network of company-operated rental locations both in the United States and in all major European markets. We maintain the leading airport car rental market share, by overall reported revenues, in the United States and at the 69 major airports in Europe where we have company-operated locations and data regarding car rental concessionaire activity is available. We believe that we also maintain the second largest market share, by revenues, in the off-airport car rental market in the United States. In our equipment rental business segment, we rent equipment through approximately 360 branches in the United States, Canada, France and Spain, as well as through our international licensees. We and our predecessors have been in the car rental business since 1918 and in the equipment rental business since 1965.

We have a diversified revenue base and a highly variable cost structure and are able to dynamically manage fleet capacity, the most significant determinant of our costs. This has helped us to earn a pre-tax profit in each year since our incorporation in 1967. Our revenues have grown at a compound annual growth rate of 7.6% over the last 20 years, with year-over-year growth in 18 of those 20 years. For the year ended December 31, 2005 and the nine months ended September 30, 2006, we generated consolidated revenues of $7,469.2 million and $6,067.8 million, respectively, income before income taxes and minority interest of $541.7 million and $157.9 million, respectively, and net income of $350.0 million and $76.1 million, respectively. For a discussion of the presentation of our results for the year ended December 31, 2005 on a combined basis, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Results of Operations."

Our Segments

The table below sets forth key financial and other facts concerning our car rental and equipment rental business segments as of December 31, 2005 or for the year then ended, unless otherwise indicated. For the year ended December 31, 2005 and the nine months ended September 30, 2006, our corporate and other segment had revenues of $7.1 million and $5.9 million, respectively, and losses before income taxes and minority interest of $72.0 million and $315.4 million, respectively. For more details regarding the key financial and other facts appearing below, see "Business," and for more information concerning our segment financial data, see Note 11 to the Notes to our audited annual consolidated financial statements and Note 10 to the Notes to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus.

	Car Rental		**Equipment Rental**	
	Year Ended December 31, 2005	**Nine Months Ended September 30, 2006**	**Year Ended December 31, 2005**	**Nine Months Ended September 30, 2006**
	(Dollars in millions, unless otherwise indicated)		**(Dollars in millions, unless otherwise indicated)**	
Revenues	$6,046.8	$4,825.3	$1,415.3	$1,236.6
Income Before Income Taxes and Minority Interest	$374.6	$283.1	$239.1	$190.2
Key Facts	#1 worldwide general use car rental brand[1]		One of the largest equipment rental companies in the U.S. and Canadian	
	#1 brand overall at U.S. airports with a		markets combined	
	#1 position in each of the business and leisure markets[2]		Industry participant for over 40 years with a majority of its operations developed	
	#1 overall airport market position at 69		from organic growth	
	major European airports		Worldwide same store sales growth in	
	Approximately 28 million annual transactions		each of the past twelve quarters, over the comparable quarter in the preceding year	
	Balanced rental revenue base of 53% leisure and 47% business		27 month average fleet age in the United States, one of the youngest fleets in the	
	Over 80% of revenues generated from		industry	
	affiliated customer channels, including		Broad diversity of fleet and customers	
	over 60 travel industry partnerships		Nationwide presence in the United States,	
	Average of 438,800 company-operated cars in the fleet in 2005, with an average net book value of $8.3 billion		Canada, France and Spain, with over 40% of rental revenues derived from national accounts	
			Total of 208,000 pieces of equipment, with an average fleet acquisition cost during 2005 of $2.6 billion	

(1) Market position based on management estimate

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

Our Markets

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

We believe that the global car rental industry exceeds $30 billion in annual revenues. According to a 2006 report appearing in Auto Rental News, car rental revenues in the United States totaled approximately $19 billion in 2005 and have grown at a 4.9% compound annual growth rate since 1990, including 7.2% growth in 2005. We estimate that rentals by airline travelers at or near airports, or "airport rentals," accounted for approximately one-half of the total market in the United States. This portion of the market is significantly influenced by developments in the travel industry and particularly in airline passenger traffic, or "enplanements." The Federal Aviation Administration, or "FAA," projected in the first half of 2006 that U.S. domestic enplanements will grow at a compound annual rate of 3.2% from 2006 to 2017, consistent with long-term historical trends. According to Euromonitor International, car rentals in Western Europe account for over $12.5 billion in annual revenues, with the airport portion of the industry comprising approximately 40% of the total. The International Air Transport Association, or "IATA," projected in October 2005 that annual international enplanements would grow at a compound annual rate of 5.6% from 2005 to 2009. The off-airport portion of the industry has rental volume primarily driven by local business use, leisure travel and the replacement of cars being repaired.

We estimate the size of the U.S. equipment rental industry, which is highly fragmented with few national competitors and many regional and local operators, to be approximately $31 billion in annual revenues. We believe that the industry grew at a 9.7% compound annual growth rate between 1991 and 2005. The equipment rental industry serves a broad range of customers from small local contractors to large industrial national accounts and encompasses a wide range of rental equipment from small tools to heavy earthmoving equipment. The industry is undergoing a strong recovery following the industrial recession and downturn in non-residential construction spending between 2001 and 2003. According to data from F. W. Dodge received during the first quarter of 2006, U.S. non-residential construction spending is projected to grow at an annual rate of 9% and 7% in 2006 and 2007, respectively. We also believe, based on an article in Rental Equipment Register published on February 1, 2006, that rental equipment accounted for approximately 30% to 40% of all equipment sold into the U.S. construction industry in 2005, up from approximately 5% to 10% in 1991. In addition, we believe that the trend toward rental instead of ownership of equipment in the U.S. construction industry will continue and that as much as 50% of the equipment used in the industry could be rental equipment within the next ten years.

Our Strengths

Premier Global Brand and Service Offerings

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

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

Club Gold, which accounted for approximately 41% of our car rental transactions worldwide for the twelve months ended September 30, 2006.

Equipment Rental. HERC, which is operated under the Hertz Equipment Rental brand, has long been a leader in equipment rental in the United States. We believe HERC was the first equipment rental company to develop an extensive national account program, which continues to be the source of substantial revenues. HERC's leadership position has recently been enhanced through a substantial investment in sales force automation and the operation of a high quality and diverse fleet. From January 1, 2004 through September 30, 2006, we invested $1.5 billion, net of dispositions, in HERC's U.S. fleet, thereby reducing its average age to 25 months, which we believe is one of the youngest fleets in the industry.

Clear and Sustained Market Leadership Position in Car Rental

We believe that Hertz is the leading worldwide general use car rental system, based on revenues. In the United States, we maintain the overall leading market share of airport car rentals among both business and leisure customers. Based on reported industry revenues for 2005 and the five months ended May 31, 2006, our market share at the 180 largest U.S. airports where we operate was over 28%, and we had a margin of approximately nine percentage points over the closest competing brand. We have maintained a leadership position for more than 30 years. We also believe that we had the largest market share, by reported revenues on a collective basis in 2005, at the 69 major airports in Europe where we have company-operated locations and data regarding car rental concessionaire activity was available.

Global, Diversified Business Mix

We believe that our mix of businesses, customer types, end-markets, distribution channels and geographies provides us with a diverse revenue stream that positions us to capitalize on growth opportunities throughout our markets and makes us less vulnerable to economic cycles and events that might negatively affect either of our industries or any specific geography. Within our car rental business, we maintain a relatively balanced mix of leisure and business rentals (representing 53% and 47%, respectively, of our car rental revenues for the year ended December 31, 2005 and 54% and 46%, respectively, of our car rental revenues for the nine months ended September 30, 2006), and utilize a broad range of distribution channels and partnerships. Within our equipment rental business, we serve a wide variety of industries and have a broad mix of end customers from local contractors to large national industrial accounts.

Affiliated Customer Strategy Drives Premium Pricing and Customer Loyalty

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

Best-in-Class Fleet and Fleet Management

Car Rental. Our worldwide car rental fleet includes cars from over 30 manufacturers, and we believe our U.S. fleet mix is significantly more diversified than those of most of our major competitors.

In the twelve months ended September 30, 2006, five manufacturers each supplied more than 5% of our U.S. fleet, while seven manufacturers each supplied more than 5% of our international fleet. We have longstanding relationships with leading American, European, Japanese and Korean automakers, enabling us to provide a wide variety of car models and brands to our customers. The diversity of our car fleet enables us to design innovative rental offerings, such as the Prestige, Fun and Green Collections, that help us maintain a competitive advantage over our competitors. In addition, we have substantial experience in the complex process of managing the mix of cars subject to manufacturer repurchase and similar programs, or "program cars," and other cars, or "risk cars," in our fleet. We maintain an extensive infrastructure that supports the efficient disposition of risk cars and enables us to be opportunistic when evaluating the relative merits of purchasing program and risk cars.

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

Proprietary Strategic Information Systems

We utilize information technology comprehensively in the areas of reservations, fleet and rate management, customer relations and sales and marketing, as well as aspects of billing, finance, accounting and other reporting systems. Since January 1, 2001, we have invested more than $350 million in our proprietary information systems and computer equipment to permit us to conduct our business more efficiently and enhance our ability to offer innovative services. Our information systems, which we believe are unique in the car and equipment rental industries, permit us to provide superior end-to-end service to customers, maintain effective pricing structures in a rapidly changing environment, utilize our fleets efficiently and maintain a high level of control over our geographically dispersed operations.

Experienced and Proven Management Team

We have an experienced management team committed to maintaining operational excellence. Our management team has extensive knowledge of the car and equipment rental industries. While Craig R. Koch, our former Chief Executive Officer, relinquished the title of Chief Executive Officer and became Chairman of our Board of Directors effective July 19, 2006, we have employed our nine next most senior executive officers other than Mark P. Frissora, our current Chief Executive Officer, for an average of 26 years. Our regional and country managers also have a great deal of experience, having been employed by us for an average of 20 years and having been in their current positions for an average of seven years. Mr. Frissora, previously the Chairman and Chief Executive Officer of Tenneco Inc., replaced Mr. Koch as our Chief Executive Officer effective July 19, 2006. Mr. Frissora served in various management positions at Tenneco Inc. over the past 10 years, including as Chief Executive Officer since 1999 and Chairman since 2000. Prior to joining Tenneco Inc., Mr. Frissora served as a Vice President of Aeroquip Vickers Corporation for five years and, in the 15 years prior to joining Aeroquip Vickers, he served for 10 years with General Electric and five years with Philips Lighting Company in management roles focusing on product development and marketing. We believe our stock incentive plan closely aligns the interests of our management team and our stockholders.

Our Strategy

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

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

Pursue Profitable Growth within Our Car Rental Business

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

U.S. Airport Market. We intend to maintain or expand our leading market share in the U.S. airport rental business and to continue to build upon our brand positioning and service differentiation, allowing us to capitalize on opportunities in the business and leisure travel markets and further strengthen the advantages arising from our leading market share position.

U.S. Off-Airport Market Opportunities. We intend to leverage our significant recent investment in our U.S. off-airport network and to expand the network to enable us to further penetrate the large and growing insurance replacement rental market, as well as to increase our share of other off-airport business and leisure rentals. In the two years ended December 31, 2005, we increased the number of our off-airport rental locations in the United States by approximately 33% to approximately 1,400 locations. Through this investment, we believe we have achieved critical scale in the off-airport market and will continue to grow our revenue by increasing penetration in the insurance rental replacement market through new and existing insurance company customers as well as with our traditional business and leisure customers as evidenced by our off-airport revenue growth of approximately 46% over the two years ended December 31, 2005. We believe our off-airport platform has significant future growth potential.

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

Increase Share of the Fragmented U.S. Equipment Rental Market

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

Further Improve Profitability, Cash Flow and Return on Capital

We believe that there are opportunities to further increase the productivity of our operations, thereby improving our profit margins and capital efficiency, as the profit margins that we have achieved in our car rental business during the twelve months ended September 30, 2006 are below our peak levels of profitability achieved in 2000. These opportunities include reducing our cost structure through process improvements and other reductions in operating costs. We also believe that we can improve our profitability by leveraging the investments we have made in building our off-airport business, in upgrading our airport facilities and through the use of our enhanced information systems to optimize our pricing, yield management and fleet utilization generally. In addition, we believe, based on our current business plans, capital structure, and the like-kind exchange programs implemented in connection with our car rental and equipment rental fleets, we will not be required to pay material U.S. federal income taxes for several years.

New Chief Executive Officer and Hertz Holdings Dividends

New Chief Executive Officer

On July 17, 2006, we entered into an employment agreement with Mark P. Frissora, previously the Chairman and Chief Executive Officer of Tenneco Inc., who replaced Mr. Koch as our Chief Executive Officer effective July 19, 2006. Mr. Frissora also became a member of our Board of Directors as of July 19, 2006. As of that date, Craig R. Koch, our former Chief Executive Officer, became Chairman of our Board of Directors and George W. Tamke became Lead Director and Chairman of the Executive Committee of the Board of Directors. Mr. Frissora is expected to assume Mr. Koch's role as Chairman of the Board of Directors in late 2006 or early 2007. For a more detailed description of the terms of Mr. Frissora's employment, see "Management Employment Agreements."

Hertz Holdings Loan Facility and Hertz Holdings Dividends

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, which we refer to in this prospectus as the "Hertz Holdings Loan Facility," for the purpose of paying a dividend to the holders of our common stock and paying fees and expenses related to the facility. Under the terms of the financing, Hertz Holdings will be required to pay interest in cash, but only to the extent that funds are available by way of dividend from Hertz to do so in accordance with applicable law and the instruments governing Hertz's existing indebtedness. The amount of interest that would otherwise be payable in cash but for restrictions imposed by applicable law or the instruments governing Hertz's existing indebtedness will not be due on the applicable interest payment date, but will accrue until such time as sufficient funds are available to pay the accrued and unpaid interest in cash without violating these restrictions. Hertz Holdings 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 its common stockholders on June 30, 2006, which we refer to in this prospectus as the "Hertz Holdings Dividend." It is anticipated that the Hertz Holdings Loan Facility will be repaid with the proceeds to us from this offering. Because affiliates of certain of the underwriters are lenders under the Hertz Holdings Loan Facility, affiliates of such underwriters will receive a substantial portion of the proceeds of this offering. For a more detailed description of the Hertz Holdings Loan Facility, see "Description of Certain Indebtedness Hertz Holdings Loan Facility."

