IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re	Chapter 11
The Hertz Corporation, *et al.*,[1]	Case No. 20-11218 (MFW)
Debtors.	(Joint Administration Requested)

DECLARATION OF JAMERE JACKSON IN SUPPORT OF DEBTORS' PETITIONS AND REQUESTS FOR FIRST DAY RELIEF

I, Jamere Jackson, Executive Vice President and Chief Financial Officer of The Hertz Corporation, declare pursuant to 28 U.S.C. § 1746 as follows:

I. Introduction

1. The Hertz name is practically synonymous with airport vehicle rentals. Hertz and its affiliated brands may be found at approximately 1,600 airport rental locations in the U.S. and another 2,000 internationally. While only a minority of our total locations, these airport locations account for a majority of our rental revenue. The reason for this is simple: air travelers are the number-one consumer of our short-term vehicle rentals. As a result, our business is highly correlated to the global rate of air travel.

2. Up until recently, people were flying at a record rate. The number of passengers using U.S. airports surpassed 1 billion for the first time in 2018 and continued to grow in 2019.[2] Revenue of The Hertz Corporation ("**THC**," and, together with its direct and

[1] The last four digits of The Hertz Corporation's tax identification number are 8568. The location of the debtors' service address is 8501 Williams Road, Estero, FL 33928. Due to the large number of debtors in these chapter 11 cases, for which joint administration for procedural purposes has been requested, a complete list of the debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the debtors' proposed claims and noticing agent at https://restructuring.primeclerk.com/hertz.

[2] *See* https://www.transtats.bts.gov/Data_Elements.aspx?Data=1

indirect subsidiaries, the "**Company**") tracked this trend, reporting year over year growth for ten consecutive quarters through the end of 2019. This success helped the Company to raise $750 million in equity in July of 2019, which it used to deleverage its balance sheet by repaying debt obligations. The first two months of 2020 showed the Company's upward revenue trajectory continuing. In January and February of 2020, Company-wide revenue was up 6% year-over-year on 8% higher U.S. car rental volume.

3. While nearly every segment of the global economy has been affected, the COVID-19 crisis had an early and outsized effect on the travel sector. According to TSA data, on March 1, 2020, approximately 2.3 million travelers passed through airport security checkpoints. On April 1, that number had fallen to 136,000—a ***94*% *decrease.***[3] The numbers continued downward, bottoming out on April 14 at fewer than 90,000 passengers—just 4% of passenger volume on the corresponding weekday in 2019. Every day from March 25 through May 20, the daily passenger volume was more than 90% below what it was on the corresponding weekday in 2019. This reduction in air travel has severely curtailed the Company's core airport rental business.

4. Our off-airport rental business was similarly affected by the crisis. Just as restrictions on movement relating to COVID-19 reduced air travel, they reduced local travel as well. For example, the Company saw approximately 50% drops in April of vehicle rentals by temporary vehicle replacement customers and rideshare drivers—two key off-airport customer segments.

[3] https://www.tsa.gov/coronavirus/passenger-throughput.

5. The overall impact of the COVID-19 crisis devastated our revenue. In April 2020—the first full month after the COVID-19 crisis took hold in the U.S.—the Company's global revenue was down 73% from what it was in April of 2019.

6. When the effects of the crisis on its business began to manifest in March, the Company moved quickly to adjust. It reduced its new vehicle purchase commitments by over $4 billion. It consolidated off-airport locations to bring down overhead. It cut spending on marketing. It negotiated with airport operators to abate or defer airport concession obligations. And, it made the difficult decision to reduce its employee costs through a combination of furloughs and terminations. All told, approximately 21,000 employees have been affected by these programs, including approximately 14,400 of whom have been terminated. Unfortunately, these measures were still inadequate to offset the decimation of the Company's revenue.

7. In addition to significantly reducing its revenue, the COVID-19 crisis imposed substantial new demands on the Company's cash. The Company currently operates a rental portfolio of approximately half a million vehicles in the United States (many of which are now sitting idle for the reasons stated above). In the United States and certain other jurisdictions, the Company finances its fleet of vehicles through ABS Programs (as defined below) and other similar structures. In general, under the ABS Programs for the Company's rental fleets, the Company pays monthly scheduled depreciation, but must also pay into the financing structure an amount corresponding to estimated market depreciation in order to prevent a reduction in its access to funding.

8. With the global economy shut down, exploding unemployment, and many would-be car buyers subject to stay at home orders, the demand for used vehicles dried up, creating substantial pressure on market depreciation rates. The drop in used vehicle values

required the Company to pay an additional approximately $135 million into its U.S. rental fleet ABS Program in April in order to maintain access to funding at existing levels, with even greater amounts projected in the months to come. At the same time, the largely frozen market for used vehicles prevented it from reducing the size of its rental fleet to reduce lease payment obligations.

9. On April 27, 2020, to preserve its liquidity for the benefit of all stakeholders, the Company elected not to pay the $135 million estimated depreciation and amounts due under the related lease—the combination of which (net of amounts owing back to THC) totaled nearly $400 million. This default could have resulted in the forced liquidation of vehicles in the Company's U.S. rental car fleet beginning on May 5. However, on May 4, the Company obtained the agreement of various lenders to forbear and waive certain defaults through May 22, 2020. Unable to reach further agreements with its U.S. and Canadian creditors by the end of this period,[4] the Company's board, in consultation with its advisors, made the difficult decision to commence these chapter 11 cases.

10. The Company enters these chapter 11 cases with approximately $19.0 billion in total financial debt, $14.7 billion of which relates to vehicle financing activities. This debt burden was sustainable last year, when the Company's revenue was on the order of $10 billion and when used vehicle prices were less volatile. But with little hope of returning to those conditions any time soon, that debt must be restructured.

11. The Company filed these chapter 11 cases in order to preserve and maximize value for the benefit of all stakeholders. In particular, the Company intends to utilize the "breathing room" chapter 11 provides to keep its business intact, continue to assess the likely

[4] The Company received waivers from creditors to its Australian entities. It anticipates that waivers necessary to keep its European entities outside of the chapter 11 process at this time will be finalized by no later than May 27, 2020.

state of the market upon emergence, and develop a business plan and capital structure that is sustainable in the new reality.

12. The Company arrives in these cases with substantial unencumbered cash sufficient to fund operations at least through the initial stage of these Chapter 11 Cases. The Company may seek access to additional cash, including through new borrowing, as the case progresses.

II. Background of Declarant

13. I am the Executive Vice President and Chief Financial Officer of The Hertz Corporation. I have held this position since September 2018.

14. I have extensive experience as a corporate executive. From March 2014 to August 2018, I served as Chief Financial Officer of Nielsen Holdings plc, an information, data and measurement company. From August 2004 to February 2014, I held a variety of leadership roles at General Electric Company, an international industrial and technology company, most recently as Vice President and Chief Financial Officer of a division of GE Oil & Gas, an equipment supplier for the global oil and gas industry. I have served on the board of directors for Eli Lilly and Company, a global pharmaceutical company, since October 2016, where I serve on the audit and finance committees.

15. On May 22, 2020 (the "**Petition Date**"), THC and certain of its U.S. and Canadian affiliates (collectively, the "**Debtors**") each filed in this Court a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"), thereby commencing chapter 11 cases for the Debtors (collectively, the "**Chapter 11 Cases**"). In order to ease their transition into operations as debtors in possession, the Debtors subsequently filed motions seeking various types of "first-day" relief (the "**First Day Motions**"). I submit this declaration to (i) offer the Court and parties in interest a background on the Company and the

circumstances leading to the commencement of the Chapter 11 Cases; and (ii) provide an evidentiary basis for the relief requested in the First Day Motions.

16. I am generally familiar with the Debtors' and the Company's day-to-day operations, businesses, financial affairs, and books and records. Unless stated otherwise, all facts in this declaration are based upon my personal knowledge; my discussions with members of the Company's management team; outside advisers to the Company; and my review of documents and information concerning the Debtors' and the Company's operations, financial affairs, and restructuring efforts; and/or my personal opinion based upon my experience and general knowledge about the Company.

17. I am over the age of 18 and authorized to submit this declaration on behalf of the Debtors. If called to testify, I would testify to the matters set forth in this declaration.

III. Discussion

A. History and Business Overview

18. In 1918, a 22-year-old entrepreneur named Walter Jacobs began renting a fleet of twelve Ford Model-Ts in Chicago. His brisk business caught the attention of John D. Hertz who, in 1923, acquired the company and began operations under the Hertz name. By 1925, Hertz boasted a coast-to-coast rental network generating about $1 million in annual revenue.

19. Hertz began serving intermodal travelers in 1926 through its "Rail-Drive" program, a station-side rental service to allow rail passengers to explore destinations far beyond the tracks. "Fly-Drive" soon followed, with Hertz opening the first ever airport car rental location in 1932 at Chicago's Midway Airport. Hertz opened its first international location in France in 1950 and by 1955 boasted 1,000 locations globally.

20. Today, from our global headquarters in Estero, Florida, we operate one of the largest worldwide vehicle rental companies. The Company has approximately 12,400 corporate and franchisee car rental locations in North America, Europe, Latin America, Africa, Asia, Australia, the Caribbean, the Middle East and New Zealand. During the year ended December 31, 2019, we operated a peak rental fleet of more than 770,000 vehicles, with approximately 75% located in the United States.

21. Through our Donlen subsidiary, we operate a vehicle leasing and fleet management solutions business. Donlen provides a variety of fleet services to North American companies that operate vehicle fleets of all different sizes, allowing customers to focus on their core businesses while Donlen helps them achieve efficiencies in their fleet operations through proprietary technologies, strategic consulting, and decades of experience in the field.