Prior to the consummation of this offering, we intend to declare a special cash dividend, payable promptly following completion of this offering to holders of record of our common stock on the date of the declaration, or the "dividend record date." This dividend will be funded by the proceeds to us from the sale of the common stock offered hereby after deducting underwriting discounts and commissions and offering expenses, to the extent such net proceeds exceed the amounts required to repay borrowings outstanding under the Hertz Holdings Loan Facility. Assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus, this dividend will be payable in an amount of approximately $1.83 per share, or $425.5 million in the aggregate.

The dividend record date for this potential dividend will precede the consummation of this offering, and investors in this offering will not be entitled to receive any payments or distributions in connection with this additional dividend on shares purchased in this offering.

Principal Stockholders

Investment funds associated with or designated by the Sponsors invested approximately $2,295.0 million in the aggregate in connection with the Acquisition. These funds currently own over 99% of our outstanding common stock, and, following the completion of this offering, will continue to own approximately 72% of our outstanding common stock. On June 30, 2006, investment funds associated with or designated by the Sponsors received approximately $991.4 million, or approximately 99% of the aggregate amount paid to Hertz Holdings stockholders in connection with the Hertz Holdings Dividend. These funds will receive approximately $420.2 million in the aggregate in connection with the payment of the special cash dividend to be funded by the proceeds to us from this offering, after deducting underwriting discounts, commissions and offering expenses, to the extent these net proceeds exceed the amount required to repay borrowings outstanding under the Hertz Holdings Loan Facility. Also, assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus, if the underwriters exercise in full their option to purchase additional shares, these funds will receive an additional approximately $214.9 million in aggregate net proceeds from the sale of shares of our common stock.

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

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

Clayton, Dubilier & Rice

Clayton, Dubilier & Rice Fund VII, L.P. and related funds are private investment funds managed by Clayton, Dubilier & Rice, Inc., or "CD&R." CD&R is a leading private equity investment firm that employs an integrated operational and financial approach to build and grow portfolio businesses. Approximately half of the firm's principals are seasoned corporate executives from major industrial enterprises and the remainder come from mergers and acquisitions, financing or investment backgrounds. Since its founding in 1978, CD&R has managed the investment of over $6 billion in 38 businesses mostly subsidiaries or divisions of large multibusiness corporations representing a broad range of industries with an aggregate transaction value in excess of $30 billion and revenues of more than $40 billion. CD&R and its affiliates have offices in New York and London. Investment funds associated with or designated by CD&R currently own approximately one-third of our outstanding common stock and, following the completion of this offering, will continue to own approximately 24.2% of our outstanding common stock, or approximately $1,317.5 million in equity value, calculated at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus and assuming that the underwriters do not exercise their option to purchase additional shares.

The Carlyle Group

Carlyle Partners IV, L.P. and related funds are private investment funds managed by TC Group, L.L.C. The Carlyle Group, or "Carlyle," is a global private equity firm with $44.3 billion under management. Carlyle invests in buyouts, venture & growth capital, real estate and leveraged finance in Asia, Europe and North America, focusing on aerospace & defense, automotive & transportation, consumer & retail, energy & power, healthcare, industrial, technology & business services and telecommunications & media. Since 1987, Carlyle has invested $22.4 billion of equity in 528 transactions for a total purchase price of more than $94.6 billion. Carlyle employs more than 670 people in 16 countries. In the aggregate, Carlyle portfolio companies have more than $68 billion in revenues and employ more than 300,000 people around the world. Investment funds associated with or designated by Carlyle currently own approximately one-third of our outstanding common stock and, following the completion of this offering, will continue to own approximately 23.9% of our outstanding common stock, or approximately $1,300.5 million in equity value, calculated at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus and assuming that the underwriters do not exercise their option to purchase additional shares.

Merrill Lynch Global Private Equity

ML Global Private Equity Fund, L.P. and related funds are private investment funds managed by certain private equity arm affiliates of Merrill Lynch & Co., Inc., or "MLGPE." MLGPE invests in companies with high growth/profitability prospects or strong cash flow characteristics and capable and experienced management teams. MLGPE's dedicated team of private equity professionals invests globally, across industries including general manufacturing, consumer products, as well as business and consumer services. MLGPE takes a partnership approach to investing with both management teams and other financial or strategic investors. Investment funds associated with or designated by MLGPE currently own approximately one-third of our outstanding common stock and, following the completion of this offering, will continue to own approximately 23.5% of our outstanding common stock, or approximately $1,283.5 million in equity value, calculated at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus and assuming that the underwriters do not exercise their option to purchase additional shares.

*   *   *   *

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

The Offering

Common stock offered	88,235,000 shares of common stock, par value $0.01 per share, of Hertz Holdings, or "our common stock."
Shares of common stock offered by Hertz Holdings	88,235,000
Shares of common stock outstanding after the offering	320,618,692
Option to purchase additional shares of common stock	The selling stockholders have granted the underwriters a 30-day option to purchase up to 13,235,250 shares of our common stock.
Use of proceeds	Our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $1,425.5 million, assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus. We intend to use the net proceeds of this offering to repay borrowings outstanding under the Hertz Holdings Loan Facility, with the remainder of the net proceeds, if any, to be used to pay an additional dividend that will be declared prior to the completion of this offering and will be payable promptly following completion of this offering to holders of record of our common stock on the dividend record date. Assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus, this dividend will be payable in an amount of approximately $1.83 per share, or $425.5 million in the aggregate.
	We will not receive any proceeds from the sale of our common stock by the selling stockholders if the underwriters exercise their option to purchase additional shares. The selling stockholders include affiliates of Merrill Lynch & Co., an underwriter in this offering. Because affiliates of certain of the underwriters are lenders under the Hertz Holdings Loan Facility, affiliates of such underwriters will receive a substantial portion of the proceeds of this offering. See "Use of Proceeds."
Dividend policy	We do not expect to pay dividends on our common stock for the foreseeable future.
Proposed New York Stock Exchange symbol	HTZ

Unless we specifically state otherwise, all information in this prospectus:

- assumes no exercise of the underwriters' option to purchase additional shares from the selling stockholders; and
- excludes 15,833,354 shares of common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $6.96 per share (which weighted average exercise price is expected to be adjusted in connection with the payment of the additional dividend described under "Use of Proceeds").

320,618,692 shares of our common stock will be outstanding after this offering.

Risk Factors

You should consider carefully all of the information set forth in this prospectus and, in particular, the information under the heading "Risk Factors" beginning on page 22 for risks involved in investing in our common stock.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL DATA

The following tables present summary historical and unaudited pro forma consolidated financial information and other data for our business. The summary consolidated statement of operations data presented below for the Predecessor period ended December 20, 2005 has been restated. For a discussion of the Restatement, see note (a) below and Note 1A to the Notes to our audited annual consolidated financial statements included elsewhere in this prospectus. The summary consolidated statement of operations data for each of the years ended December 31, 2003 and 2004, the Predecessor period ended December 20, 2005 (as restated) and the Successor period ended December 31, 2005 and the summary consolidated balance sheet data as of December 31, 2005 presented below were derived from our audited annual consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The unaudited summary consolidated statement of operations data for the Predecessor nine-month period ended September 30, 2005 and for the Successor nine-month period ended September 30, 2006 and the unaudited summary condensed consolidated balance sheet data as of September 30, 2006 are derived from the unaudited interim condensed consolidated financial statements and related notes thereto included elsewhere in this prospectus.

The unaudited pro forma as adjusted financial data below for the year ended December 31, 2005 and for the nine months ended September 30, 2005 reflects adjustments to our historical financial data to give effect to (i) the Transactions and the use of the net proceeds therefrom, (ii) the borrowings under the Hertz Holdings Loan Facility and the payment of the Hertz Holdings Dividend and (iii) the sale of the common stock offered by this prospectus and the use of the net sale proceeds to repay borrowings under the Hertz Holdings Loan Facility with the remainder of our proceeds, if any, to be used to pay a special cash dividend to holders of record of our common stock on the dividend record date as if such transactions had occurred on January 1, 2005 for income statement purposes. The pro forma as adjusted financial data below for the nine months ended September 30, 2006 reflects adjustments to our historical financial data to give effect to the Hertz Holdings Loan Facility, the Hertz Holdings Dividend and the sale of common stock offered by this prospectus and the use of the net sale proceeds to repay borrowings under the Hertz Holdings Loan Facility with the remainder of our proceeds, if any, to be used to pay a special cash dividend to holders of record of our common stock on the dividend record date as if such transactions had occurred on January 1, 2005 for income statement purposes. The pro forma as adjusted financial data below as of September 30, 2006 reflects adjustments to our historical financial data to give effect to the sale of common stock offered by this prospectus and the use of the net sale proceeds to repay borrowings under the Hertz Holdings Loan Facility with the remainder of our proceeds, if any, to be used to pay a special cash dividend to holders of record of our common stock on the dividend record date as if such transactions had occurred on September 30, 2006 for balance sheet purposes.

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

	Historical					Pro Forma as Adjusted
	Predecessor		Predecessor	Successor	Combined	
	Years Ended December 31,		For the periods from			Year Ended December 31,
	2003	2004	January 1, 2005 to December 20, 2005 Restated[(a)]	December 21, 2005 to December 31, 2005	2005[(a)] Restated	2005
	(Dollars in millions except per share data)					
Statement of Operations Data						
Revenues						
Car rental	$ 4,819.3	$ 5,430.8	$ 5,820.5	$ 129.4	$ 5,949.9	$ 5,949.9
Equipment rental	1,037.8	1,162.0	1,392.4	22.5	1,414.9	1,414.9
Other[(b)]	76.6	83.2	101.8	2.6	104.4	104.4
Total revenues	5,933.7	6,676.0	7,314.7	154.5	7,469.2	7,469.2
Expenses						
Direct operating	3,316.1	3,734.4	4,086.3	103.0	4,189.3	4,263.8
Depreciation of revenue earning equipment[(c)]	1,523.4	1,463.3	1,555.9	43.8	1,599.7	1,612.5
Selling, general and administrative	501.7	591.3	623.4	15.1	638.5	645.0
Interest, net of interest income[(d)]	355.0	384.4	474.2	25.8	500.0	888.6
Total expenses	5,696.2	6,173.4	6,739.8	187.7	6,927.5	7,409.9
Income (loss) before income taxes and minority interest	237.5	502.6	574.9	(33.2)	541.7	59.3
(Provision) benefit for taxes on income[(e)]	(78.9)	(133.9)	(191.3)	12.2	(179.1)	(45.2)
Minority interest		(3.2)	(12.3)	(0.3)	(12.6)	(12.6)
Net income (loss)	$ 158.6	$ 365.5	$ 371.3	$ (21.3)	$ 350.0	$ 1.5
Weighted average shares outstanding (in millions)[(f)]						
Basic	229.5	229.5	229.5	229.5	229.5	
Diluted	229.5	229.5	229.5	229.5	229.5	
Pro forma weighted average shares outstanding (in millions) (unaudited)[(g)]						
Basic			317.7	317.7	317.7	317.7
Diluted			317.7	317.7	317.7	317.7
Earnings (loss) per share[(f)]						
Basic	$ 0.69	$ 1.59	$ 1.62	$ (0.09)	$ 1.53	
Diluted	$ 0.69	$ 1.59	$ 1.62	$ (0.09)	$ 1.53	
Pro forma earnings (loss) per share (unaudited)[(g)]						
Basic			$ 1.17	$ (0.07)	$ 1.10	$ 0.00
Diluted			$ 1.17	$ (0.07)	$ 1.10	$ 0.00
Other Financial Data						
Cash flows from operating activities	$ 1,899.3	$ 2,251.4	$ 1,727.5	$ (274.7)	$ 1,452.8	
EBITDA[(h)]	2,268.6	2,525.3	2,775.8	43.7	2,819.5	
Pro forma Corporate EBITDA[(h)]			1,144.5	(3.6)	1,140.9	

	Predecessor	Successor	Pro Forma as Adjusted	
	Nine Months Ended September 30,		Nine Months Ended September 30,	
	2005	2006	2005	2006
Statement of Operations Data				
Revenues				
Car rental	$ 4,526.1	$ 4,745.6	$ 4,526.1	$ 4,745.6
Equipment rental	1,020.9	1,236.2	1,020.9	1,236.2
Other[(b)]	79.5	86.0	79.5	86.0
Total revenues	5,626.5	6,067.8	5,626.5	6,067.8
Expenses				
Direct operating	3,145.8	3,384.2	3,203.1	3,384.2
Depreciation of revenue earning equipment[(c)]	1,188.9	1,311.4	1,198.6	1,311.4
Selling, general and administrative	484.3	541.7	489.2	545.9
Interest, net of interest income[(d)]	353.2	672.6	671.8	672.6
Total expenses	5,172.2	5,909.9	5,562.7	5,914.1
Income before income taxes and minority interest	454.3	157.9	63.8	153.7
Provision for taxes on income[(e)]	(119.5)	(69.5)	(17.7)	(68.0)
Minority interest	(9.5)	(12.3)	(9.5)	(12.3)
Net income	$ 325.3	$ 76.1	$ 36.6	$ 73.4
Weighted average shares outstanding (in millions)[(f)]				
Basic	229.5	230.7		
Diluted	229.5	230.7		
Pro forma weighted average shares outstanding (in millions) (unaudited)[(g)]				
Basic		318.9	317.7	318.9
Diluted		318.9	317.7	318.9
Earnings per share[(f)]				
Basic	$ $1.42	$ 0.33		
Diluted	$ $1.42	$ 0.33		
Pro forma earnings per share (unaudited)[(g)]				
Basic		$ 0.24	$ 0.12	$ 0.23
Diluted		$ 0.24	$ 0.12	$ 0.23
Other Financial Data				
Cash flows from operating activities	$ 1,744.2	$ 2,197.6		
EBITDA[(h)]	2,127.7	2,323.9		
Pro forma Corporate EBITDA[(h)]	882.0	1,017.1		

	Historical		Pro Forma As Adjusted
	Successor		
	As of December 31, 2005	As of September 30, 2006	As of September 30, 2006
		(Dollars in millions)	
Balance Sheet Data			
Cash and equivalents	$ 843.9	$ 440.7	$ 440.7
Total assets[(i)]	18,580.9	19,465.4	19,465.4
Total debt	12,515.0	13,955.5	12,959.2
Stockholders' equity[(j)]	2,266.2	1,453.1	2,439.7

	Historical				
	Predecessor		Combined	Predecessor	Successor
	Years Ended, or as of December 31,			Nine Months Ended, or as of September 30,	
	2003	2004	2005	2005	2006
Selected Car Rental Operating Data					
Worldwide transaction days[(k)] (in thousands)	102,281	115,246	122,102	93,077	93,876
Domestic	72,243	81,262	86,116	65,503	65,178
International	30,038	33,984	35,986	27,574	28,698
Worldwide rental rate revenue per transaction day[(l)]	$ 43.14	$ 41.92	$ 42.03	$ 41.90	$ 43.02
Domestic	$ 43.08	$ 41.85	$ 42.43	$ 42.14	$ 43.61
International	$ 43.28	$ 42.10	$ 41.10	$ 41.34	$ 41.70
Worldwide average number of company-operated cars during period	374,600	414,700	438,800	444,300	441,600
Domestic	260,600	285,500	301,400	305,300	298,500
International	114,000	129,200	137,400	139,000	143,100
Worldwide revenue earning equipment, net (in millions of dollars)	$ 6,462.0	$ 7,597.2	$ 7,399.5	$ 8,574.2	$ 8,141.1
Selected Worldwide Equipment Rental Operating Data					
Rental and rental related revenue[(m)] (in millions of dollars)	$ 937.9	$ 1,032.5	$ 1,254.3	$ 905.4	$ 1,078.4
Same store revenue growth[(n)]	3.3%	13.3%	21.6%	22.5%	22.0%
Average acquisition cost of rental equipment operated during period (in millions of dollars)	$ 2,281.8	$ 2,305.7	$ 2,588.0	$ 2,544.0	$ 2,976.0
Revenue earning equipment, net (in millions of dollars)	$ 1,331.3	$ 1,525.7	$ 2,075.5	$ 1,975.9	$ 2,523.3

(a)

Hertz has restated its previously issued consolidated statement of operations for the Predecessor period ended December 20, 2005. An explanation of the Restatement appears in Note 1A to the Notes to our audited annual consolidated financial statements included elsewhere in this prospectus. The Restatement resulted in the previously reported provision for taxes on income to increase by $27.5 million and net income to decrease by $27.5 million, due to the recording of additional non-cash tax expense relating to dividends repatriated prior to the Acquisition.

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

(b)

Includes fees and certain cost reimbursements from our licensees and revenues from our third-party claim management services.

(c)

For the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005 and the Successor nine months ended September 30, 2006, depreciation of revenue earning equipment was reduced by $33.8 million, $1.2 million and $24.5 million, respectively, resulting from the net effects of changing depreciation rates to reflect changes in the estimated residual value of revenue earning equipment upon disposal. For the years ended December 31, 2003, 2004, the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005 and the Predecessor and Successor nine months ended September 30, 2005 and 2006, respectively, depreciation of revenue earning equipment includes a net loss of $0.8 million and net gains of $57.2 million, $68.3 million, $2.1 million, $57.4 million and $32.1 million, respectively, from the disposal of revenue earning equipment.

(d)

For the years ended December 31, 2003, 2004, the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005 and the Predecessor and Successor nine months ended September 30, 2005 and 2006, respectively, interest income was $17.9 million, $23.7 million, $36.1 million, $1.1 million, $26.2 million and $27.2 million, respectively.

(e)

For the year ended December 31, 2004, the provision includes benefits of $46.6 million relating to net adjustments to federal and foreign tax accruals. For the Predecessor period ended December 20, 2005, the provision includes the reversal of a valuation allowance on foreign tax credit carryforwards of $35.0 million (established in 2004) and favorable foreign tax adjustments of $5.3 million, partly offset by a $31.3 million provision relating to the repatriation of foreign earnings. For the nine months ended September 30, 2006, we established valuation allowances of $11.1 million relating to the realization of deferred tax assets in certain European countries and certain federal income tax contingencies and state tax valuation allowances of $10.8 million.

(f)

Amounts for the Predecessor periods and the Successor period ended December 31, 2005 are computed based upon 229,500,000 shares of common stock outstanding immediately after the Acquisition applied to our historical net income (loss) amounts. Amounts for the Successor nine months ended September 30, 2006 are computed based on the weighted average shares outstanding during the period applied to our historical net income (loss) amount.

(g)

Assuming an estimated offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus, the unaudited pro forma earnings (loss) per share has been computed to give effect to the issuance of 88,235,000 shares to be sold in this offering, the proceeds of which will be used to repay the Hertz Holdings Loan Facility and to pay a special cash dividend to stockholders.

	For the Periods from					Pro forma as adjusted
	January 1, 2005 to December 20, 2005	December 21, 2005 to December 31, 2005	Combined 2005	Pro forma as adjusted Combined 2005	Nine Months Ended September 30, 2006	Nine Months ended September 30, 2006
Numerator:						
Net income (loss) (as reported)	$ 371.3	$ (21.3)	$ 350.0	$ 1.5	$ 76.1	$ 73.4
Denominator:						
Weighted average shares outstanding as reported	229.5	229.5	229.5	229.5	230.7	230.7
Add:						
Shares to be sold in this offering the proceeds of which will be used for the repayment of the Hertz Holdings Loan Facility and payment of a special cash dividend to stockholders	88.2	88.2	88.2	88.2	88.2	88.2
Pro forma weighted average shares outstanding basic and diluted(1)	317.7	317.7	317.7	317.7	318.9	318.9
Pro forma earnings (loss) per share basic	$ 1.17	$ (0.07)	$ 1.10	$ 0.00	$ 0.24	$ 0.23
Pro forma earnings (loss) per share diluted	$ 1.17	$ (0.07)	$ 1.10	$ 0.00	$ 0.24	$ 0.23

(1)

The pro forma diluted weighted average shares outstanding for the nine months ended September 30, 2006 excludes the impact of approximately 15.8 million stock options, because such impact would be antidilutive.

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

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

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

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

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

The calculations of Pro forma Corporate EBITDA in the table below reflect historical financial data except for car rental fleet interest for the Predecessor periods presented, which have been calculated on a pro forma basis to give effect to our new capital structure as if the fleet financings associated with the Transactions had occurred on January 1, 2005. This calculation may not be representative of the calculation of Corporate EBITDA under Hertz's senior credit facilities for any period prior to December 31, 2006 because consolidated interest expense (as defined in the agreements governing Hertz's senior credit facilities), a component of Corporate EBITDA, is calculated on a transitional basis until such date. As of September 30, 2006, Corporate EBITDA under this transitional formula would have been higher than the amount shown in the table above. Accordingly, we believe that the presentation of this amount would be misleading to investors and have instead provided what we believe to be a more meaningful calculation of Corporate EBITDA.

Borrowings under Hertz's senior credit facilities are a key source of our liquidity. Hertz's ability to borrow under these senior credit facilities depends upon, among other things, the maintenance of a sufficient borrowing base and compliance with the financial ratio covenants based on Corporate EBITDA set forth in the credit agreements for Hertz's senior credit facilities. Hertz's senior term loan facility requires it to maintain a specified consolidated leverage ratio and consolidated interest expense coverage ratio based on Corporate EBITDA, while its senior asset-based loan facility requires that a specified consolidated leverage ratio and consolidated fixed charge coverage ratio be maintained for periods during which

there is less than $200 million of available borrowing capacity under the senior asset-based loan facility. These financial covenants became applicable to Hertz beginning with the four-quarter period ending September 30, 2006. Failure to comply with these financial ratio covenants would result in a default under the credit agreements for Hertz's senior credit facilities and, absent a waiver or an amendment from the lenders, permit the acceleration of all outstanding borrowings under the senior credit facilities. As of September 30, 2006, we performed the calculations associated with the above noted financial covenants and determined that we were in compliance with such financial covenants, both under the transition rule as set forth in the credit agreements governing the senior credit facilities and as described in this footnote (h).

As of September 30, 2006, Hertz had aggregate principal amounts outstanding of $1,991.3 million and $51.9 million pursuant to its senior term loan facility and its senior asset-based loan facility, respectively. For the twelve months ended September 30, 2006, Hertz is required under the senior term loan facility to have a consolidated leverage ratio of not more than 6.25:1 and a consolidated interest expense coverage ratio of not less than 1.50:1. In addition, under its senior asset-based loan facility, if there is less than $200 million of available borrowing capacity under that facility as of September 30, 2006, Hertz is required to have a consolidated leverage ratio of not more than 6.25:1 and a consolidated fixed charge coverage ratio of not less than 1:1 for the twelve months then ended. Under the senior term loan facility, for the twelve months ended September 30, 2006, we had a consolidated leverage ratio of approximately 3.7:1 calculated under the transition rule as set forth in the credit agreements governing the senior credit facilities, as described in this footnote (h) and 3.9:1 calculated on a pro forma basis and a consolidated interest expense coverage ratio of approximately 3.1:1 calculated under the transition rule as set forth in the credit agreements governing the senior credit facilities, as described in this footnote (h) and 2.9:1 calculated on a pro forma basis. Since we have maintained sufficient borrowing capacity under our senior asset-based loan facility as of September 30, 2006, and expect to maintain such capacity in the future, the consolidated fixed charge coverage ratio was not deemed relevant for presentation. For further information on the terms of Hertz's senior credit facilities, see "Description of Certain Indebtedness Senior Credit Facilities." We have a significant amount of debt. For a discussion of the risks associated with our significant leverage, see "Risk Factors Risks Relating to Our Substantial Indebtedness."

The following table reconciles historical net income (loss) to EBITDA for the years ended December 31, 2003 and 2004 and historical net income (loss) to EBITDA and (i) on a pro forma basis to Corporate EBITDA for the Predecessor period ended December 20, 2005 (as restated), the Successor period ended December 31, 2005, the combined year ended December 31, 2005 (as restated) and the Predecessor nine month period ended September 30, 2005 and (ii) on an actual basis to Corporate EBITDA for the Successor nine month period ended September 30, 2006:

	Predecessor		Predecessor	Successor	Combined	Predecessor	Successor
			For the Periods From				
	Years Ended December 31,		January 1 to December 20,	December 21 to December 31,	Year Ended December 31,	Nine Months Ended September 30,	
	2003	2004	2005 Restated	2005	2005 Restated	2005	2006
			(Dollars in millions)				
Net income (loss)(1)	$ 158.6	$ 365.5	$ 371.3	$ (21.3)	$ 350.0	$ 325.3	$ 76.1
Depreciation and amortization(2)	1,676.1	1,641.5	1,739.0	51.4	1,790.4	1,329.7	1,505.7
Interest, net of interest income(1)(3)	355.0	384.4	474.2	25.8	500.0	353.2	672.6
Provision (benefit) for taxes on income	78.9	133.9	191.3	(12.2)	179.1	119.5	69.5
EBITDA	$ 2,268.6	$ 2,525.3	2,775.8	43.7	2,819.5	2,127.7	2,323.9
Adjustments:							
Deduct pro forma car rental fleet interest(4)			(313.0)	(9.2)	(322.2)	(243.2)	(304.1)
Deduct car rental fleet depreciation(5)			(1,344.1)	(37.4)	(1,381.5)	(1,027.0)	(1,110.1)
Non-cash expenses and charges(6)			23.0	(0.7)	22.3	15.6	102.6
Extraordinary, unusual or non-recurring gains or losses(7)			2.8		2.8	8.9	2.3

	Predecessor	Predecessor	Successor	Combined	Predecessor	Successor
Sponsors' fees						2.5
Pro forma Corporate EBITDA[8]		$ 1,144.5	$ (3.6)	$ 1,140.9	$ 882.0	$ 1,017.1

(1) For the Successor nine month period ended September 30, 2006, includes corporate audit fees of $0.1 million and $23.8 million of interest expense attributable to Hertz Holdings. For the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005, the Predecessor nine month period ended September 30, 2005 and the Successor nine month period ended September 30, 2006, includes corporate minority interest of $12.3 million, $0.3 million, $9.5 million and $12.3 million, respectively.

(2) For the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005, the Predecessor nine month period ended September 30, 2005 and the Successor nine month period ended September 30, 2006, depreciation and amortization was $1,485.9 million, $42.6 million, $1,136.3 million and $1,245.4 million, respectively, in our car rental segment and $248.2 million, $8.6 million, $189.5 million and $255.7 million, respectively, in our equipment rental segment.

(3) For the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005, the Predecessor nine month period ended September 30, 2005 and the Successor nine month period ended September 30, 2006, interest, net of interest income was $349.2 million, $15.8 million, $263.9 million and $323.2 million, respectively, in our car rental segment and $86.4 million, $3.4 million, $63.9 million and $101.3 million, respectively, in our equipment rental segment.