1. Vehicle Rentals

22. We operate our vehicle rental business under the Hertz, Dollar and Thrifty brands, among others, each of which offers distinct price points, levels of service, and product offerings. Our premium Hertz brand is one of the most recognized brands globally, signifying leadership in quality rental services and products. Indeed, Hertz currently holds J.D. Power's number one customer satisfaction ranking for rental car companies. While each of our brands generally maintains separate airport counters, reservations, marketing and other customer contact activities, we achieve synergies across our brands by utilizing a single fleet and fleet management team, and combined vehicle maintenance and certain back-office functions.

23. Because they meet different customer needs, the Company's vehicle rental business is different with respect to airport locations versus off-airport locations. This division is one of function in the marketplace and not of operation. Our airport and off-airport locations utilize common vehicle fleets and maintenance resources and are supervised by common

country, regional and local area management. Additionally, our airport and off-airport locations utilize common marketing activities and have many of the same customers.

a. Airport Locations

24. In 2019, the Company generated approximately 65% of its worldwide vehicle rental revenues from its 3,600 airport locations. Of these, 1,600 are in the United States and 2,000 are abroad.

25. Customers at our airport locations are almost exclusively air travelers. As a result, our business at our airport locations correlates strongly with the overall rate of air travel. Also unique to our airport locations is the relationship between the Company and the airports' operators, which are typically governmental bodies or authorities. At each airport that has a Company-owned location, the Company has obtained a lease and/or concession from the airport operator allowing it to operate there. The terms of an airport concession typically require that the Company pay concession fees to the airport's operator based on a percentage of the revenues generated by the Company at the airport, subject to a minimum annual guarantee. Under most concessions, the Company must also pay fixed rent for terminal counters and other physical facilities. Most concessions are for a fixed length of time, while others create operating rights and payment obligations that are terminable at any time.

b. Off-Airport Locations

26. The Company refers to its locations based away from airports as its off-airport locations. In 2019, the Company generated approximately 35% of its worldwide vehicle rental revenues from its 8,800 off-airport locations. Of these, 2,600 are in the U.S. with the remaining 6,200 located abroad.

27. Most customers at the Company's off-airport locations need to fill one of the following three needs: (i) a temporary replacement of a vehicle that is out of service; (ii) a

vehicle suitable for earning money through a rideshare network; or (iii) a vehicle suitable for specific business or personal travel.

28. Many of those seeking temporary replacement vehicles have been referred by, or may be entitled to reimbursement from, insurance companies following an accident. We have agreements with referring insurers establishing the relevant rental terms, including the arrangements for billing and payment. We have identified 188 insurance companies, ranging from local or regional vehicle carriers to large, national companies, as our target insurance replacement market. As of December 31, 2019, we were a preferred or recognized supplier for 124 of these insurance companies and a co-primary for 39 of them.

29. Our rideshare driver customers come to us through transportation network companies ("**TNCs**"). We have partnered with certain U.S. transportation network companies (our "**TNC Partners**"), to offer vehicle rentals to their drivers in select U.S. cities. During 2019, we dedicated an average of 43,000 vehicles (representing approximately 8% of our U.S. average vehicles) for use by TNC drivers. Drivers for our TNC Partners reserve vehicles online through TNC Partner websites and pick up vehicles from select locations. TNC drivers can extend the vehicle rental on a weekly basis.

c. Vehicle Sales

30. Fleet age and mileage are important quality metrics within the rental car industry. Offering a fleet of newer vehicles and generally maintaining mileage under 40,000 per vehicle are part of what has earned the Company its consistently high customer satisfaction ratings. In 2019, the average holding period of vehicles in the Company's U.S. fleet was eighteen months, and its international vehicle fleet averaged just twelve months.

31. In order to keep its fleet within target age and mileage parameters, the Company is constantly acquiring new vehicles and disposing of used vehicles. It acquires some

of its vehicles through manufacturer programs by which manufacturers agree to repurchase vehicles at a set price in the future or otherwise guarantee the depreciation rate on the subject vehicles (the "**Program Vehicles**"). For vehicles purchased outside of such programs (the "**Non-Program Vehicles**"), the Company is responsible for disposal and bears the risk of unexpected depreciation.[5]

32. To capture as much of the residual value in its vehicles upon disposal, included in its disposition strategies is a retail channel whereby the Company sells used vehicles from its rental fleet directly to consumers through its network of 87 company-operated car sales locations in the United States and its Rent2Buy program[6] offered in 35 states and several European countries as of December 31, 2019. The Company's sales activities make it one of the top-10 sellers of pre-owned vehicles in the United States.

d. Franchising

33. In certain markets, the Company franchises primarily its Hertz, Dollar, Thrifty and Firefly brands to independent franchisees engaged in the vehicle rental business. Franchisees acquire, operate and maintain their own fleets. In exchange for their use of the Company's valuable marks, access to the Company's reservation channels, and other franchise rights, franchisees generally pay royalties based on a percentage of their revenues and other fees. Franchise arrangements enable the Company to offer expanded national and international service and a broader one-way rental program.

---

[5] The Company adjusts its fleet-wide ratio of Program Vehicles and Non-Program vehicles according to the circumstances. Program Vehicles offer greater flexibility and allow the Company to better forecast depreciation cost. However, a Program Vehicle costs more to acquire as compared to an otherwise identical Non-Program Vehicle. In 2019, 29% of the Company's U.S. vehicle purchases and 62% of its international vehicle purchases were made up of Program Vehicles.

[6] The Rent2Buy program gives customers the opportunity to rent a vehicle from our rental fleet. If the customer decides to purchase the vehicle, the customer is credited with a portion of their rental fees and, in most states, the customer can consummate the purchase from home.

34. Franchise operations, including the purchase and ownership of vehicles, are generally financed independently by the franchisees, and the Company has no ownership of the franchisees. In 2019, fees from franchisees, including initial franchise fees, made up approximately 2% of the Company's worldwide vehicle rental revenues.

2. Donlen Vehicle Leasing and Fleet Management Business

35. Aside from vehicle rentals and associated activities, the Company's Donlen vehicle leasing and fleet management solutions business is its only other material business line. Donlen serves customers in the United States and Canada that utilize vehicle fleets in support of their core businesses. Through a variety of products and services, Donlen helps its customers reduce fleet operating costs and increase driver safety and productivity.

36. Donlen products and services include leasing, fuel purchasing and management, vehicle maintenance management, maintenance and repair consultation, toll management, violations management, business and personal use reporting, fleet administrative services, fleet safety services, strategic consulting, and accident management. Additionally, Donlen provides license and title services, including vehicle registration renewal and related services, recall management, vehicle purchases, and regulatory compliance. Donlen's telematics products and services provide enhanced visibility into driver and vehicle performance.

37. Donlen's expertise and proprietary technologies allow its customers to realize tremendous savings over self-managing. In recognition of this, Donlen has been named as one of the top 100 Global Outsourcing Providers by the International Association of Outsourcing Professionals for fourteen consecutive years.

38. In addition to helping customers manage their fleets, Donlen also provides vehicles to customers through acquisition and lease programs. Donlen's primary product for providing passenger and light- to medium-duty truck and other light vehicle fleets is an open-

ended terminal rental adjustment clause ("**TRAC**") lease. For most customers, the vehicle must be leased for a minimum of twelve months, after which the lease converts to a month-to-month lease. Donlen sells vehicles surrendered to it at the end of their lease terms. Following the sale, customers may see a TRAC adjustment reflecting the surplus (for a credit) or loss (for a charge) realized upon the sale. Approximately 80% of Donlen's lease portfolio consists of floating-rate leases that allow lease charges to be adjusted based on benchmark indices. The remaining 20% of Donlen's lease portfolio consists of fixed-rate leases based on predetermined swap terms, and are adjusted at the end of the applicable swap term. Donlen also offers financing solutions for longer-term assets, including heavy-duty trucks and equipment, mostly through syndication transactions with third-party investors.

39. In 2019, Donlen accounted for approximately $670 million—or about 7%—of the Company's total revenue.

B. Prepetition Capital Structure

40. The Company is made up of approximately 125 entities. Hertz Global Holdings, Inc., a public company that trades on the New York Stock Exchange under the symbol HTZ, is the ultimate parent of each entity. The Hertz Corporation (i.e., THC) is our main operating entity and also directly or indirectly owns each of the Company's other operating entities. A chart depicting the Company's organizational structure as of the Petition Date is attached as **Exhibit A**. As reflected on Exhibit A, not every entity within the Company is a debtor in these Chapter 11 Cases. I refer to those that are debtors as the "Debtors." I refer to those that are not Debtors as the "**Non-Debtor Affiliates**."

41. As of the commencement of these Chapter 11 Cases, the Company had approximately $19.0 billion in aggregate debt incurred through a variety of financing programs

with third parties.[7] The following chart[8] provides a summary of the Company's significant third-party financial debt obligations as of the Petition Date:

Facility	Principal Amount
Non-Vehicle Debt	
Senior Notes	$2,700 million
Senior Term Loan	$656 million
Senior RCF	$615 million
Senior Second Priority Secured Notes	$350 million
Promissory Notes	$27 million
Vehicle Debt	
HVF II U.S. ABS Program	$10,893 million
Donlen U.S. ABS Program	$1,592 million
U.S. Vehicle RCF	$93 million
European Vehicle Notes (estimated in USD)	$794 million
European ABS Program (estimated in USD)	$650 million
Hertz Canadian Securitization (estimated in USD)	$251 million
Donlen Canada Securitization (estimated in USD)	$27 million
Australian Securitization (estimated in USD)	$149 million
New Zealand RCF (estimated in USD)	$46 million
U.K. Financing Facility (estimated in USD)	$229 million

These financing programs are described in further detail below.