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

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

(6) For the Predecessor period ended December 20, 2005, the Successor period ended December 31, 2005, the Predecessor nine month period ended September 30, 2005 and the Successor nine month period ended September 30, 2006, non-cash expenses and charges were $11.7 million, $2.1 million, $8.8 million and $56.8 million, respectively, in our car rental segment and $1.0 million, $0.0 million, $0.3 million and $0.0 million, respectively, in our equipment rental segment.

As defined in the credit agreements governing our senior credit facilities, Corporate EBITDA excludes the impact of certain non-cash expenses and charges. The adjustments reflect the following:

	Predecessor	Successor	Combined	Predecessor	Successor
	For the Periods From		Year Ended	Nine Months Ended September 30,	
	January 1, 2005 to December 20, 2005	December 21 to December 31, 2005	December 31, 2005	2005	2006
	(Dollars in millions)				
Corporate non-cash stock-based employee compensation charges	$ 10.5	$	$ 10.5	$ 4.6	$ 20.9
Corporate unrealized losses (gains) on currency translation of Euro denominated senior notes		(2.8)	(2.8)		19.2
Non-cash amortization of debt costs included in car rental fleet interest		2.1	2.1		56.8
Non-cash charges for workers' compensation	12.5		12.5	8.9	

				Predecessor	Successor
Corporate non-cash charges for public liability and property damage				2.1	
Corporate non-cash charges for pension					2.7
Corporate unrealized loss on derivatives					3.0
Total	$ 23.0	$ (0.7)	$ 22.3	$ 15.6	$ 102.6

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

	Predecessor	Successor	Combined	Predecessor	Successor
	For the Periods From		Year Ended	Nine Months Ended September 30,	
	January 1, 2005 to December 20, 2005	December 21 to December 31, 2005	December 31, 2005	2005	2006
	(Dollars in millions)				
European headquarters relocation costs	$ 4.0	$	$ 4.0	$ 4.0	$
Car rental concession and lease settlements	(3.9)		(3.9)	1.0	
Car rental insurance settlements	(3.6)		(3.6)	(3.6)	
Charge related to Hurricane Katrina:					
Car rental	1.5		1.5	1.5	
Equipment Rental	1.2		1.2	1.2	
Car rental value added tax settlement	1.7		1.7	1.7	
Corporate pension settlement loss recorded in connection with the Supplemental Employee Retirement Plan	1.1		1.1	1.1	
Car rental legal settlements	0.8		0.8	2.0	
Cost incurred in closing of car sales locations					2.3
Total	$ 2.8	$	$ 2.8	$ 8.9	$ 2.3

(8) Car rental fleet interest has been presented on a pro forma basis to give effect to the U.S. and international fleet debt financings entered into as part of the Transactions as if they had occurred on January 1, 2005 for all periods presented, except for the Successor nine month period ended September 30, 2006, which is based on actual results.

The following table reconciles historical net cash provided by (used in) operating activities to EBITDA for the years ended December 31, 2003 and 2004, the Predecessor period ended December 20, 2005 (as restated), the Successor period ended December 31, 2005, the combined year ended December 31, 2005 (as restated) and the Predecessor and Successor nine month periods ended September 30, 2005 and 2006, respectively:

	Predecessor		Predecessor	Successor	Combined	Predecessor	Successor
			For the Periods From				
	Years Ended December 31,		January 1 to December 20,	December 21 to December 31,	Year Ended December 31,	Nine Months Ended September 30,	
	2003	2004	2005 Restated	2005	2005 Restated	2005	2006
	(Dollars in millions)						
Net cash provided by (used in) operating activities	$ 1,899.3	$ 2,251.4	$ 1,727.5	$ (274.7)	$ 1,452.8	$ 1,744.2	$ 2,197.6
Stock-based employee compensation	(6.0)	(5.6)	(10.5)		(10.5)	(4.6)	(20.9)
Provision for public liability and property damage	(178.3)	(153.1)	(158.1)	(1.9)	(160.0)	(126.7)	(129.1)
Minority interest		(3.2)	(12.3)	(0.3)	(12.6)	(9.5)	(12.3)
Deferred income taxes	(260.8)	(129.6)	411.5	12.2	423.7	283.9	(61.0)
Payments of public liability and property damage claims and expenses	155.2	178.7	155.9	7.9	163.8	124.6	138.0
Provision (benefit) for taxes on income	78.9	133.9	191.3	(12.2)	179.1	119.5	69.5
Interest expense, net of interest income	355.0	384.4	474.2	25.8	500.0	353.2	672.6
Net changes in assets and liabilities	225.3	(131.6)	(3.7)	286.9	283.2	(356.9)	(530.5)
EBITDA	$ 2,268.6	$ 2,525.3	$ 2,775.8	$ 43.7	$ 2,819.5	$ 2,127.7	$ 2,323.9

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

(j) Includes equity contributions totaling $2,295 million to Hertz Holdings from investment funds associated with or designated by the Sponsors on or prior to December 21, 2005 and the payment of special cash dividends of approximately $999.2 million to our stockholders on June 30, 2006.

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

(l) Car rental rate revenue consists of all revenue, net of discounts, associated with the rental of cars including charges for optional insurance products, but excluding revenue derived from fueling and concession and other expense pass-throughs, NeverLost units and certain ancillary revenue. Rental rate revenue per transaction day is calculated as total rental rate revenue, divided by the total number of transaction days, with all periods adjusted to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends. This statistic is important to management as it represents the best measurement of the changes in underlying pricing in the car rental business and encompasses the elements in car rental

pricing that management has the ability to control. The following table reconciles our car rental revenue to our rental rate revenue and rental rate revenue per transaction day:

	Historical				
	Predecessor		Combined	Predecessor	Successor
	Year Ended December 31,			Nine Months Ended September 30,	
	2003	2004	2005	2005	2006
	(Dollars in millions)				
Car rental revenue per statement of operations	$ 4,819.3	$ 5,430.8	$ 5,949.9	$ 4,526.1	$ 4,745.6
Non-rental rate revenue	(491.9)	(561.4)	(758.2)	(559.1)	(633.3)
Foreign currency adjustment	85.1	(37.8)	(59.2)	(66.8)	(73.5)
Rental rate revenue	$ 4,412.5	$ 4,831.6	$ 5,132.5	$ 3,900.2	$ 4,038.8
Transaction days (in thousands)	102,281	115,246	122,102	93,077	93,876
Rental rate revenue per transaction day	$ 43.14	$ 41.92	$ 42.03	$ 41.90	$ 43.02

(m)

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

	Historical				
	Predecessor		Combined	Predecessor	Successor
	Year Ended December 31,			Nine Months Ended September 30,	
	2003	2004	2005	2005	2006
	(Dollars in millions)				
Equipment rental revenue per statement of operations	$ 1,037.8	$ 1,162.0	$ 1,414.9	$ 1,020.9	$ 1,236.2
Equipment sales and other revenue	(122.4)	(134.2)	(158.8)	(113.7)	(147.2)
Foreign currency adjustment	22.5	4.7	(1.8)	(1.8)	(10.6)
Rental and rental related revenue	$ 937.9	$ 1,032.5	$ 1,254.3	$ 905.4	$ 1,078.4

(n)

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

RISK FACTORS

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

Risks Related to Our Business

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

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

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

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

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

We estimate that approximately 72% of our worldwide car rental revenues during the twelve months ended September 30, 2006 were generated at our airport rental locations. Significant capacity reductions or airfare increases (e.g., due to an increase in fuel costs) could result in reduced air travel and have a material adverse effect on our results of operations. In addition, any event that disrupts or reduces business or leisure air travel could have a material adverse effect on our results of operations. In particular, certain U.S. airlines have experienced economic distress in recent years, resulting in the bankruptcy proceedings of Delta Air Lines, Inc., Northwest Airlines Corporation, United Air Lines, Inc. and US Airways Group, Inc. Any further deterioration in the economic condition of U.S. and international airlines could exacerbate reductions in air travel. Other events that impact air travel could include work stoppages, military conflicts, terrorist incidents, natural disasters, epidemic diseases, or the response of governments to any of these events. For example, shortly before the September 11, 2001 terrorist attacks, we estimated that we would earn a pre-tax profit of approximately $250 million in 2001; by contrast, our actual pre-tax profit for 2001 was only approximately $3 million, and we continued to feel the adverse effects of the attacks well into the following year. On a smaller scale, the 2003 outbreak of Severe Acute Respiratory Syndrome, or "SARS," in the Toronto, Canada area and parts of Asia, significantly reduced our 2003 results of operations in Canada.

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

Certain significant components of our expenses, including real estate taxes, rent, utilities, maintenance and other facility-related expenses, the costs of operating our information systems and minimum staffing costs, are fixed in the short-run. Seasonal changes in our revenues do not alter those fixed expenses, typically resulting in higher profitability in periods when our revenues are higher and lower profitability in periods when our revenues are lower. The second and third quarters of the year have historically been our strongest quarters due to their increased levels of leisure travel and construction activity. In 2005, the second and third quarters accounted for approximately 25% and 28% of total revenues and 29% and 49% of income before income taxes and minority interest, respectively. Any occurrence that disrupts rental activity during the second or third quarters could have a disproportionately material adverse effect on our liquidity and/or results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

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

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

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

We believe we are one of the largest private sector purchasers of new cars in the world for our rental fleet, and during the twelve months ended September 30, 2006, our approximate average holding period for a rental car was ten months in the United States and nine months in our international car rental operations. In recent years, the average cost of new cars has increased. In the United States, increases of approximately 17% in monthly per-car depreciation costs for 2006 model year program cars began to adversely affect our results of operations in the fourth quarter of 2005, as those cars began to enter our fleet. On a comparable basis, we expect 2007 model year program vehicle depreciation costs to rise approximately 20% and per-car depreciation costs for 2007 model year U.S. risk cars to decline slightly. As a consequence of those changes in per-car costs, as well as the larger proportion of our U.S. fleet we expect to purchase as risk cars and other actions we expect to take to mitigate program car cost increases, we expect our net per-car depreciation costs for 2007 model year cars in the United States will increase by approximately 6% from our net per-car depreciation costs for 2006 model year U.S. cars. We began to experience the impact of those cost changes and mitigation actions in the fourth quarter of 2006, as substantial numbers of 2007 model year cars begin to enter our U.S. rental fleet. We may not be able to offset these car cost increases to a degree sufficient to maintain our profitability.

Historically, we have purchased more of the cars we rent from Ford Motor Company, or "Ford," than from any other automobile manufacturer. Over the five years ended December 31, 2005, approximately 50% of the cars acquired by us for our U.S. car rental fleet, and approximately 30% of the cars acquired by us for our international fleet, were manufactured by Ford and its subsidiaries. During the twelve months ended September 30, 2006, approximately 42% of the cars acquired by us domestically were manufactured by Ford and its subsidiaries and approximately 31% of the cars acquired by us for our international fleet were manufactured by Ford and its subsidiaries, which represented the largest percentage of any automobile manufacturer during that period. Under our Master Supply and Advertising Agreement with Ford, Ford has agreed to develop fleet offerings in the United States that are generally competitive with terms and conditions of similar offerings by other automobile manufacturers. The Master Supply and Advertising Agreement expires in 2010. See "Business Relationship with Ford Supply and Advertising Arrangements." We cannot assure you that we will be able to extend the Master Supply and Advertising Agreement beyond its current term or enter into similar agreements at reasonable terms. In the future, we expect to buy a smaller proportion of our car rental fleet from Ford than we have in the past. If Ford does not offer us competitive terms and conditions, and we are not able to purchase sufficient quantities of cars from other automobile manufacturers on competitive terms and conditions, then we may be forced to purchase cars at higher prices, or on terms less competitive, than for cars purchased by our competitors. Historically, we have also purchased a significant percentage of our car rental fleet from General Motors Corporation, or "General Motors." Over the five years ended December 31, 2005, approximately 19% of the cars acquired by us for our U.S. car rental fleet, and approximately 16% of the cars acquired by us for our international fleet, were manufactured by General Motors. During the twelve months ended September 30, 2006, approximately 18% of the cars acquired by our U.S. car rental fleet, and approximately 14% of the cars acquired by us for our international fleet, were manufactured by General Motors.

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

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

For the twelve months ended September 30, 2006, approximately 67% of the cars purchased in our combined U.S. and international car rental fleet were subject to repurchase by car manufacturers under contractual repurchase or guaranteed depreciation programs. Under these programs, car manufacturers agree to repurchase cars at a specified price or guarantee the depreciation rate on the cars during a specified time period, typically subject to certain car condition and mileage requirements. These repurchase and guaranteed depreciation programs limit the risk to us that the market value of a car at the time of its disposition will be less than its estimated residual value at such time. We refer to this risk as "residual risk." For this reason, cars purchased by car rental companies under repurchase and guaranteed depreciation programs are sometimes referred to by industry participants as "program" cars. Conversely, those cars not purchased under repurchase or guaranteed depreciation programs for which the car rental company is exposed to residual risk are sometimes referred to as "risk" cars.

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

We expect the percentage of our car rental fleet subject to repurchase or guaranteed depreciation programs to decrease substantially due primarily to anticipated changes in the terms to be offered by automobile manufacturers under repurchase programs and because we expect car manufacturers to offer fewer program cars to us as part of their announced efforts to de-emphasize sales to car rental companies. Accordingly, we expect to bear increased risk relating to the residual market value and the related depreciation on our car rental fleet and to use different rotational techniques to accommodate our seasonal peak demand for cars.

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

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

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

In 2005 and 2006, Ford and General Motors, which are the principal suppliers of cars to us on both a program and risk basis, have experienced deterioration in their operating results and significant declines in their credit ratings. A severe or persistent decline in the results of operations or financial condition of a manufacturer of cars that we own could reduce the cars' residual values, particularly to the extent that the manufacturer unexpectedly announced the eventual elimination of its models or nameplates or ceased manufacturing them altogether. Such a reduction could cause us to sustain a loss on the ultimate sale of risk cars, on which we bear the risk of such declines in residual value, or require us to depreciate those cars on a more rapid basis while we own them.