[7] The descriptions herein of the Company's debt, including any security in respect of such debt, are provided for the convenience of the Court and parties in interest. In certain cases, amounts stated are approximate. The descriptions are not intended to be comprehensive nor should they be construed as an admission with respect to the validity or enforceability of any debt, any lien or other security described as securing the debt, or any other right or obligation. These descriptions are qualified in their entirety by the operative relevant debt- and related documents. The Company is continuing to review its debt obligations and related matters and expressly reserves all rights relating thereto.

[8] A debt chart containing greater detail, including the names of the applicable obligors, is attached hereto as **Exhibit B**.

1. Non-Vehicle Debt

a. U.S. Senior Notes and Senior Second Priority Secured Notes

42. Pursuant to indentures dated October 16, 2012, September 22, 2016, August 1, 2019, and November, 25, 2019, respectively, THC is the issuer of the following series of senior unsecured notes (the "**Senior Notes**"): (i) 6.250% Senior Notes due 2022 (the "**2022 Notes**"); (ii) 5.500% Senior Notes due 2024 (the "**2024 Notes**"); (iii) 7.125% Senior Notes due 2026 (the "**2026 Notes**"); and (iv) 6.000% Senior Notes due 2028 (the "**2028 Notes**"). The indenture trustee in respect of the Senior Notes is Walls Fargo Bank, N.A. (the "**U.S. Notes Agent**"). The following Debtors are obligors in respect of the Senior notes: (i) The Hertz Corporation, (ii) Dollar Rent A Car, Inc.; (iii) Dollar Thrifty Automotive Group, Inc.; (iv) Donlen Corporation; (v) DTG Operations, Inc.; (vi) DTG Supply, LLC; (vii) Firefly Rent A Car LLC; (viii) Hertz Car Sales LLC; (ix) Hertz Global Services Corporation; (x) Hertz Local Edition Corp.; (xi) Hertz Local Edition Transporting, Inc.; (xii) Hertz System, Inc.; (xiii) Hertz Technologies, Inc.; (xiv) Hertz Transporting, Inc.; (xv) Rental Car Group Company, LLC; (xvi) Smartz Vehicle Rental Corporation; (xvii) Thrifty Car Sales, Inc.; (xviii) Thrifty, LLC; (xix) Thrifty Insurance Agency, Inc.; (xx) Thrifty Rent A Car System, LLC; and (xxi) TRAC Asia Pacific, Inc. (the "**U.S. Notes Obligors**"). Proceeds of the Senior Notes were used, in whole or substantial part, to retire prior notes. As of the Petition Date, Senior Notes were outstanding in the following principal amounts:

Senior Notes	
Series	Outstanding Principal
2022 Notes	$500 million
2024 Notes	$800 million
2026 Notes	$500 million
2028 Notes	$900 million
Senior Notes Total	$2,700 million

43. Pursuant to an indenture dated June 6, 2017, THC is the issuer of 7.625% Senior Secured Second Priority Notes due 2022 (the "**2L Notes**") in the original principal amount of $1.250 billion. The U.S. Notes Agent is the indenture trustee and collateral agent in respect of the 2L Notes. Each of the U.S. Notes Obligors is an obligor on the 2L Notes. Proceeds of the 2L Notes were used, in part, to retire prior notes. Obligations in respect of the 2L Notes are secured by the Senior Secured Debt Collateral (as defined below). The U.S. Notes Agent and the Senior Credit Agreement Agent (as defined below) are parties to an Intercreditor Agreement dated June 6, 2017 (the "**Base ICA**") generally governing the parties' respective rights to shared collateral. As of the Petition Date, 2L Notes were outstanding in the principal amount of $350 million.

b. The U.S. Senior Facilities

44. THC is the lead borrower under a Credit Agreement dated June 30, 2016 (as from time to time amended, the "**Senior Credit Agreement**"). Barclays Bank PLC acts as administrative agent and collateral agent for the lenders under the Senior Credit Agreement (the "**Senior Credit Agreement Agent**"). The Senior Credit Agreement provides for both a term loan (the "**Senior Term Loan**") and revolving credit facility (the "**Senior RCF**," and, together with the Senior Term Loan the "**Senior Facilities**"). The Senior RCF provides a sub-limit for letters of credit. The original maximum principal amount of the Senior Term Loan was

$700 million due 2023. As of the Petition Date, the outstanding principal balance of the Senior Term Loan was approximately $656 million. The original maximum principal amount of the Senior RCF was $1.7 billion due 2021. As of the Petition Date, the outstanding principal balance of the Senior RCF was approximately $615 million and there were $243 million in outstanding issued letters of credit under the Senior RCF.

45. The obligors in respect of the Senior Credit Agreement are (i) each of the U.S. Notes Obligors; and (ii) Rental Car Intermediate Holdings, LLC. Their obligations are secured by certain assets (the "**Senior Secured Debt Collateral**") including (a) cash equivalents (other than restricted fleet cash) and investment property (excluding cash and cash equivalents requiring perfection through control), (b) deposit accounts (other than in respect of restricted fleet cash) (excluding deposit accounts requiring perfection through control), customer receivables accounts and the Collateral Proceeds Account (c) intellectual property, (d) vehicle rental concession rights (excluding vehicle concessions in which security interests have not been perfected and/or to the extent such grant would result in adverse business consequences to the Company), (e) interests in leased real property and fixtures, and (f) general intangibles as pledged by the U.S. Note Obligors and Rental Car Intermediate Holdings, LLC. The Senior Secured Debt Collateral expressly excludes, among other things, assets requiring perfection through control, including cash, cash equivalents, deposit accounts and other bank or securities accounts (other than specified proceeds accounts). The Senior Credit Agreement Agent and the U.S. Notes Agent are parties to the Base ICA, which generally governs the parties' respective rights to shared collateral. Borrowings under the Senior Facilities have been used for general corporate purposes including funding U.S. operations and, through various inter-company loans, funding working capital needs in our international operations.

c. Standalone U.S. Letter of Credit Facilities

46. The Company has two standalone U.S. letter of credit facilities. The first (the "**L/C Facility**") is pursuant to a November 2, 2017 Letter of Credit Agreement between THC, certain lenders, and the Senior Credit Agreement Agent as administrative agent and collateral agent. The L/C Facility was in the original principal amount of $400 million with a 2021 maturity. The obligors in respect of the L/C Facility are (i) each of the U.S. Notes Obligors; and (ii) Rental Car Intermediate Holdings, LLC. Their obligations are secured by the Senior Secured Debt Collateral. As of the Petition Date, there were $299 million in outstanding issued letters of credit under the L/C Facility.

47. The second (the "**ALOC Facility**," and, together with the L/C Facility, the "**Letter of Credit Facilities**") is pursuant to a December 13, 2019 Credit Agreement between THC and Goldman Sachs Mortgage Company as lender and administrative agent. The ALOC Facility was in the original principal amount of $250 million with a 2023 maturity. The obligors in respect of the ALOC Facility are (i) each of the U.S. Notes Obligors; and (ii) Rental Car Intermediate Holdings, LLC. The ALOC Facility is unsecured. As of the Petition Date, there were $200 million in outstanding issued letters of credit under the ALOC Facility.

48. The Company uses the Letter of Credit Facilities for general corporate purposes, including, as further set forth below, to secure its performance in respect of airport concession agreements.

d. Other Non-Vehicle Debt

49. THC has approximately $27 million of unsecured obligations outstanding in the form of promissory notes issued in January 1998 (the "**Promissory Notes**"). THC also has non-vehicle debt obligations amounting to approximately $20 million on account of financed leases for various non-vehicle equipment and hardware as of the Petition Date.

2. Vehicle Debt

a. U.S. Vehicle RCF

50. THC, as borrower, and Rental Car Intermediate Holdings, LLC, as guarantor, are obligors under a Credit Agreement dated June 30, 2016 providing for a revolving credit facility (the "**U.S. Vehicle RCF**"). Credit Agricole Corporate and Investment Bank is the U.S. Vehicle RCF administrative agent and The Bank of New York Mellon Trust Company, N.A. is the collateral agent. The collateral securing the obligations in respect of the Vehicle RCF is the vehicles financed thereunder and certain related assets. The original maximum principal amount of the U.S. Vehicle RCF was $200 million. As of the Petition Date, the outstanding principal balance of the U.S. Vehicle RCF was approximately $93 million. Proceeds of the U.S. Vehicle RCF have been used primarily to finance vehicles that are to be sold through its direct to consumer retail used car sales platform.

b. European Vehicle Notes

51. Pursuant to indentures dated September 22, 2016 and March 23, 2018, respectively, Non-Debtor Affiliate Hertz Holdings Netherlands, BV ("**HHN BV**") is the issuer of the following series of unsecured notes (the "**European Vehicle Notes**"): (i) 4.125% Senior Notes due 2021 (the "**2021 Notes**") in the original aggregate principal amount of €225 million; and (ii) 5.500% Senior Notes due 2023 (the "**2023 Notes**") in the original aggregate principal amount of €500 million. Wilmington Trust, National Association is the indenture trustee in respect of the European Vehicle Notes. The obligors in respect of the European Vehicle Notes are the U.S. Notes Obligors and Non-Debtor Affiliates (i) HHN BV; (ii) Hertz Automobielen Nederland B.V.; (iii) Hertz Autovermietung GmbH; (iv) Hertz Belgium BVBA; (v) Hertz Fleet (Italiana) S.r.l; (vi) Hertz France SAS; (vii) Hertz Italiana S.r.l.; (viii) Hertz Luxembourg S.à r.l.; and (ix) Hertz UK Receivables Ltd.

52. Proceeds of the European Vehicle Notes have been used to finance the Company's vehicle rental operations in Italy, Belgium and Luxembourg and a portion of its assets in the United Kingdom, France, The Netherlands, Spain and Germany. As of the Petition Date, the amounts of the European Vehicle Notes outstanding, expressed in U.S. Dollars, were approximately as follows:

European Vehicle Notes	
Series	Outstanding Principal
2021 Notes	$246 million
2023 Notes	$548 million
European Vehicle Notes Total	$794 million

c. New Zealand RCF

53. Non-Debtor Affiliate Hertz New Zealand Holdings Limited is the borrower under a September 26, 2016 Facility Agreement with Bank of New Zealand providing for a revolving credit facility in the original maximum principal amount of NZD$60 million (the "**New Zealand RCF**"). Non-Debtor Affiliates Hertz New Zealand Limited and Tourism Enterprises Limited are also obligated on the New Zealand RCF as guarantors. Obligations in respect of the New Zealand RCF are secured by a pledge of substantially all of each obligor's assets. Proceeds of the New Zealand RCF are used to finance the Company's New Zealand rental vehicles and for other corporate purposes.

54. As of the Petition Date, the principal amount outstanding under the New Zealand RCF, expressed in U.S. Dollars, was approximately $46 million.

d. U.K. Financing Facility

55. Non-Debtor Affiliates Hertz Vehicle Financing U.K. Limited and Hertz (UK) Limited are borrowers under a February 7, 2016 Facility Agreement with Lombard North

Central Plc providing for a revolving credit facility in the original maximum principal amount of £250 million (the "**U.K. Financing Facility**"). THC is also obligated on the U.K. Financing Facility as a guarantor. Obligations in respect of the U.K. Financing Facility are secured by a security assignment of buyback agreements in respect of financed vehicles. Proceeds of the U.K. Financing Facility are used to finance the Company's U.K. rental vehicles and for other corporate purposes.

56. As of the Petition Date, the principal amount outstanding under the U.K. Financing Facility, expressed in U.S. Dollars, was approximately $229 million.

e. ABS Programs and Other Securitizations

57. The vast majority of funding for the Company's rental car fleet and its fleet leasing fleet has been raised through various asset-backed securities programs (each, an "**ABS Program**"). While additional entities are involved in all of the ABS Programs, and variations in structure exist, the simplified general arrangement is as follows:

- A Company-owned special purpose entity (the "**Issuer**") raises funds by selling notes (the "**ABS Notes**") in the capital markets. Each of the Issuers is a Non-Debtor Affiliate.
- The Issuer loans the proceeds of the ABS Notes to a second Company-owned special purpose entity (the "**Vehicle Owner**"), creating an intercompany obligation from the Vehicle Owner to the Issuer, which uses such proceeds to fund vehicle purchases (directly or through a related ownership entity).
- Pursuant to leases, whether with a Company operating entity, in the case of the Company's rental car business (each, a "**Company Lessee**"), or a third party lessee, in the case of the Company's fleet leasing business (a "**Third-Party Lessee**"), the Vehicle Owner leases the vehicles in exchange for payments that are used by the Vehicle Owner to repay the Issuer on the intercompany obligation, which payments are used by the Issuer to pay principal and interest to the holders of the ABS Notes.
- The obligations in respect of the ABS Notes are secured by the vehicles financed thereby and certain related assets.

(i) HVF II ABS Program

58. Non-Debtor Affiliate Hertz Vehicle Financing II LP ("**HVF II**") is the Issuer under the Company's U.S. rental car ABS Program (the "**HVF II ABS Program**"). The Company utilizes the HVF II ABS Program to facilitate its financing activities relating to the vehicles used by the Company in its U.S. daily vehicle rental operations. Non-Debtor Affiliates Hertz Vehicle Financing LLC ("**HVF**") and Rental Car Finance LLC are or may be Vehicle Owners under the HVF II ABS Program and Debtors THC and DTG Operations, Inc. ("**DTG Operations**") are or may be Company Lessees. THC guarantees the obligations of all other Company Lessees under the HVF II ABS Program. As further explained below, those obligations correspond to the obligations of HVF II in respect of the ABS Notes it issues pursuant to the HVF II ABS Program.

59. Pursuant to the October 31, 2014 Amended and Restated Base Indenture and Amended and Restated Group I Supplement, under which Bank of New York Mellon Trust Company, N.A. is the indenture trustee and collateral agent (the "**U.S. ABS Agent**"), HVF II issues term ("**MTN**")[9] and revolving ("**VFN**")[10] ABS Notes (collectively, the "**HVF II ABS Notes**") secured by one or more shared or segregated collateral pools consisting primarily of portions of the Company's U.S. rental vehicle fleet financed pursuant to the HVF II ABS Program and related assets that have been allocated as the ultimate indirect collateral for the respective HVF II ABS Notes. HVF II ABS Notes and their respective outstanding principal amounts as of the Petition Date are as follows:

---

9 Within each series of MTN HVF II ABS Notes there is subordination based on class. In addition to the total third party debt in the table above, MTN issuances from 2017 onward include Class RR—risk retention—notes totaling $547 million that are held by THC.

10 Within the series of HVF II ABS Notes there is subordination based on class.

HVF II ABS Notes		
Series	**Original Expected Final Payment Day**	**Outstanding Principal**
MTNs		
Series 2015-3	2020	$371 million
Series 2016-2	2021	$595 million
Series 2016-4	2021	$424 million
Series 2017-1	2020	$450 million
Series 2017-2	2022	$370 million
Series 2018-1	2023	$1,058 million
Series 2018-2	2021	$213 million
Series 2018-3	2023	$213 million
Series 2019-1	2022	$745 million
Series 2019-2	2024	$799 million
Series 2019-3	2024	$800 million
HVF II MTN Total		$6,038 million
VFNs		
Series 2013-A	2022	$4,855 million
HVF II ABS Notes Total	2020-2024	$10,893 million

The VFN Notes are issued pursuant to a privately negotiated agreement with a group of financial institutions. The MTN Notes are sold in global format through the Depository Trust Company and beneficially owned by a larger number of investors.

60. In exchange for proceeds of the HVF II ABS Notes, pursuant to the Fourth Amended and Restated HVF Base Indenture dated November 25, 2013 and the Amended and Restated Group I Supplement dated October 31, 2014, HVF issued a note (the "**HVF Series 2013-G1 Note**") to HVF II in the original principal amount of $2.35 billion. The U.S. ABS Agent is the indenture trustee and collateral agent in respect of the HVF Series 2013-G1 Note. HVF's obligations in respect of the HVF Series 2013-G1 Note are secured by portions of the

Company's U.S. rental vehicle fleet financed pursuant to the HVF II ABS Program and related assets.

(ii) Donlen ABS Program

61. Non-Debtor Affiliate Hertz Fleet Lease Funding LP ("**HFLF**"), a subsidiary of the Donlen Corporation ("**Donlen**"), is a special purpose entity created to act as the Issuer under the Company's U.S. fleet leasing ABS Program (the "**Donlen ABS Program**"). The Company utilizes the Donlen ABS Program to finance lease receivables and the related vehicles under lease to Donlen's U.S. fleet management customers. The debt outstanding under this program is non-recourse to Donlen and THC and principal repayment is derived solely from the proceeds of third party payments owing under the leases. Non-Debtor Affiliate DNRS II LLC receives proceeds of the ABS Notes issued by HFLF under the Donlen ABS Program and, through the Donlen Trust, acquires vehicles that are, in turn, leased to Third-Party Lessees. In addition, Donlen from time to time enters into syndication transactions with third-party investors pursuant to which such investors acquire a beneficial interest in an agreed upon portfolio of leases of Third-Party Lessees. Once syndicated, the leases included in syndication transactions are not included in the collateral for the HFLF ABS Notes.

62. Pursuant to the September 30, 2013 HFLF 2013 Base Indenture and various supplements thereto, as to each of which the U.S. ABS Agent acts as indenture trustee and collateral agent, HFLF issues MTN and VFN ABS Notes (collectively, the "**HFLF ABS Notes**") secured by vehicles and related lease and other rights that have been allocated as the ultimate direct or indirect collateral for HFLF's financings. The ABS Notes issued by HFLF and their respective outstanding principal amounts as of the Petition Date are as follows:

HFLF ABS Notes		
Series	**Maturity**	**Outstanding Principal**
MTNs		
Series 2017-1	2021	$155 million
Series 2018-1	2022	$374 million
Series 2019-1	2023	$578 million
HFLF MTN Total		$1,107 million
VFNs		
Series 2013-2	2022	$485 million
HFLF ABS Notes Total		$1,592 million

The VFN Notes are issued pursuant to a privately negotiated agreement with a group of financial institutions. The MTN Notes are sold in global format through the Depository Trust Company and beneficially owned by a larger number of investors.[11]

63. Pursuant to the Group I Loan Agreement dated September 30, 2013, HFLF lends, and DNRS II LLC borrows, proceeds of the HFLF ABS Notes (the "**Group I Loan**"). The original committed amount under the Group I Loan Agreement is $2 billion. DNRS II LLC's obligations in respect of the Group I Loan are secured by its beneficial interest in the vehicles and vehicle leases held by Donlen Trust and certain related rights (other than the leases subject to the syndication transactions described above).