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

Any default or reorganization of a manufacturer that has sold us program cars might also leave us with a substantial unpaid claim against the manufacturer with respect to program cars that were sold and returned to the car manufacturer but not paid for, or that were sold for less than their agreed repurchase price or guaranteed value. For the twelve months ended September 30, 2006, outstanding month-end receivables for cars sold to manufacturers were as much as $975 million, with the highest amount for a single manufacturer being $350 million owed by Ford. A decline in the economic and business prospects of car manufacturers, including any economic distress impacting the suppliers of car components to manufacturers, could also cause manufacturers to raise the prices we pay for cars or reduce their supply to us. In addition, events negatively affecting the car manufacturers could affect how much we may borrow under our asset-backed financing. See " Our reliance on asset-backed financing to purchase cars subjects us to a number of risks, many of which are beyond our control."

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

We intend to implement initiatives to reduce our operating expenses. These initiatives may include headcount reductions, as well as other expense controls. We cannot assure you that we will be able to implement our cost reduction initiatives successfully, or at all. Even if we are successful in our cost reduction initiatives, we may face other risks associated with our plans, including declines in employee morale or the level of customer service we provide. Any of these risks could materialize and therefore may have a material adverse impact on our results of operations, financial condition and cash flows.

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

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

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

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

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

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

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

Any disruption in our ability to refinance or replace our existing asset-backed financing or to continue to finance new car acquisitions through asset-backed financing, or any negative development in the terms of the asset-backed financing available to us, could cause our cost of financing to increase significantly and have a material adverse effect on our financial condition and results of operations. The assets that collateralize our asset-backed financing will not be available to satisfy the claims of our general creditors. The terms of our senior credit facilities permit us to finance or refinance new car acquisitions through other means, including secured financing that is not limited to the assets of special purpose entity subsidiaries. We may seek in the future to finance or refinance new car acquisitions, including cars excluded from the ABS Program, through such other means. No assurances can be given, however, as to whether such financing will be available, or as to whether the terms of such financing will be comparable to the debt issued under the ABS Program.

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

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

Manufacturer safety recalls could create risks to our business.

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

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

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

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

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

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

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

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

If we acquire any businesses in the future, they could prove difficult to integrate, disrupt our business, or have an adverse effect on our results of operations.

We intend to pursue growth primarily through internal growth, but from time to time we may consider opportunistic acquisitions which may be significant. Any future acquisition would involve numerous risks including, without limitation:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating the acquired business; and
- exposure to unknown liabilities, including litigation against the companies we may acquire.

If we make acquisitions in the future, acquisition-related accounting charges may affect our balance sheet and results of operations. In addition, the financing of any significant acquisition may result in changes in our capital structure, including the incurrence of additional indebtedness. We may not be successful in addressing these risks or any other problems encountered in connection with any acquisitions.

We face risks related to changes in our ownership.

A substantial number of our airport concession agreements, as well as certain of our other agreements with third parties, require the consent of the airports' operators or other parties in connection with any change in ownership of us. Changes in ownership of us could also require the approval of other governmental authorities (including insurance regulators, regulators of our retail used car sales activities and antitrust regulators), and we cannot offer assurance that those approvals would be obtained on terms acceptable to us. If our owners were to proceed to change their ownership of us without obtaining necessary approvals, or if significant conditions on our operations were imposed in connection with obtaining such approvals, our ability to conduct our business could be impaired, resulting in a material adverse effect on our results of operations and financial condition.

We face risks related to liabilities and insurance.

Our businesses expose us to claims for personal injury, death and property damage resulting from the use of the cars and equipment rented or sold by us and for workers' compensation claims and other employment-related claims by our employees. Currently, we generally self-insure up to $10 million per occurrence in the United States and Europe for vehicle and general liability exposures and maintain insurance with unaffiliated carriers in excess of such levels up to $100 million per occurrence, or in the case of equipment rental in Europe and international operations outside of Europe, in such lower amounts as we deem adequate given the risks. We cannot assure you that we will not be exposed to uninsured liability at levels in excess of our historical levels resulting from multiple payouts or otherwise, that liabilities in respect of existing or future claims will not exceed the level of our insurance, that we will have sufficient capital available to pay any uninsured claims or that insurance with unaffiliated carriers will continue to be available to us on economically reasonable terms or at all. See "Business Risk Management" and "Business Legal Proceedings."

We could face significant withdrawal liability if we withdraw from participation in one or more multiemployer pension plans in which we participate.

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 withdrew from participation in one or more of these plans, then applicable law could require us to make an additional lump-sum contribution to those plans, and we would have to reflect that on our balance sheet and statement of operations. 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 ones in which we participate, are reported to have significantly underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

We have received an informal request from the SEC to provide information about car rental services that we provide to our independent registered public accounting firm in the ordinary course of business.

In July 2005, the Division of Enforcement of the SEC informed us that it was conducting an informal inquiry and asked Hertz to voluntarily provide documents and information related to car rental services that we provide to our independent registered public accounting firm PricewaterhouseCoopers LLP, or "PwC." The SEC noted in its letter that the inquiry should not be construed as an indication by the SEC or its staff that any violations of law have occurred, or as a reflection upon any person, entity or security. We cooperated with the SEC by providing it with certain requested information in July and September 2005. Since then, we have received no further requests from the SEC with respect to this informal inquiry, but neither have we been advised that it has been closed.

After learning of this informal inquiry, our audit committee and representatives of PwC discussed PwC's independence with respect to us. PwC reconfirmed that it has been and remains independent with respect to us. In making this determination, PwC considered, among other things, its belief that PwC's arrangements with us represent arm's-length transactions that were negotiated in the normal course of business, and, therefore, that the commercial relationship does not impair PwC's independence with respect to us. If the SEC were to take a different view and it were ultimately determined that PwC was not independent with respect to us for certain periods, our filings with the SEC which contain our consolidated financial statements for such periods would be non-compliant with applicable securities laws. A determination that PwC was not independent with respect to us could, among other things, cause us to be in violation of, or in default under, the instruments governing our indebtedness and airport concession agreements, limit our access to capital markets and result in regulatory sanctions. Also, in the event of such a determination, we may be required to have independent audits conducted on our previously audited financial statements by another independent registered public accounting firm for the affected periods. The time involved to conduct such independent audits may make it more difficult to obtain capital on favorable terms, or at all, pending the completion of such audits. Any of the foregoing could have a material adverse effect on our results of operations, liquidity and financial condition, the trading prices of our securities and the eligibility for listing of our common stock on The New York Stock Exchange, or "NYSE."

Environmental laws and regulations and the costs of complying with them, or any liability or obligation imposed under them, could adversely affect our financial position, results of operations or cash flows.

We are regulated by federal, state, local and foreign environmental laws and regulations in connection with our operations, including, among other things, with respect to the ownership and operation of tanks for the storage of petroleum products, such as gasoline, diesel fuel and motor and waste oils. We have established a compliance program for our tanks that is intended to ensure that the tanks are properly registered with the state or other jurisdiction in which the tanks are located and have been either replaced or upgraded to meet applicable leak detection and spill, overfill and corrosion protection requirements. However, we cannot assure you that these tank systems will at all times remain free from undetected leaks or that the use of these tanks will not result in significant spills.

We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the cleanup of contamination at or emanating from, currently and formerly owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. We cannot assure you that compliance with existing or future environmental legislation and regulations will not require material expenditures by us or otherwise have a material adverse effect on our consolidated financial position, results of operations or cash flows. See "Business Governmental Regulation and Environmental Matters" and "Business Legal Proceedings."

Changes in the U.S. and foreign legal and regulatory environment that impact our operations, including laws and regulations relating to the insurance products we sell, customer privacy, data security, insurance rates and expenses we pass through to customers by means of separate charges, could disrupt our business, increase our expenses or otherwise could have a material adverse effect on our results of operations.

We are subject to a wide variety of laws and regulations in the United States and the other countries and jurisdictions in which we operate, and changes in the level of government regulation of our business have the potential to materially alter our business practices or our profitability. Depending on the jurisdiction, those changes may come about through new legislation, the issuance of new laws and regulations or changes in the interpretation of existing laws and regulations by a court, regulatory body or governmental official. Sometimes those changes may have not just prospective but also retroactive effect, which is particularly true when a change is made through reinterpretation of laws or regulations that have been in effect for some time. Moreover, changes in regulation that may seem neutral on their face may have either more or less impact on us than on our competitors, depending on the circumstances.

The optional liability insurance policies and products providing insurance coverage in our domestic car rental operations are conducted pursuant to limited licenses or exemptions under state laws governing the licensing of insurance producers. In our international car rental operations, our offering of optional products providing insurance coverage historically has not been regulated. Any changes in the law in the United States or internationally that change our operating requirements with respect to insurance could increase our costs of compliance or make it uneconomical to offer such products, which would lead to a reduction in revenues. For instance, in the countries of the European Union and

Australia, the regulatory environment for insurance intermediaries is rapidly evolving, and we cannot assure you either that we will be able to continue offering such coverage without substantial changes in our offering process or in the terms of the coverage or that such changes, if required, would not render uneconomic our continued offering of the coverage. Due to a change in law in Australia, we have discontinued sales of certain insurance products there. See "Business Risk Management" for further discussion regarding how changes in the regulation of insurance intermediaries may affect us internationally.

Laws in many countries and jurisdictions limit the types of information we may collect about individuals with whom we deal or propose to deal, as well as how we collect, retain and use the information that we are permitted to collect. In addition, the centralized nature of our information systems requires the routine flow of information about customers and potential customers across national borders, particularly into the United States. If this flow of information were to become illegal, or subject to onerous restrictions, our ability to serve our customers could be seriously impaired for an extended period of time. Other changes in the regulation of customer privacy and data security could likewise have a material adverse effect on our business. Privacy and data security are rapidly evolving areas of regulation, and additional regulation in those areas, some of it potentially difficult for us to accommodate, is frequently proposed and occasionally adopted. Thus, changes in the worldwide legal and regulatory environment in the areas of customer privacy, data security and cross-border data flows could have a material adverse effect on our business, primarily through the impairment of our marketing and transaction processing activities.

Further, the substantive regulation of the rates we charge car renters, either through direct price regulation or a requirement that we disregard a customer's source market (location or place of residence) for rate purposes, could reduce our revenues or increase our expenses. We set rates based on a variety of factors including the sources of rental reservations geographically and the means through which the reservations were made, all of which are in response to various market factors and costs. The European Commission has recently considered a directive that could eventually require us to disregard the country of residence of European Union residents for rate purposes, and bills have been introduced into the New York State legislature that similarly would prevent us from charging higher rates to renters residing in certain boroughs of New York City. The adoption of any such measures could have a material adverse impact on our revenues and results of operations.

The Attorneys General of Massachusetts, Virginia and Montana have in the past eighteen months taken positions that car rental companies may not pass through to customers, by means of separate charges, various expenses, such as vehicle licensing costs and airport concession fees, that the companies incur in their business, or that our ability to pass through such expenses is limited. In Massachusetts and Virginia, as well as in most other places where we operate, we pass through various expenses, including the recovery of vehicle licensing costs and airport concession fees, to our car rental customers as separate charges; we have no corporate operations in Montana. In addition, we are currently a defendant in an action challenging the propriety of certain expense pass-through charges in Nevada. We believe our expense pass-through charges, where imposed, are lawful, and expense pass-throughs have, when challenged, been upheld in courts of other states. The position of the Attorney General of Virginia was reversed by subsequent legislation, while the concerns of the Attorney General of Montana, which related primarily to the passing through of vehicle licensing costs, were resolved by assurances of voluntary compliance by our licensees (which permitted passing through of such costs subject to certain limitations of small operational significance). Nonetheless, we cannot offer assurance that the Attorney General of Massachusetts or other states will not take enforcement action against us with respect to our car rental expense pass-throughs. If such action were taken and the Attorneys General were to prevail, it could have a material adverse impact on our revenues and results of operations. In the United States, our revenues from car rental expense pass-throughs for the year ended December 31, 2005 and the nine months ended September 30, 2006 were approximately $287.4 million and $234.7 million, respectively.

After this offering, the Sponsors or their affiliates may compete directly against us.

Corporate opportunities may arise in the area of potential competitive business activities that may be attractive to us as well as to one or more of the Sponsors, including through potential acquisitions by one or more Sponsors or their affiliates of competing businesses. Any competition could intensify if an affiliate or subsidiary of one or more of the Sponsors were to enter into or acquire a business similar to our car rental or equipment rental operations. Given that after the consummation of this offering, we will not be wholly owned by any one of the three Sponsors, the Sponsors may be inclined to direct relevant corporate opportunities to entities which they control individually rather than to us. In addition, our amended and restated certificate of incorporation will provide that the Sponsors are under no obligation to communicate or offer any corporate opportunity to us, even if such opportunity might reasonably have been expected to be of interest to us or our subsidiaries. See "Description of Capital Stock" and "Certain Relationships and Related Party Transactions Stockholders Agreement."

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

We possess non-public information with respect to millions of individuals, including our customers and our current and former employees, and thousands of businesses, as well as non-public information with respect to our own affairs. The misuse of that information by either our employees or third parties could result in material damage to our brand, reputation or competitive position or materially affect the price at which shares of our common stock trade. In addition, depending on the type of information involved, the nature of our relationship with the person or entity to which the information relates, the cause and the jurisdiction whose laws are applicable, such misuse could result in governmental investigations or material civil or criminal liability. The laws that would be applicable to such a failure are rapidly evolving and becoming more burdensome. See " Changes in the U.S. and foreign legal and regulatory environment that impact our operations, including laws and regulations relating to the insurance products we sell, customer privacy, data security, insurance rates and expenses we pass through to customers by means of separate charges, could disrupt our business, increase our expenses or otherwise could have a material adverse effect on our results of operations."