(iii)European ABS Program

64. Non-Debtor Affiliate International Fleet Financing No.2 B.V. ("**IFF No. 2**") is a special purpose entity created to act as the Issuer under the European ABS Program. The Company utilizes the European ABS Program to finance vehicles used in its rental operations in France, the Netherlands, Germany and Spain. Pursuant to an Issuer Facility

11 There are an additional $11 million in Class RR note balances held by THC related to the Donlen ABS program.

Agreement dated September 25, 2018, IFF No. 2 issued variable funding rental car asset-backed notes (the "**European ABS Notes**")[12] that permit borrowings by IFF No. 2 on a revolving basis in an original aggregate amount up to €1.0 billion with a term of two years. Credit Agricole acts as the administrative agent and BNP Paribas acts as the collateral agent for the European ABS Program. IFF No. 2's obligations in respect of the European ABS Notes are secured by the Company's Dutch, French, German, and Spanish fleets and related assets. Vehicle Owners[13] and Company Lessees[14] vary by region under the European ABS Program. As of the Petition Date, the aggregate principal amount of European ABS Notes outstanding, expressed in U.S. Dollars, was approximately $650 million.

65. Each Vehicle Owner under the European ABS Program is party to a facility agreement pursuant to which it obtains proceeds of the European ABS Notes (each a "**FleetCo Facility Agreement**"). Each European ABS Company Lessee guarantees the payment obligations of its respective Vehicle Owner in respect of the applicable FleetCo Facility Agreement. Pursuant to the September 28, 2018 THC Guarantee and Indemnity, THC guarantees all obligations of each European ABS Company Lessee to its respective Vehicle Owner.

---

[12] Holders of European ABS Notes are or may include (i) Credit Agricole; (ii) Matchpoint Finance; (iii) BNP Paribas; (iv) Deutsche Bank; (v) Sheffield Receivables; (vi) Barclays; (vii) HSBC France; (viii) MAGENTA; (ix) Natixis; (x) Irish Ring; (xi) RBC, London Branch; (xii) Gresham Receivables; and (xiii) Lloyds.

[13] The European ABS Vehicle Owners are Non-Debtor Affiliates (i) Stuurgroep Fleet (Netherlands) B.V. (Netherlands); (ii) RAC Finance S.A.S. (France); (iii) Hertz Fleet Limited (Germany); and (iv) Stuurgroep Fleet (Netherlands) B.V. Spanish Branch (Spain).

[14] The European ABS Company Lessees are Non-Debtor Affiliates (i) Hertz Automobielen Nederland B.V. (Netherlands); (ii) Hertz France S.A.S. (France); (iii) Hertz Autovermietung GMBH (Germany); and (iv) Hertz de España SL (Spain).

(iv) Australian Securitization

66. Non-Debtor Affiliate HA Fleet PTY Limited ("**HA Fleet**") is an entity created to act as the Issuer under the Australian Securitization. The Australian Securitization is the primary fleet financing facility for the Company's vehicle rental operations in Australia.

67. Pursuant to the October 31, 2014 Master Amendment and Restatement Agreement, HA Fleet is entitled to issue VFN notes in the original maximum principal amount of AUD$250 million (the "**Australian Securitization Notes**").[15] Citibank NA Acts as the administrative agent in respect of the Australian Securitization Notes and PT Limited is the security trustee. HA Fleet's obligations in respect of the Australian Securitization Notes are secured by rental vehicles used in the Company's Australian operations and certain related rights. As of the Petition Date, the aggregate principal amount of Australian Securitization Notes outstanding, expressed in U.S. Dollars, was approximately $149 million.

68. In addition to being an Issuer, HA Fleet is also the Vehicle Owner under the Australian Securitization Program. Non-Debtor Affiliate Hertz Australia PTY Limited is the Company Lessee in respect of the Australian Securitization Program. THC guarantees the lease payments and certain performance in respect of the Australian Securitization Program.

(v) Hertz Canadian Securitization Program

69. Non-Debtor Affiliate TCL Funding Limited Partnership ("**Funding LP**") is a special purpose entity created to act as the Issuer under the Company's Hertz Canadian Securitization Program (the "**Hertz Canadian Securitization Program**"). The Hertz Canadian Securitization Program is the primary fleet financing facility for the Company's vehicle rental operations in Canada.

[15] Holders of Australian Securitization Notes are or may include (i) Westpac Banking Corporation; (ii) Royal Bank of Canada, (iii) Sydney Branch; and (iv) National Australia Bank.

70. Pursuant to a Base Indenture and the Series 2015-A Supplement, each dated September 14, 2015, Funding LP issued VFN ABS Notes that provided for aggregate maximum borrowings of CAD$350 million on a revolving basis (the "**Hertz Canadian Securitization Notes**"). BNY Trust Company of Canada acts as indenture trustee and collateral agent for the Hertz Canadian Securitization Notes. Funding LP's obligations in respect of the Hertz Canadian Securitization Notes are secured by the Company's Canadian rental vehicle fleet and related assets. Funding LP's obligations in respect of the Hertz Canadian ABS Notes are guaranteed by Non-Debtor Affiliates HC Limited Partnership, Hertz Canada Vehicles Partnership, and DTGC Car Rental Limited Partnership. As of the Petition Date, the aggregate principal amount of Hertz Canadian Securitization Notes outstanding, expressed in U.S. Dollars, was approximately $251 million.

71. Under the Hertz Canadian Securitization Program, Hertz Canada Vehicles Partnership and DTGC Car Rental Limited Partnership are Vehicle Owners. Debtors Hertz Canada Limited and Dollar Thrifty Automotive Group Canada Inc. act as agents for renting the Vehicle Owner's vehicles to consumers rather than as Company Lessees in the ABS Program structure described above. Pursuant to a September 14, 2015 Performance Guarantee, THC guarantees certain obligations of Hertz Canada Limited and Dollar Thrifty Automotive Group Canada Inc. in respect of the Hertz Canadian Securitization Program.

(vi) Donlen Canadian Securitization Program

72. In December 2019, Donlen established a new securitization platform (the "**Donlen Canadian Securitization Program**") to finance its Canadian vehicle leasing operations. Under the Donlen Canadian Securitization Program, Non-Debtor Affiliate Donlen Canada Fleet Funding LP stands in the position of the Issuer in the ABS Program structure described above, but it raises funds not by issuing notes but by borrowing under December 31,

2019 loan agreement with Canadian Imperial Bank of Commerce as the committed lender and Computershare Trust Company of Canada, as trustee of Stable Trust, as conduit lender. The Vehicle Owner under the Donlen Canadian Securitization Program is Donlen Fleet Leasing Ltd., which leases vehicle fleets to Third-Party Lessees. Obligations in respect of the Donlen Canadian Securitization Program are secured by assets financed thereunder and a deed of hypothec. THC guarantees certain obligations relating to the Donlen Canadian Securitization Program.

73. The Donlen Canadian Securitization Program provides for aggregate maximum borrowings of CAD$50 million on a revolving basis and a maturity of December 2022. As of the Petition Date, the principal amount outstanding under the Donlen Canadian Securitization Program, expressed in U.S. Dollars, was approximately $27 million.

3. Intercompany Obligations

74. In addition to the third-party debt described above, in the ordinary course of the Company's business, certain of the entities comprising the Company engage in intercompany loan transactions. The Company's intercompany loans are governed by written loan agreements with arm's length terms and conditions, including variable interest rates based on a fixed percent over a benchmark rate. As set forth in greater detail in the Debtors' motion to maintain its cash management system, filed concurrently herewith, the Debtors have substantial intercompany loan balances as of the Petition Date.

4. Equity

75. As of the Petition Date, Hertz Global Holdings, Inc. had approximately 142,294,110 shares of common stock issued and outstanding. At the close of trading on the Petition Date, the share price closed at $2.84.

C. Circumstances Leading to the Commencement of the Chapter 11 Cases

76. The Company commenced these Chapter 11 Cases in response to disruptions caused to its business by the COVID-19 pandemic. Our main business is providing customers—primarily air travelers—vehicles for when they need to get around. With air travel proceeding at a small fraction of its normal rate and many of our customers still subject to restrictions on movement, demand for our core products has been decimated.

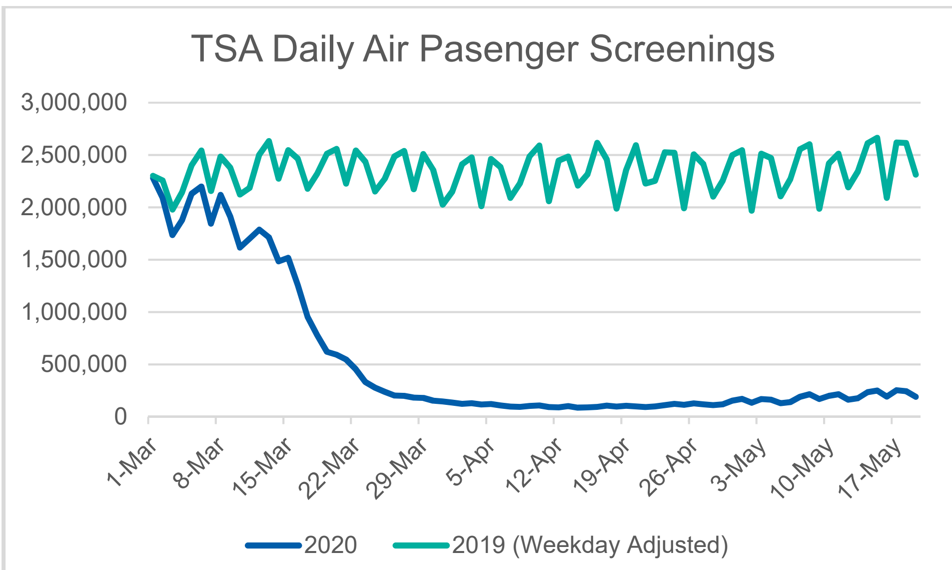
77. Our Company has long recognized that the highest concentration of rental vehicle customers may be found at travel terminals. We began serving these customers at train stations in 1926 with our "Rail-Drive" program and at airports with our "Fly-Drive" program rollout in 1932. Based on these early successes, we committed to making travelers the focus of our business and nearly a century's experience has validated that decision. For example, in 2019, less than 40% of our U.S. locations were at airports, but those airport locations originated more than 75% our U.S. vehicle rental transactions and generated 66% of our U.S. vehicle rental revenue.

78. Our reliance on air travelers results in a strong correlation between our business and the global volume of air travel. This means that, in ordinary times, our business slows at the beginning of the year and rises in the summer's heavy travel months. Likewise, a strong economy resulting in heavy business and leisure travel is especially positive for the Company; while the sensitivity of air travel to economic downturns has a negative effect on our financial results. Air travel, and in turn the rental car industry, is also particularly susceptible to disruptions in the oil market and to acts of terror.

79. While remaining focused on travelers, the Company has actively sought to diversify its business to limit its exposure to risks particularly affecting the air travel industry.

At the center of this strategy is maintaining a robust network of off-airport locations to serve customers with temporary vehicles needs unrelated to air travel, including insurance referrals, and, more recently, drivers for our TNC Partners.

80. Unfortunately, the COVID-19 pandemic left no corner of our rental car business untouched. Our U.S. airport rental locations experienced a sharp and sustained drop in reservations beginning in early March and leveled off, from March 21 to the present, at approximately 90% down from daily reservations on the same dates in 2019. Their performance tracked the precipitous drop in air travel, illustrated by TSA screening data charted below:



Source: https://www.tsa.gov/coronavirus/passenger-throughput

81. Business at our off-airport locations was also severely affected by the pandemic. Voluntary changes in customer behavior and then mandatory state-wide stay-at-home orders cut business sharply beginning in mid-March. California, a significant market for the Company, was the first to issue a statewide stay-at-home order on March 19, 2020. Illinois, New York, and New Jersey followed in the next three days.[16] By March 28, more than half the states had implemented their own stay-at-home orders, with the total number reaching 42 on April 7,

16 *See* https://www.kff.org/wp-content/uploads/2020/04/WEB2-Stay-at-Home-Orders-by-State_1-2.png.

2020, plus Washington, D.C., Puerto Rico, and portions of three more states. As of the Petition Date, many millions of U.S. citizens remain subject to stay at home orders or other restrictions.[17]

82. With movement restricted, people drove less, got into fewer accidents, and used fewer rideshares. All of this impacted our off-airport business in a similar way that decreased flight volumes impacted our airport business. Since March 21, our total daily reservations at U.S. off-airport locations have been down approximately 70% or more from what they were for the same period in 2019 (excluding cargo vans). By way of further illustration, in February 2020, we had an average of approximately 60,000 U.S. insurance replacement vehicle rentals per day. Since about April 8, that number has been below 40,000, and dipped below 30,000 per day for nearly a full month. TNC Partner usage saw a similar drop-off. From January 1, 2020 through mid-March, total daily U.S. TNC Partner usage remained at over 30,000 vehicles. Since late April, that usage has been below 15,000.

83. The Company's revenue numbers provide a stark illustration of the effect of the COVID-19 crisis on its business. Coming into 2020, the Company had experienced ten consecutive quarters of year-over-year revenue growth and the first two months of the year showed that upward trajectory continuing. In January and February of 2020, Company-wide revenue was up 6% year-over-year on 8% higher U.S. car rental volume. Business began to drop off at the beginning of March, trending downwards throughout the month as the crisis took hold and states shut down. The declines drove March global revenue down more than approximately 30% from the prior year. In April, our first full month operating in the crisis, the Company's global revenue was down approximately 73% from April 2019.

---

17 *See* https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html.

84. The drop in revenue was not the crisis' only attack on the Company's liquidity. As to vehicles in the Company's rental fleets financed under the ABS Programs, the Company's monthly obligations are generally limited to lease payments composed of scheduled vehicle deprecation plus interest, to provide a return for investors, and fees, to cover the costs of the ABS Program. However, to maintain access to funding at existing levels under the HVF II ABS Program, the governing documents require the Company to remain in compliance with certain collateral value ratios. The Company's compliance with those ratios is tested by reference to used vehicle pricing guides (the "**Pricing Guides**"). When the Pricing Guides show that the Company's leased Non-Program Vehicles have depreciated faster than their book depreciation, the Company must pay the calculated reduction in value into the HVF II ABS Program to remain in compliance with its collateral value ratios. Given the value of the Company's leased Non-Program Vehicle fleet, a 1% drop in vehicle values translates to an approximately $75 million depreciation "true-up" requirement to remain in compliance.

85. The COVID-19 crisis distorted the market for used vehicles in the U.S. and globally by severely constraining demand. The Company saw firsthand the drop in demand for its preowned vehicles at its Hertz Car Sales locations. Stay-at-home orders effectively shut down vehicle sales in states where such orders were in effect, causing the Company's retail sales activity to plummet. By way of illustration, during each week from February 9, 2020 through March 14, the Company hit peak daily sales of more than 1,000 vehicles. From March 21 through April 15, the Company's daily vehicles sales never reached 400. Dispositions through other channels were also severely disrupted. Most notably, wholesale vehicle auctions were variously shut down or switched to limited online-only operations.

86. Despite the low transaction volume in a manifestly non-functioning used

vehicle market, the Pricing Guides continued to publish purported market values of used vehicles. According to one of the Pricing Guides, the value of the Company's Non-Program Vehicles dropped by more than 1.5% in March and nearly 2.5% in April 2020. As a result, the amount the Company would have to pay into its HVF II ABS Program to maintain compliance with its funding ratios was approximately $135 million. Together with other related payments under the lease and net of credits, the Company's total HVF II ABS Program payment due April 27, 2020 was approximately $389.5 million. Making this payment would have consumed a substantial portion of the Company's available cash, with the likelihood of larger depreciation true-up payments coming due in the following months. Indeed, J.D. Power, the owner of the NADA the Pricing Guide, provided an outlook in its *April 2020 COVID-19 Used Update* which called for used vehicle prices to fall 7% from March to June of this year. When the payment came due on April 27, the Company was engaged in negotiations with its HVF II ABS Program creditors to reduce the amount of the lease payment. However, the parties were unable to reach an agreement and the Company elected not to make the payment and defaulted on its lease.

87. Before coming to this decision, the Company took proactive steps to avoid having to make it. Ordinarily, the Company would have been able to simultaneously reduce its lease burden and generate cash to pay its obligations by selling down its vehicle fleet. The state of the used vehicle market, however, effectively eliminated this option. Accordingly, the Company was forced to turn elsewhere, while continuing to evaluate a range of alternatives with respect to the size and composition of its fleet.

88. It began by cutting costs in hopes of preserving liquidity sufficient to see it through the crisis while still meeting its financial obligations. The Company reduced its capital expenditures, including by reducing its new vehicle purchase commitments by approximately

$4 billion. It cut down on sales and marketing spend that was rendered cost-ineffective by an unreceptive market. It consolidated off-airport rental locations in the U.S. and Europe to reduce overhead costs. It negotiated with airport authorities and lessors to abate or defer the Company's obligations under airport concession agreements and off-airport leases. And, it reduced its workforce to align staffing levels with the reduced demand for its products.

89. The Company's workforce cost management began as a furlough program in March, with the Company remaining hopeful that demand would return quickly and it could bring its furloughed employees back. By April, it became clear to the Company that the COVID-19-induced slowdown would not be a transient interruption in its business. Accordingly, the Company made the difficult decision to transition to terminations. Globally, as of the Petition Date, the Company's workforce actions have affected over 21,000 employees, of whom approximately 14,400 have been terminated.

90. In addition to managing costs, the Company, together with many of its peer companies facing similar challenges, actively engaged with the U.S. and European governments regarding possible aid to the rental car industry. Access to significant government rescue funds was uncertain and did not proceed on a timeline that would allow the Company to timely meet all anticipated obligations to creditors, including in respect of the HVF II ABS Program, during the course of the crisis.

91. The Company's April 27, 2020 default in respect of the HVF II ABS Program had implications for that program and certain other of the Company's U.S. financing arrangements. With respect to the HVF II ABS Program, as of May 5 amortization events and liquidation events occurred. The occurrence of an amortization event requires the Company to use proceeds of vehicle sales to pay down the HVF II ABS Notes and prohibits the Company to

use proceeds to purchase new vehicles. Absent some agreement, the occurrence of a liquidation event allows the affected holders of HVF II ABS Notes to direct the liquidation of vehicles serving as collateral for their notes. Before any liquidation could begin, however, the Company reached an agreement (the "**Forbearance Agreement**") with the requisite holders of HVF II ABS Notes to forebear from exercising their liquidation remedy. The Forbearance Agreement did not address the amortization event.

92. At the same time as it entered into the Forbearance Agreement, the Company entered into agreements (the "**Waiver Agreements**") with certain lenders under the Senior Credit Agreement, the L/C Facility, the ALOC Facility, and the U.S. Vehicle RCF to waive actual or potential defaults relating to, among other things, the Company's lease defaults. The Forbearance Agreement and the Waiver Agreements allowed the Company to avert a chapter 11 filing on May 5 to protect its fleet and avoid widespread cross-defaults across its capital structure. Unfortunately, the Forbearance Agreement and the Waiver Agreements lasted only through May 22, 2020.