On October 18, 2006, we were advised by the U.S. Federal Bureau of Investigation, or the "FBI," that the names, social security numbers, titles and dates of hire of most of our U.S. employees as of a date in late 2002 had been found on the home computer of one of our former employees. We are cooperating with the FBI in its investigation of this matter. We believe that the information was obtained by the former employee in the course of his employment and subsequently retained by him in violation of applicable company procedures. Regardless of whether we were required by law to do so, we have notified the affected individuals and will afford them free credit monitoring for a fixed period of time. We cannot give assurance that this notice will not give rise to adverse publicity or damage employee morale.

Risks Relating to Our Substantial Indebtedness

We have substantial debt and may incur substantial additional debt, which could adversely affect our financial condition, our ability to obtain financing in the future and our ability to react to changes in our business.

We have a significant amount of debt. On a pro forma basis assuming that this offering and the use of proceeds to us thereof as described in "Use of Proceeds" occurred on September 30, 2006, we would have had approximately $12,959.2 million of debt outstanding and a total debt to equity ratio of 5.3 to 1.0. Our substantial debt could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations to the holders of our outstanding debt securities and to the lenders under our senior credit facilities and the U.S. and international fleet debt financings entered into as part of the Transactions, resulting in possible defaults on and acceleration of such indebtedness;

- require us to dedicate a substantial portion of our cash flows from operations to make payments on our debt, which would reduce the availability of our cash flows from operations to fund working capital, capital expenditures or other general corporate purposes;

- increase our vulnerability to general adverse economic and industry conditions, including interest rate fluctuations, because a portion of our borrowings, including under the agreements governing our U.S. and international fleet debt financings entered into as part of the Transactions and our senior credit facilities, is at variable rates of interest;

- place us at a competitive disadvantage to our competitors with proportionately less debt or comparable debt at more favorable interest rates;

- limit our ability to refinance our existing indebtedness or borrow additional funds in the future;

- limit our flexibility in planning for, or reacting to, changing conditions in our business and industry; and

- limit our ability to react to competitive pressures, or make it difficult for us to carry out capital spending that is necessary or important to our growth strategy and our efforts to improve operating margins.

Any of the foregoing impacts of our substantial indebtedness could have a material adverse effect on our business, financial condition and results of operations.

Despite our current indebtedness levels, we and our subsidiaries may be able to incur substantially more debt. This could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the instruments governing our indebtedness do not prohibit us or fully prohibit us or our subsidiaries from doing so. As of September 30, 2006, our senior credit facilities provided us commitments for additional aggregate borrowings (subject to borrowing base limitations) of approximately $1,556.4 million, and permitted additional borrowings beyond those commitments under certain circumstances. As of September 30, 2006, our U.S. fleet debt facilities, international fleet debt facilities and our fleet financing facility for our fleet in Hawaii, Kansas and Puerto Rico provided us commitments for additional aggregate borrowings of approximately $1,418.0 million, the foreign currency equivalent of $713.0 million and $151.0 million, respectively, subject to borrowing base limitations. If new debt is added to our current debt levels, the related risks that we now face would increase. In addition, the instruments governing our indebtedness do not prevent us or our subsidiaries from incurring obligations that do not constitute indebtedness. On June 30, 2006, Hertz Holdings entered into the Hertz Holdings Loan Facility in order to finance the payment of the Hertz Holdings Dividend. We cannot assure you that Hertz Holdings will not enter into similar transactions in the future.

We may not be able to generate sufficient cash to service all of our debt, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments on our indebtedness, or to refinance our obligations under our debt agreements, will depend on the financial and operating performance of us and our subsidiaries, which, in turn, will be subject to prevailing economic and competitive conditions and to the financial and business risk factors, many of which may be beyond our control, as described under " Risks Related to Our Business" above.

We cannot assure you that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure our indebtedness. In the future, our cash flows and capital resources may not be sufficient

for payments of interest on and principal of our debt, and such alternative measures may not be successful and may not permit us to meet scheduled debt service obligations. We also cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our high levels of debt and the debt incurrence restrictions imposed by the agreements governing our debt, as well as prevailing market conditions. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The instruments governing our indebtedness restrict our ability to dispose of assets and restrict the use of proceeds from any such dispositions. We cannot assure you we will be able to consummate those sales, or, if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet debt service obligations when due.

A significant portion of our outstanding indebtedness is secured by substantially all of our consolidated assets. As a result of these security interests, such assets would only be available to satisfy claims of our general creditors or to holders of our equity securities if we were to become insolvent to the extent the value of such assets exceeded the amount of our indebtedness and other obligations. In addition, the existence of these security interests may adversely affect our financial flexibility.

Indebtedness under our senior credit facilities is secured by a lien on substantially all our assets (other than assets of foreign subsidiaries), including pledges of all or a portion of the capital stock of certain of our subsidiaries. Our senior notes and senior subordinated notes are unsecured and therefore do not have the benefit of such collateral. Accordingly, if an event of default were to occur under our senior credit facilities, the senior secured lenders under such facilities would have a prior right to our assets, to the exclusion of our general creditors, including the holders of our senior notes and senior subordinated notes. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under our senior credit facilities), resulting in all or a portion of our assets being unavailable to satisfy the claims of our unsecured indebtedness. Furthermore, many of the subsidiaries that hold our U.S. and international car rental fleets in connection with our asset-backed financing programs are intended to be bankruptcy remote and the assets held by them may not be available to our general creditors in a bankruptcy unless and until they are transferred to a non-bankruptcy remote entity. As of September 30, 2006, substantially all of our consolidated assets, including our car and equipment rental fleets, have been pledged for the benefit of the lenders under our senior credit facilities or are subject to securitization facilities in connection with our U.S. and international fleet debt facilities. As a result, the lenders under these facilities would have a prior claim on such assets in the event of our bankruptcy, insolvency, liquidation or reorganization, and we may not have sufficient funds to pay all of our creditors and holders of our unsecured indebtedness may receive less, ratably, than the holders of our senior debt, and may not be fully paid, or may not be paid at all, even when other creditors receive full payment for their claims. In that event, holders of our equity securities would not be entitled to receive any of our assets or the proceeds therefrom. See "Description of Certain Indebtedness Senior Credit Facilities Senior Term Facility Guarantees; Security" and " Senior ABL Facility Guarantees; Security." As discussed below, the pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under these financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on our financial flexibility.

Restrictive covenants in certain of the agreements and instruments governing our indebtedness may adversely affect our financial flexibility.

Our senior credit facilities and the indentures governing our senior notes and senior subordinated notes contain covenants that, among other things, restrict Hertz's and its subsidiaries' ability to:

- dispose of assets;

incur additional indebtedness;

incur guarantee obligations;

prepay other indebtedness or amend other debt instruments;

pay dividends;

create liens on assets;

enter into sale and leaseback transactions;

make investments, loans or advances;

make acquisitions;

engage in mergers or consolidations;

change the business conducted by us; and

engage in certain transactions with affiliates.

In addition, our senior credit facilities contain covenants that require us to maintain specified financial ratios and satisfy other financial condition tests, including ratios and tests which utilize Corporate EBITDA. Our ability to comply with the covenants and restrictions contained in our senior credit facilities and the indentures for our senior notes and senior subordinated notes may be affected by economic, financial and industry conditions beyond our control. The breach of any of these covenants or restrictions could result in a default under either our senior credit facilities or the indentures that would permit the applicable lenders or holders of the senior notes and senior subordinated notes, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In any such case, we may be unable to make borrowings under the senior credit facilities and may not be able to repay the amounts due under the senior credit facilities and the senior notes and senior subordinated notes. This could have serious consequences to our financial condition and results of operations and could cause us to become bankrupt or insolvent.

We are also subject to operational limitations under the terms of our ABS Program. For example, there are contractual limitations with respect to the cars that secure our ABS Program. These limitations are based on the identity or credit ratings of the cars' manufacturers, the existence of satisfactory repurchase or guaranteed depreciation arrangements for the cars or the physical characteristics of the cars. As a result, we may be required to limit the percentage of cars from any one manufacturer or increase the credit enhancement related to the program and may not be able to take advantage of certain cost savings that might otherwise be available through manufacturers. If these limitations prevented us from purchasing, or retaining in our fleet, cars on terms that we would otherwise find advantageous, our results of operations could be adversely affected.

Further, the facilities relating to our international fleet financing contain a number of covenants, including a covenant that restricts the ability of Hertz International, Ltd., a subsidiary of ours that is the direct or indirect holding company of substantially all of our non-U.S. operating subsidiaries, to make 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 facilities on the Closing Date 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 excess cash flow based on the percentage of facilities relating to our international fleet debt at the closing of the Acquisition that have been replaced by permanent take-out international asset-based facilities. These restrictions will limit the availability of funds from Hertz International, Ltd. and its subsidiaries to help us make payments on our indebtedness. Certain of these permanent take-out international asset-based facilities are expected to be novel and complicated

structures. We cannot assure you that we will be able to complete such permanent take-out financings on terms acceptable to us or on a timely basis, if at all; if we are unable to do so, our liquidity and interest costs may be adversely affected.

The instruments governing our debt contain cross default or cross acceleration provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The indentures governing our senior notes and senior subordinated notes and the agreements governing our senior credit facilities contain numerous covenants and require us to meet certain financial ratios and tests which utilize Corporate EBITDA. Our failure to comply with the obligations contained in these agreements or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell our assets and otherwise curtail our operations in order to pay our creditors. Such alternative measures could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Our Common Stock and This Offering

We may have a contingent liability arising out of electronic communications sent to institutional accounts by a previously named underwriter that will not participate as an underwriter in this offering.

We understand that, during the week of October 23, 2006, several e-mails authored by an employee of a previously named underwriter for this offering were ultimately forwarded by employees of that underwriter to approximately 175 institutional accounts. We were not involved in any way in the preparation or distribution of the e-mail messages by the employees of this previously named underwriter, and we had no knowledge of them until after they were sent. We have requested that the previously named underwriter notify the institutional accounts who received these e-mail messages from its employees that the e-mail messages were distributed in error and should be disregarded. In addition, this previously named underwriter will not participate as an underwriter in this offering.

The e-mail messages may constitute a prospectus or prospectuses not meeting the requirements of the Securities Act of 1933, as amended, or the "Securities Act." We, the selling stockholders and the other underwriters participating in this offering disclaim all responsibility for the contents of these e-mail messages. We strongly caution you not to place any reliance on the contents of the e-mail messages. The contents of the e-mail messages should be totally disregarded and should not be relied upon when making any investment decision regarding our common stock. All potential investors should base their investment decisions solely on information contained in this prospectus.

We do not believe that the e-mail messages constitute a violation by us of the Securities Act. However, if any or all of these communications were to be held by a court to be a violation by us of the Securities Act, the recipients of the e-mails, if any, who purchase shares of our common stock in this offering might have the right, under certain circumstances, to require us to repurchase those shares. Consequently, we could have a contingent liability arising out of these possible violations of the Securities Act. The magnitude of this liability, if any, is presently impossible to quantify, and would depend, in part, upon the number of shares purchased by the recipients of the e-mails and the trading price of our common stock. If any liability is asserted, we intend to contest the matter vigorously.

Hertz Holdings is a holding company with no operations of its own that depends on its subsidiaries for cash.

The operations of Hertz Holdings are conducted almost entirely through its subsidiaries and its ability to generate cash to meet its debt service obligations or to pay dividends is highly dependent on the earnings and the receipt of funds from its subsidiaries via dividends or intercompany loans.

However, none of the subsidiaries of Hertz Holdings are obligated to make funds available to Hertz Holdings for the payment of dividends. In addition, payments of dividends and interest among the companies in our group may be subject to withholding taxes. Further, the terms of the indentures governing Hertz's senior notes and senior subordinated notes and the agreements governing Hertz's senior credit facilities and Hertz's fleet debt facilities significantly restrict the ability of the subsidiaries of Hertz to pay dividends or otherwise transfer assets to Hertz Holdings. Furthermore, the subsidiaries of Hertz are permitted under the terms of Hertz's senior credit facilities and other indebtedness to incur additional indebtedness that may severely restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to Hertz Holdings. See "Risk Factors Risks Relating to Our Substantial Indebtedness Restrictive covenants in certain of the agreements governing our indebtedness may adversely affect our financial flexibility." In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

There currently exists no market for our common stock. We cannot assure you that an active trading market will develop for our common stock. If our stock price fluctuates after this offering, you could lose all or a significant part of your investment.

Prior to this offering, there was no public market for shares of our common stock. An active market may not develop following the completion of this offering or, if developed, may not be maintained. We negotiated the initial public offering price with the underwriters. The initial public offering price may not be indicative of the price at which our common stock will trade following completion of this offering. The market price of our common stock may also be influenced by many factors, some of which are beyond our control, including:

- the failure of securities analysts to cover our common stock after this offering, changes in financial estimates by analysts or a downgrade of our stock or our sector by analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- variations in quarterly operating results;
- loss of a large customer or supplier;
- general economic conditions;
- war, terrorist acts and epidemic disease;
- future sales of our common stock; and
- investor perceptions of us and the car and equipment rental industries.

As a result of these factors, investors in our common stock may not be able to resell their shares at or above the initial offering price. In addition, the stock market in general has experienced extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies like us. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

A few significant stockholders control the direction of our business. If the ownership of our common stock continues to be highly concentrated, it will prevent you and other stockholders from influencing significant corporate decisions.