93. Between May 5 and May 22, the Company, directly and through its advisors, actively engaged with many of its lenders. In accordance with the Forbearance Agreement and Waiver Agreements, it provided counterparties with information about its finances, operations, and projections, both through document productions and through calls with Company representatives and advisors. In the course of these discussions, the Company pressed its lenders to extend their waivers and forbearances to permit a meaningful exploration of potential reorganization structures prior to entering chapter 11. It also explored waivers or other agreements to permit its international affiliates to avoid participating in this Chapter 11 Cases as Debtors. The efforts have, or are likely to have, succeeded with lenders to the Company's

European and Australian affiliates. Holders of Australian Securitization Notes agreed to waive cross defaults to a THC bankruptcy filing on a permanent basis. The lender under the U.K. Financing Facility and requisite holders of European Vehicle Notes due 2023 (i.e., the 2023 Notes) and the European ABS Notes and have agreed to waive cross defaults to a THC bankruptcy filing through September 30, 2020, subject to the Company's receipt of the same waiver from holders of the European Vehicle Notes due 2021 (i.e., the 2021 Notes). The Company anticipates, based on information provided by advisers to a large group of noteholders, that the 2021 Notes waiver will be granted but that certain votes necessary to obtain the requisite majority were submitted after close of business on the Petition Date in Europe or are otherwise delayed. The Company anticipates that such waiver is likely to be completed by no later than May 27, 2020 and that, accordingly, it should not be necessary for its European entities to seek chapter 11 protection at this time. Despite its best efforts, the Company was unable to obtain similar concessions from its U.S. and Canadian creditors.

94. With the Forbearance Agreement and Waiver Agreements expiring on May 22, 2020, to protect the Company and preserve value for its stakeholders, the Company was left with no choice but to commence these Chapter 11 Cases.

D. Objectives of Chapter 11 Cases

95. The Company's sudden change in circumstances brought about by the COVID-19 crisis and uncertainty about when the crisis might end made it impossible to develop a restructuring strategy with major stakeholders before commencing these Chapter 11 Cases.

96. The Company intends to use the protections afforded by the Bankruptcy Code and this Court to accomplish four main objectives. First, it intends to preserve its liquidity. By commencing these Chapter 11 Cases, the Company avoided the consequences of failing to, among other things, make the $389.5 million lease payment due in respect of the HVF II ABS

Program, thereby preserving both its cash and the use (albeit limited) of its vehicle fleet in the short term. Second, it intends to stabilize the Company's operations. As the effects of the crisis become clearer, the Company will use new information available to adjust the scope of its operations as prudent under the circumstances. Third, it intends to use the same information and revised projections to develop a business plan that is feasible in the post-COVID-19 crisis environment. Fourth, the Company intends to reach a consensus with its creditors and other stakeholders to restructure the Company's balance sheet, as appropriate, that will allow the Company to continue into its new century of serving travelers and other customers around the globe.

IV. The First Day Motions

97. Concurrently with the filing of these Chapter 11 Cases, the Debtors filed the First Day Motions seeking relief related to the administration of the cases; the Debtors' vendors, employees, franchisees, and customers; their operations; and their cash management. A list of the First Day Pleadings is set forth below.

A. Administrative Motions

- *Debtors' Motion for Entry of an Order Directing Joint Administration of the Chapter 11 Cases*
- *Debtors' Application for Entry of an Order Appointing Prime Clerk LLC as Claims and Noticing Agent*
- *Debtors' Motion for Entry of an Order (i) Authorizing Debtors to File a Consolidated List of 50 Largest Unsecured Creditors, (ii) Waiving Requirements to File a List of, and Provide Notice to, Equity Holders, (iii) Authorizing Debtors to Redact Certain Personally Identifiable Information for Individual Creditors, and (iv) Granting Related Relief*
- *Debtors' Motion for Entry of an Order (i) Confirming, Restating, and Enforcing the Worldwide Automatic Stay, Anti-Discrimination Provisions, and Ipso Facto Protections of the Bankruptcy Code, (ii) Approving the Form and Manner of Notice, and (iii) Granting Related Relief*

B. Substantive Motions

- *Debtors' Motion for Entry of Interim and Final Orders (i) Authorizing, But Not Directing, the Debtors to (a) Continue Use of Their Existing Cash Management System, Bank Accounts, Checks and Business Forms, (b) Pay Related Prepetition Obligations, (C) Continue Performance of Intercompany Transactions, and (d) Continue Hedging Practices; (ii) Waiving The Section 345(b) Deposit and Investment Requirements; and (iii) Granting Related Relief*

- *Debtors' Motion for Entry of Interim and Final Orders (a) Authorizing, But Not Directing, the Debtors to: (i) Pay Prepetition Wages and Compensation; (ii) Continue Certain Employee Incentive and Expense Programs; (iii) Continue Certain Employee Benefit Programs; (b) Directing All Banks to Honor Prepetition Checks for Payment of Prepetition Employee Obligations; and (c) Granting Other Related Relief*

- *Debtors' Motion for Entry of Interim and Final Orders (i) Authorizing, But Not Directing, the Debtors to Pay Prepetition Claims of Foreign and Critical Vendors, (ii) Confirming Administrative Expense Priority Status for Outstanding Prepetition Purchase Orders, and (iii) Granting Related Relief Thereto*

- *Motion for Entry of Interim and Final Orders (i) Authorizing, But Not Directing, the Debtors to Pay Certain Prepetition Claims of Airport Authorities and (ii) Granting Related Relief Thereto*

- *Debtors' Motion for Entry of Interim and Final Orders (a) Authorizing, but not Directing, the Debtors to (i) Maintain Existing Insurance Policies and Pay All Insurance Obligations Arising Thereunder, (ii) Continue Insurance Premium Financing and (iii) Renew, Revise, Extend, Supplement, Change or Enter into New Insurance Policies and Insurance Premium Financing Agreements and (b) Modifying Automatic Stay with Respect to Workers' Compensation Programs*

- *Debtors' Motion for Entry of Interim and Final Orders (i) Authorizing, But Not Directing, the Debtors to (a) Maintain Their Existing Customer Programs and (b) Honor Certain Prepetition Customer Obligations, and (ii) Granting Related Relief Thereto*

- *Debtors' Motion for Entry of an Interim and Final Order (i) Authorizing, But Not Directing, the Debtors to Honor Prepetition Obligations to Non-Debtor Franchisees in the Ordinary Course and (ii) Granting Related Relief*

- *Debtors' Motion for Entry of Interim and Final Orders (i) Authorizing, But Not Directing, The Debtors To Pay Certain Prepetition Taxes & Fees and (ii) Granting Related Relief*

- *Debtors' Motion for Entry of (i) Interim Order (a) Establishing Notice and Hearing Procedures for Trading in Equity Securities in the Debtors, and (b) Setting Record Date for Notice and Potential Sell-Down Procedures with Respect to Trading in Claims Against the Debtors; and (ii) Final Order (a) Establishing Notice and Hearing Procedures for Trading in Equity Securities in the Debtors, and (b) Setting Record Date for Notice and Potential Sell-Down Procedures and Establishing Procedures Applicable to Trading in Claims Against the Debtors Following the Occurrence of a Determination Date*

- *Debtors' Motion for Entry of Interim and Final Orders (i) Approving Debtors' Proposed Form of Adequate Assurance of Payment to Utility Providers, (ii) Establishing Procedures for Resolving Objections by Utility Providers, and (iii) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Services*

98. The Debtors have narrowly tailored the relief requested in the First Day Motions to meet their goals of: (a) continuing their current operations in chapter 11 with as little disruption as possible; (b) maintaining the confidence and support of their vendor, customer, employee, franchisee, and other key constituencies; and (c) establishing procedures for the efficient administration of these Chapter 11 Cases.

99. I have reviewed each of the First Day Motions (including the exhibits thereto) and I believe the facts stated therein to be true and correct to the best of my knowledge with appropriate reliance on corporate officers, employees, and advisors. I incorporate by reference the factual statements in each of the First Day Motions as though set forth herein.

100. I believe that the relief sought in each of the First Day Motions is necessary to the successful implementation of the Debtors' efforts to maximize the value of their estates. It is my further belief that, with respect to those First Day Motions requesting the authority to pay specific prepetition claims or continue selected prepetition programs, the relief requested is essential to the maintenance of the Debtors' operations and necessary to avoid immediate and irreparable harm to the Debtors' estates and creditors.

101. The success of these Chapter 11 Cases depends upon the Debtors' ability to preserve their operations while they restructure their financial obligations. The relief requested in the First Day Motions is a critical component of maintaining the confidence of key constituencies necessary to implement this strategy.

102. Accordingly, I respectfully request that all of the relief requested in the First Day Motions, and such other and further relief as may be just and proper, be granted.

I declare under penalty of perjury that the foregoing *Declaration of Jamere Jackson in Support of Debtors' Petitions and Requests for First Day Relief* is true and correct.