Following the completion of this offering, Clayton, Dubilier & Rice Fund VII, L.P. and related funds, Carlyle Partners IV, L.P. and related funds and ML Global Private Equity Fund, L.P. and related funds will beneficially own approximately 24.2%, 23.9% and 23.5%, respectively, of the outstanding shares of our common stock assuming that the underwriters do not exercise their option to purchase additional shares. These funds and Hertz Holdings are parties to a Stockholders Agreement, pursuant to which the funds have agreed to vote in favor of nominees to our board of directors nominated by

the other funds. As a result, the Sponsors will continue to exercise control over matters requiring stockholder approval and our policy and affairs, for example, by being able to direct the use of proceeds received from this and future security offerings. See "Certain Relationships and Related Party Transactions." In addition, we are a "controlled company" within the meaning of the New York Stock Exchange rules and, as a result, currently intend to rely on exemptions from certain corporate governance requirements.

The concentrated holdings of the funds associated with the Sponsors, certain provisions of the Stockholders Agreement among the funds and us and the presence of these funds' nominees on our board of directors may result in a delay or the deterrence of possible changes in control of our company, which may reduce the market price of our common stock. The interests of our existing stockholders may conflict with the interests of our other stockholders. Our board of directors intends to adopt corporate governance guidelines that will, among other things, address potential conflicts between a director's interests and our interests. In addition, we have adopted a code of business conduct that, among other things, requires our employees to avoid actions or relationships that might conflict or appear to conflict with their job responsibilities or the interests of Hertz Holdings, and to disclose their outside activities, financial interests or relationships that may present a possible conflict of interest or the appearance of a conflict to management or corporate counsel. These corporate governance guidelines and code of business ethics will not, by themselves, prohibit transactions with our principal stockholders.

Because affiliates of the lead underwriters for this offering are lenders under the Hertz Holdings Loan Facility and, in one case, a potential selling stockholder, they may have interests that conflict with yours as an investor in our common stock.

On June 30, 2006, we entered into the Hertz Holdings Loan Facility under which certain affiliates of Lehman Brothers, Merrill Lynch & Co., Goldman, Sachs & Co., JPMorgan and Morgan Stanley provided a $1.0 billion loan to us, which loan must be repaid or converted into longer term debt securities on June 30, 2007. Under the terms of the credit agreement, we are required to use the proceeds of this offering to repay the loan. For a description of the material terms of the Hertz Holdings Loan Facility, we refer you to the disclosure under the heading "Description of Certain Indebtedness Hertz Holdings Loan Facility." In addition, affiliates of Merrill Lynch & Co. will be selling stockholders in this offering if the underwriters exercise their option to purchase additional shares. As a result of this loan, together with the potential participation of affiliates of Merrill Lynch & Co. as selling stockholders, these underwriters have interests that may conflict with yours as an investor in our common stock with respect to this offering because they have interests in the successful completion of this offering beyond the underwriting discount and commissions they will receive in the offering, including their interest in the repayment of the Hertz Holdings Loan Facility and, in the case of selling stockholders affiliated with Merrill Lynch & Co., the potential return on their equity investment in us.

Because these 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 National Association of Securities Dealers, Inc. or "NASD." In addition, because affiliates of Merrill Lynch & Co. own more than 10% of our 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 also 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 NASD Conduct Rules, which require that the initial public offering price can be no higher than that recommended by a "qualified independent underwriter," as defined by the NASD. Credit Suisse Securities (USA) LLC is serving in that capacity. We cannot assure you that the use of a qualified independent underwriter will be sufficient to eliminate any actual or potential conflicts of interest. For more information regarding the role of the qualified independent underwriter in this offering and other relationships we and our affiliates have with the underwriters, we refer you to the disclosure under the heading "Underwriting."

Our share price may decline due to the large number of shares eligible for future sale.

Sales of substantial amounts of our common stock, or the possibility of such sales, may adversely affect the price of our common stock and impede our ability to raise capital through the issuance of equity securities.

Upon consummation of this offering, there will be 320,618,692 shares of common stock outstanding. Of these shares, the shares of common stock sold in the offering will be freely transferable without restriction or further registration under the Securities Act, unless purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. The remaining 232,383,692 shares of common stock outstanding will be restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144 or pursuant to an exemption from registration under Rule 701 under the Securities Act. Upon completion of this offering, we intend to file one or more registration statements under the Securities Act to register the shares of common stock to be issued under our stock incentive 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 stock incentive plans.

We, each of the funds associated with or designated by the Sponsors that currently own shares of our common stock, our executive officers and directors have agreed to a "lock-up," meaning that, subject to certain exceptions, neither we nor they will sell any shares without the prior consent of the representatives of the underwriters for 180 days after the date of this prospectus. Following the expiration of this 180-day lock-up period, 229,500,000 of these shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144. See "Shares Eligible for Future Sale" for a discussion of the shares of common stock that may be sold into the public market in the future. In addition, our existing stockholders have the right under certain circumstances to require that we register their shares for resale. As of September 30, 2006, these registration rights apply to the 229,500,000 shares of our outstanding common stock owned by the investment funds affiliated with or designated by the Sponsors. See "Certain Relationships and Related Party Transactions Registration Rights Agreement" for a description of the shares of common stock that may be sold into the public market in the future.

Purchasers of our common stock will experience immediate and substantial dilution resulting in their shares being worth less on a net tangible book value basis than the amount they invested.

The initial public offering price is expected to be significantly higher than the net tangible book value per share of our common stock. Purchasers of the common stock in this offering will experience an immediate dilution in net tangible book value of $22.82 per share of common stock purchased. In the past, we issued options to acquire shares of common stock at prices that may be significantly below the initial public offering price. To the extent that these outstanding options are exercised, there may be further dilution to investors. Accordingly, in the event we are liquidated, investors may not receive the full amount of their investment. See "Dilution."

Our certificate of incorporation, by-laws and Delaware law may discourage takeovers and business combinations that our stockholders might consider in their best interests.

A number of provisions we intend to include, effective as of the offering, in our certificate of incorporation and by-laws, as well as anti-takeover provisions of Delaware law, may have the effect of delaying, deterring, preventing or rendering more difficult a change in control of Hertz Holdings that our stockholders might consider in their best interests. These provisions include:

- establishment of a classified board of directors, with staggered terms;
- granting to the board of directors sole power to set the number of directors and to fill any vacancy on the board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- limitations on the ability of stockholders to remove directors;
- the ability of our board of directors to designate and issue one or more series of preferred stock without stockholder approval, the terms of which may be determined at the sole discretion of the board of directors;
- prohibition on stockholders from calling special meetings of stockholders;
- establishment of advance notice requirements for stockholder proposals and nominations for election to the board of directors at stockholder meetings; and
- prohibiting our stockholders from acting by written consent if investment funds affiliated with or designated by the Sponsors cease to collectively hold a majority of our outstanding common stock.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Our certificate of incorporation and by-laws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

See "Description of Capital Stock" for additional information on the anti-takeover measures applicable to us.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus under "Business," "Business Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Management Directors and Executive Officers" and "Management Executive Compensation" include "forward-looking statements." You should not place undue reliance on these statements. Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "seek," "will," "may" or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. As you read and consider this prospectus, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Many factors could affect our actual financial results and could cause actual results to differ materially from those expressed in the forward-looking statements. Some important factors include:

- our operations;
- economic performance;
- financial condition;
- management forecasts;
- efficiencies,
- cost savings and opportunities to increase productivity and profitability;
- income and margins;
- liquidity;
- anticipated growth;
- economies of scale;
- the economy;
- future economic performance;
- our ability to maintain profitability during adverse economic cycles and unfavorable external events (including war, terrorist acts, natural disasters and epidemic disease);
- future acquisitions and dispositions;
- litigation;

- potential and contingent liabilities;
- management's plans;
- taxes; and
- refinancing of existing debt.

In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this prospectus might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

MARKET AND INDUSTRY DATA

Information in this prospectus about the car and equipment rental industries, including our general expectations concerning the industries and our market position and market share, are based in part on industry data and forecasts obtained from industry publications and surveys and internal company surveys. Third-party industry publications and forecasts generally state that the information contained therein has been obtained from sources generally believed to be reliable. While we are not aware of any misstatements regarding any industry data presented in this prospectus, our estimates, in particular as they relate to our general expectations concerning the car and equipment rental industries, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption "Risk Factors."

RECENT TRANSACTIONS

Hertz Holdings Dividends and Related Financing

In June 2006, Hertz Holdings entered into the Hertz Holdings Loan Facility. Hertz Holdings primarily used the proceeds from the borrowings under the Hertz Holdings Loan Facility plus cash on hand to pay the Hertz Holdings Dividend and related fees and expenses. It is anticipated that all borrowings and other amounts owing under the Hertz Holdings Loan Facility will be repaid with the proceeds to us from this offering.

Prior to the consummation of this offering, we intend to declare a special cash dividend, payable promptly following the completion of this offering to holders of record of our common stock on the dividend record date. This dividend will be funded by the proceeds to us from the sale of the common stock offered hereby after deducting underwriting discounts and commissions and offering expenses, to the extent these net proceeds exceed the amount required to repay borrowings outstanding under the Hertz Holdings Loan Facility. Assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus, this dividend will be payable in an amount of approximately $1.83 per share, or $425.5 million in the aggregate.

The dividend record date for this potential dividend will precede the consummation of this offering, and investors in this offering will not be entitled to receive any payments in connection with this additional dividend on shares purchased or distributions in this offering.

The Transactions

On the Closing Date, we entered into a series of financing and refinancing transactions in connection with the Acquisition. To finance the cash consideration for the Acquisition, to refinance certain of Hertz's existing indebtedness and to pay related transaction fees and expenses, the following funds were 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, a wholly owned subsidiary of Hertz Holdings, 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 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. We refer to the Senior Dollar Notes and the Senior Euro Notes together in this prospectus as the "Senior Notes;"

- aggregate borrowings of approximately $1,707 million by Hertz under a new senior term facility, or the "Senior Term Facility," which consists of (a) a maximum borrowing capacity of $2,000 million, including a $293 million delayed draw term loan that was made available until August 2007 to refinance certain existing debt and (b) a synthetic letter of credit facility in an aggregate principal amount of $250 million. On May 15, 2006, Hertz borrowed approximately $84.9 million under the delayed draw term loan of the Senior Term Facility, or 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 asset-based revolving loan facility described below;

- 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. We refer to the Senior Term Facility and the Senior ABL Facility together in this prospectus as the "Senior Credit Facilities;"

aggregate proceeds of offerings totaling approximately $4,300 million by a special purpose entity wholly owned by Hertz of asset-backed securities backed by our U.S. car rental fleet, or the "U.S. Fleet Debt," all of which were issued under our ABS Program, under which an additional $600 million of pre-Acquisition ABS 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;

aggregate borrowings of the U.S. dollar equivalent of approximately $1,781 million by certain of Hertz's foreign subsidiaries under asset-based revolving loan facilities with aggregate commitments equivalent to approximately $2,930 million (calculated in each case as of December 31, 2005), subject to borrowing bases comprised of rental vehicles, and related assets of certain of Hertz's 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 Hertz's subsidiaries organized outside North America or one or more special purpose entities, as the case may be, which facilities are referred to collectively in this prospectus as the "International Fleet Debt Facilities;" and

Hertz's cash on hand in an aggregate amount of approximately $6.1 million.

In connection with the Transactions, Hertz refinanced existing indebtedness in an aggregate principal amount of $8,346 million, through the following transactions:

the repurchase of approximately $3,700 million in aggregate principal amount of existing senior notes having maturities from May 2006 to January 2028, which left additional notes in the aggregate principal amount of approximately $803.3 million 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 medium term notes with a maturity of July 2007, which left additional medium term notes in the aggregate principal amount of approximately €7.6 million 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 indebtedness.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of 88,235,000 shares of our common stock being offered by us pursuant to this prospectus at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and estimated offering expenses, will be approximately $1,425.5 million. A $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per share would increase (decrease) the net proceeds to us from this offering by $84.3 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. We will not receive any proceeds from the sale of up to 13,235,250 shares of our common stock by the selling stockholders, which include affiliates of Merrill Lynch & Co., an underwriter in this offering, if the underwriters exercise their option to purchase additional shares from the selling stockholders.

We intend to use the net proceeds to us from the sale of common stock to repay borrowings outstanding under the Hertz Holdings Loan Facility and to pay related transaction fees and expenses. Hertz Holdings used the proceeds of the Hertz Holdings Loan Facility plus cash on hand to pay special cash dividends of $4.32 per share, or approximately $999.2 million in the aggregate, to its common stockholders on June 30, 2006 and related fees and expenses. Of this amount, approximately $991.4 million, or over 99%, was paid to investment funds associated with or designated by the Sponsors on a pro rata basis according to their ownership of our common stock. Borrowings outstanding under the Hertz Holdings Loan Facility, which currently has a stated maturity of June 30, 2007, bear interest, at our option, at 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. See "Description of Certain Indebtedness Hertz Holdings Loan Facility." As of September 30, 2006, borrowings under the Hertz Holdings Loan Facility bore interest at 8.6%. Because affiliates of Lehman Brothers, Merrill Lynch & Co., Goldman, Sachs & Co., JPMorgan and Morgan Stanley are lenders under the Hertz Holdings Loan Facility, affiliates of such underwriters will receive a substantial portion of the proceeds of this offering. See "Underwriting."

Prior to the consummation of this offering, we intend to declare a special cash dividend, payable promptly following the completion of this offering to holders of record of our common stock on the dividend record date. This dividend will be funded by the proceeds to us from the sale of our common stock offered hereby after deducting underwriting discounts and commissions and offering expenses, to the extent these net proceeds exceed the amount required to repay borrowings outstanding under the Hertz Holdings Loan Facility. Assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus, this dividend will be payable in an amount of approximately $1.83 per share, or $425.5 million in the aggregate.