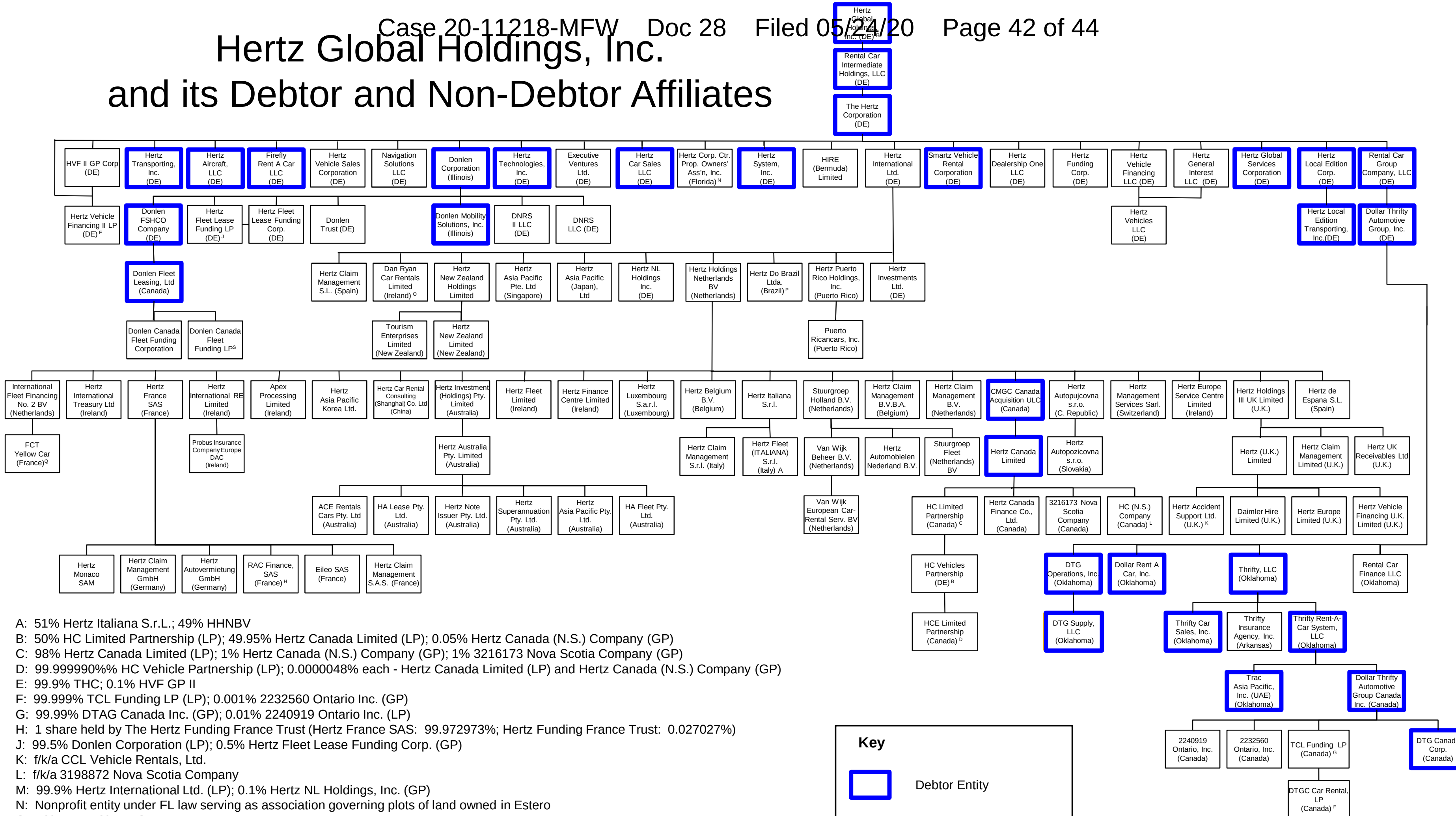
Executed on: May 24, 2020
Estero, Florida

JAMERE JACKSON
Executive Vice President and Chief Financial Officer of
The Hertz Corporation

Exhibit A

Corporate Organizational Chart Showing
Debtor and Non-Debtor Entities

Hertz Global Holdings, Inc.
and its Debtor and Non-Debtor Affiliates



A: 51% Hertz Italiana S.r.L.; 49% HHNBV
B: 50% HC Limited Partnership (LP); 49.95% Hertz Canada Limited (LP); 0.05% Hertz Canada (N.S.) Company (GP)
C: 98% Hertz Canada Limited (LP); 1% Hertz Canada (N.S.) Company (GP); 1% 3216173 Nova Scotia Company (GP)
D: 99.999990%% HC Vehicle Partnership (LP); 0.0000048% each - Hertz Canada Limited (LP) and Hertz Canada (N.S.) Company (GP)
E: 99.9% THC; 0.1% HVF GP II
F: 99.999% TCL Funding LP (LP); 0.001% 2232560 Ontario Inc. (GP)
G: 99.99% DTAG Canada Inc. (GP); 0.01% 2240919 Ontario Inc. (LP)
H: 1 share held by The Hertz Funding France Trust (Hertz France SAS: 99.972973%; Hertz Funding France Trust: 0.027027%)
J: 99.5% Donlen Corporation (LP); 0.5% Hertz Fleet Lease Funding Corp. (GP)
K: f/k/a CCL Vehicle Rentals, Ltd.
L: f/k/a 3198872 Nova Scotia Company
M: 99.9% Hertz International Ltd. (LP); 0.1% Hertz NL Holdings, Inc. (GP)
N: Nonprofit entity under FL law serving as association governing plots of land owned in Estero
O: 50% HIL; 50% THC
P: THC owns 2 shares of Hertz do Brazil
Q: FCT is a French SA licensed as a portfolio management company and is not owned by Hertz (part of French ABS)
R: f/k/a Hertz Rental Car Holding Company, Inc.
S: 99% Donlen Fleet Leasing Ltd. (LP); 1% Donlen Canada Fleet Funding Corporation

Key

Debtor Entity

Non-Debtor Affiliate

Exhibit B

Debt	Primary Security	Scheduled Maturity	Obligors (Direct or Indirect; in Whole or Substantial Part)	Amount (in millions)
Non-Vehicle				
Senior Notes	Unsecured	2022-2028	The Hertz Corporation, Dollar Rent A Car, Inc.; Dollar Thrifty Automotive Group, Inc.; Donlen Corporation; DTG Operations, Inc.; DTG Supply, LLC; Firefly Rent A Car LLC; Hertz Car Sales LLC; Hertz Global Services Corporation; Hertz Local Edition Corp.; Hertz Local Edition Transporting, Inc.; Hertz System, Inc.; Hertz Technologies, Inc.; Hertz Transporting, Inc.; Rental Car Group Company, LLC; Smartz Vehicle Rental Corporation; Thrifty Car Sales, Inc.; Thrifty, LLC; Thrifty Insurance Agency, Inc.; Thrifty Rent A Car System, LLC; TRAC Asia Pacific, Inc. (the "U.S. Notes Obligors")	$2,700
Senior Term Loan	Senior Secured Debt Collateral (as defined in the Declaration)	2023	U.S. Notes Obligors and Rental Car Intermediate Holdings, LLC	$656
Senior RCF	Senior Secured Debt Collateral	2021		$615
Senior RCF L/C Sub-Facility	Senior Secured Debt Collateral	2021		$243 in letters of credit issued
L/C Facility	Senior Secured Debt Collateral	2021		$299 in letters of credit issued
ALOC Facility	Unsecured	2023		$200 in letters of credit issued
Senior Second Priority Secured Notes	Second priority lien on Senior Secured Debt Collateral	2022	U.S. Notes Obligors	$350
Promissory Notes	Unsecured	2028	The Hertz Corporation	$27

Debt	Primary Security	Scheduled Maturity	Obligors (Direct or Indirect; in Whole or Substantial Part)	Amount (in millions)
		Vehicle		
Hertz (HVF II) U.S. ABS	Assets relating to ABS-financed U.S. vehicle rental fleet	2020-2024	Hertz Vehicle Financing II LLC; Hertz Vehicle Financing; The Hertz Corporation	$10,893
Donlen (HFLF) U.S. ABS	Assets relating to ABS-financed U.S. Donlen fleet leases	2020-2022	Hertz Fleet Lease Funding LP; DNRS II LLC	$1,592
U.S. Vehicle RCF	Assets relating to RCF-financed U.S. vehicle rental fleet	2021	The Hertz Corporation and Rental Car Intermediate Holdings, LLC	$93
European Vehicle Notes	Unsecured	2021-2023	The U.S. Notes Obligors and Hertz Holdings Netherlands, B.V., Hertz Automobielen Nederland B.V.; Hertz Autovermietung GmbH; Hertz Belgium BVBA; Hertz Fleet (Italiana) S.r.l; Hertz France SAS; Hertz Italiana S.r.l.; Hertz Luxembourg S.à r.l.; and Hertz UK Receivables Ltd.	$794
European ABS	Assets relating to ABS-financed vehicle rental fleets in Spain, the Netherlands, Germany, and France	2021	Stuurgroep Fleet (Netherlands) BV; Hertz Fleet Limited; RAC Finance SAS; Hertz Automobielen Nederland B.V.; Hertz France SAS; Hertz Autovermietung GMBH; Hertz De Espana SL; The Hertz Corporation	$650
Hertz Canadian Securitization	Assets relating to ABS-financed Canadian vehicle rental fleet	2021	TCL Funding Limited Partnership; HC Limited Partnership; Hertz Canada Vehicles Partnership; DTGC Car Rental Limited Partnership; The Hertz Corporation in limited part	$251
Donlen Canadian Securitization	Assets relating to ABS-financed Canadian Donlen fleet leases	2022	Canada Fleet Funding LP; Donlen Fleet Leasing Ltd.; The Hertz Corporation in limited part	$27
Australian Securitization	Assets relating to ABS-financed Australian vehicle rental fleet	2021	HA Fleet PTY Limited; Hertz Australia PTY Limited; The Hertz Corporation	$149
New Zealand RCF	Substantially all assets of obligors	2021	Hertz New Zealand Holdings Limited; Hertz New Zealand Limited ; Tourism Enterprises Limited	$46
U.K. Financing Facility	Assets relating to RCF-financed U.K. vehicle rental fleet	2020-2023	Hertz Vehicle Financing U.K. Limited; Hertz (UK) Limited; The Hertz Corporation	$229