The dividend record date for this potential dividend will precede the consummation of this offering, and investors in this offering will not be entitled to receive any payments or distributions in connection with this additional dividend on shares purchased in this offering.

DIVIDEND POLICY

We do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business. Our ability to pay dividends to holders of our common stock is limited as a practical matter by Hertz's Senior Credit Facilities, Hertz's Fleet Debt Facilities and the indentures governing Hertz's Senior Notes and Senior Subordinated Notes, insofar as we may seek to pay dividends out of funds made available to us by Hertz and/or its subsidiaries, because Hertz's debt facilities directly or indirectly restrict Hertz's ability to pay dividends or make loans to us. Any future determination to pay dividends on our common stock is subject to the discretion of our board of directors and will depend upon various factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our contracts, and other factors deemed relevant by our board of directors.

On June 30, 2006, we paid special dividends of $4.32 per share to the holders of our common stock, totaling approximately $999.2 million. Of this amount, approximately $991.4 million, or over 99%, was paid to investment funds associated with or designated by the Sponsors on a pro rata basis according to their ownership of our common stock. Prior to the consummation of this offering, we intend to declare a special cash dividend, payable promptly following the completion of this offering to holders of record of our common stock on the dividend record date. This dividend will be funded by the proceeds to us from the sale of the common stock offered hereby after deducting underwriting discounts and commissions and offering expenses, to the extent these net proceeds exceed the amounts required to repay borrowings outstanding under the Hertz Holdings Loan Facility. Assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus, this dividend will be payable in an amount of $1.83 per share, or approximately $425.5 million in the aggregate.

The dividend record date for this potential dividend will precede the consummation of this offering, and investors in this offering will not be entitled to receive any payments or distributions in connection with this additional dividend on shares purchased in this offering. We do not currently intend to declare or pay any similar special dividends in the future.

CAPITALIZATION

The following table sets forth as of September 30, 2006, on a consolidated basis:

Our actual capitalization;

Our pro forma capitalization that gives effect to our sale of 88,235,000 shares of common stock in this offering at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus; and

The application of the net proceeds therefrom to repay borrowings outstanding under the Hertz Holdings Loan Facility, to pay related transaction fees and expenses and to pay a special cash dividend to holders of record of our common stock on the dividend record date that will be funded by the net proceeds to us in excess of the amounts required to repay borrowings outstanding under the Hertz Holdings Loan Facility as described in "Use of Proceeds."

You should read the following table in conjunction with the information in this prospectus under the captions "Unaudited Pro Forma Condensed Consolidated Financial Statements," "Selected Historical Consolidated Financial Data," "Description of Certain Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and with the audited annual consolidated and unaudited interim condensed consolidated financial statements and related notes included elsewhere in this prospectus. For a description of the debt facilities and instruments referred to below, see "Recent Transactions The Transactions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources."

	As of September 30, 2006	
	Actual	Pro Forma
	(Dollars in millions)	
Cash and equivalents	$ 440.7	$ 440.7
Total debt:		
Fleet debt[1]	$ 7,529.4	7,529.4
Corporate debt[2]	5,429.8	5,429.8
Hertz Holdings Loan Facility[3]	996.3	
Total debt (including current portion)	13,955.5	12,959.2
Stockholders' equity		
Common stock, par value $0.01 per share, 2,000,000,000 shares authorized; 232,383,692 shares outstanding actual, 320,618,692 shares outstanding pro forma	2.3	3.2
Additional capital paid-in	1,336.7	2,390.6
Retained earnings (deficit)	54.8	(13.4)
Accumulated other comprehensive income	59.3	59.3
Total stockholders' equity	1,453.1	2,439.7
Total capitalization	$ 15,408.6	$ 15,398.9

(1) Fleet debt consists of our U.S. Fleet Debt, obligations incurred under our International Fleet Debt Facilities, capital lease financings relating to revenue earning equipment that are outside the International Fleet Debt Facilities and the pre-Acquisition ABS Notes. For a description of these facilities see "Management's Discussion and Analysis of Financial Condition and Results of Operations Financing Fleet Financing."

(2) Corporate debt consists of senior notes and Euro medium term notes issued prior to the Acquisition; borrowings under our Senior Term Facility; borrowings under our Senior ABL Facility; our Senior Notes; our Senior Subordinated Notes; and certain other indebtedness of our domestic and foreign subsidiaries. For a description of these facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Financing Senior Credit Facilities" and " Senior Notes and Senior Subordinated Notes."

(3) Represents aggregate borrowings of $1.0 billion under the Hertz Holdings Loan Facility net of unamortized discount of $3.7 million.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price of the shares of our common stock and the net tangible book value per share after this offering.

Net tangible book value (deficit) per share represents the amount of total tangible assets less total liabilities, divided by the number of shares of common stock then outstanding. Our net tangible book value (deficit) as of September 30, 2006 was $(2,854.0) million, or $(12.28) per share, based on the 232,383,692 shares of common stock outstanding as of such date. After giving effect to our sale of 88,235,000 shares in this offering at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and estimated offering expenses, our pro forma net tangible book value (deficit) as of September 30, 2006 would have been $(1,867.5) million, or $(5.82) per share. This represents an immediate increase in the pro forma net tangible book value of $6.46 per share to existing stockholders and an immediate and substantial dilution of $22.82 per share to new investors purchasing shares in this offering. If the initial offering price is higher or lower, the dilution to new investors purchasing our common stock will be greater or less, respectively. The following table illustrates this dilution:

		Per Share
Assumed initial public offering price		$ 17.00
Net tangible book value (deficit) as of September 30, 2006	(12.28)	
Increase attributable to this offering	6.46	
Pro forma net tangible book value (deficit) after this offering		(5.82)
Dilution in net tangible book value to new investors		$ 22.82

Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us, a $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per share would increase (decrease) our dilution in net tangible book deficit per share to new investors in this offering by $1.00 since any increase (decrease) in the assumed initial public offering price will be reflected as an adjustment to the special cash dividend to stockholders.

The following table summarizes as of September 30, 2006 the total number of shares of common stock purchased from us, the total consideration paid to us, and the weighted average price per share paid by existing stockholders and by new investors purchasing shares from us in this offering at our assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and before deducting underwriting discounts and estimated offering expenses payable by us.

	Shares Acquired (in millions)		Total Consideration (in millions)		Weighted Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	232.4	72.5%	$ 2,319.2	60.7%	$ 9.98
New investors	88.2	27.5	1,500.0	39.3	17.00
Total	320.6	100.0%	$ 3,819.2	100.0%	$ 11.91

The number of shares held by the existing stockholders will be reduced to the extent the underwriters exercise their option to purchase additional shares. If the underwriters fully exercise their option, the existing stockholders will own a total of 219,148,442 shares, or approximately 68.4% of our total outstanding shares. In addition, the payment of the special cash dividend of approximately $1.83 per share contemplated to be funded from the net proceeds to us from this offering after repaying borrowings outstanding under the Hertz Holdings Loan Facility effectively decreases the average price paid by the existing stockholders per share from $9.98 ($5.68 after adjustment for the Hertz Holdings Dividend) to $3.85.

A $1.00 increase (decrease) in the assumed initial public offering price of $17.00 per share would increase (decrease) total consideration paid by new investors and the total average price per share by $88.2 million and $0.28 respectively, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and without deducting underwriting discounts and commissions and estimated expenses payable by us.

The foregoing discussion and tables assume no exercise of outstanding stock options. As of September 30, 2006, there were options outstanding to purchase a total of 15,833,354 shares of our common stock at a weighted average exercise price of $6.96 per share.

To the extent that any of these stock options are exercised, there may be further dilution to new investors. See "Capitalization," "Management," Note 17 to the Notes to our audited annual consolidated financial statements and Note 11 to the Notes to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus.

In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated statements of operations and the unaudited pro forma condensed consolidated balance sheet have been derived from our historical audited annual consolidated financial statements and the related notes thereto and our historical unaudited interim condensed consolidated financial statements and the related notes thereto included elsewhere in this prospectus. The pro forma as adjusted financial data below for the year ended December 31, 2005 (as restated) and the nine months ended September 30, 2005 reflect adjustments to our historical financial data to give effect to (i) the Transactions and the use of the net proceeds therefrom, (ii) the borrowings under the Hertz Holdings Loan Facility and the payment of the Hertz Holdings Dividend, or the "Hertz Holdings Transactions," and (iii) the sale of 88,235,000 shares of common stock offered by this prospectus at an assumed initial public offering price of $17.00 per share, the midpoint of the range set forth on the cover page of this prospectus and the use of the net sale proceeds to repay borrowings under the Hertz Holdings Loan Facility and to pay a special cash dividend to holders of record of our common stock on the dividend record date that will be funded by the net proceeds to us in excess of the amounts required to repay borrowings outstanding under the Hertz Holdings Loan Facility, or the "Offering and Use of Proceeds" as if they had occurred on January 1, 2005 for income statement purposes. The historical consolidated statements of operations data presented below for the Predecessor period ended December 20, 2005 and the combined year ended December 31, 2005 have been restated. For a discussion of the Restatement, see Note 1A to the Notes to our audited annual consolidated financial statements included elsewhere in this prospectus. The pro forma as adjusted financial data below for the nine months ended September 30, 2006 reflects adjustments to our historical financial data to give effect to the Hertz Holdings Transactions and the Offering and Use of Proceeds as if such transactions had occurred on January 1, 2005 for income statement purposes. The pro forma as adjusted financial data below as of September 30, 2006 reflects adjustments to our historical financial data to give effect to the Offering and Use of Proceeds as if such transactions had occurred on September 30, 2006 for balance sheet purposes.

The unaudited pro forma condensed consolidated financial statements include adjustments directly attributable to the Transactions, the Hertz Holdings Transactions and the Offering and Use of Proceeds that are expected to have a continuing impact on us. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma condensed consolidated financial statements do not purport to represent our results of operations or financial position had the Transactions, the Hertz Holdings Transactions and the Offering and Use of Proceeds actually occurred as of such dates or of the results that we would have achieved after the Transactions, the Hertz Holdings Transactions and the Offering and Use of Proceeds.

The Acquisition has been accounted for using the purchase method of accounting for business combinations. Under this method, assets and liabilities are recorded at their fair values on the closing date of the Acquisition. The total purchase price plus acquisition costs in excess of the fair value of the assets acquired and liabilities assumed results in goodwill. The fair value adjustments included in the unaudited pro forma condensed consolidated financial statements summarize management's evaluation of the fair value of the net assets acquired based upon available information. This evaluation assigned value to certain identifiable tangible and intangible assets, including our trade name and customer relationships.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the information included in this prospectus under the captions "Use of Proceeds," "Capitalization," "Selected Historical Consolidated Financial Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and with the historical consolidated and condensed consolidated financial statements and the related notes thereto.

Hertz Global Holdings, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2005
(Dollars in millions except per share data)

	Historical			Pro Forma				
	Predecessor	Successor	Combined					
	For the Periods from		Year Ended					
	January 1, 2005 to December 20, 2005 Restated	December 21, 2005 to December 31, 2005	December 31, 2005 Restated	Adjustments for the Transactions[1]	Pro Forma Subtotal	Adjustments for the Hertz Holdings Transactions	Adjustments for the Offering and Use of Proceeds	Pro Forma As Adjusted
Revenues:								
Car rental	$ 5,820.5	$ 129.4	$ 5,949.9	$	$ 5,949.9	$	$	$ 5,949.9
Equipment rental	1,392.4	22.5	1,414.9		1,414.9			1,414.9
Other	101.8	2.6	104.4		104.4			104.4
Total revenues	7,314.7	154.5	7,469.2		7,469.2			7,469.2
Expenses:								
Direct operating	4,086.3	103.0	4,189.3	74.5[2]	4,263.8			4,263.8
Depreciation of revenue earning equipment	1,555.9	43.8	1,599.7	12.8[2]	1,612.5			1,612.5
Selling, general and administrative	623.4	15.1	638.5	0.9[2]	639.4	2.8[6]	2.8[8]	645.0
Interest, net of interest income	474.2	25.8	500.0	388.6[3]	888.6	93.8[7]	(93.8)[9]	888.6
Total expenses	6,739.8	187.7	6,927.5	476.8	7,404.3	96.6	(91.0)	7,409.9
Income (loss) before income taxes and minority interest	574.9	(33.2)	541.7	(476.8)	64.9	(96.6)	91.0	59.3
(Provision) benefit for taxes on income	(191.3)	12.2	(179.1)	132.0[4]	(47.1)	33.8[4]	(31.9)[4]	(45.2)
Minority interest	(12.3)	(0.3)	(12.6)		(12.6)			(12.6)
Net income (loss)	$ 371.3	$ (21.3)	$ 350.0	$ (344.8)	$ 5.2	$ (62.8)	59.1	$ 1.5
Weighted average shares outstanding (in millions)[5]								
Basic	229.5	229.5	229.5				88.2	317.7

	Historical			Pro Forma	
Diluted	229.5	229.5	229.5	88.2	317.7
Earnings (loss) per share:(5)					
Basic	$ 1.62	$ (0.09)	$ 1.53		$ 0.00
Diluted	$ 1.62	$ (0.09)	$ 1.53		$ 0.00

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

Hertz Global Holdings, Inc.

Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Nine Months Ended September 30, 2005
(Dollars in millions except per share data)

	Historical	Pro Forma				
	Predecessor	Adjustments for the Transactions(1)	Pro Forma Subtotal	Adjustments for the Hertz Holdings Transactions	Adjustments for the Offering and Use of Proceeds	Pro Forma As Adjusted
Revenues:						
Car rental	$ 4,526.1	$	$ 4,526.1	$	$	$ 4,526.1
Equipment rental	1,020.9		1,020.9			1,020.9
Other	79.5		79.5			79.5
Total revenues	5,626.5		5,626.5			5,626.5
Expenses:						
Direct operating	3,145.8	57.3				