

HERTZ GLOBAL HOLDINGS INC  
Form DEF 14A  
April 07, 2008

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**HERTZ GLOBAL HOLDINGS, INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.  
(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**Notice of  
Annual Meeting  
of Stockholders  
and Proxy  
Statement  
May 15, 2008**

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Hertz Global Holdings, Inc.  
225 Brae Boulevard  
Park Ridge, NJ 07656

April 7, 2008

Dear Stockholder:

You are cordially invited to attend our annual meeting of stockholders to be held at 10:30 a.m. (Park Ridge time) on Thursday, May 15, 2008, at the Park Ridge Marriott Hotel, 300 Brae Boulevard, Park Ridge, New Jersey 07656. Enclosed with this proxy statement are your proxy card and the 2007 annual report to stockholders.

Your vote is important. Whether you plan to attend the annual meeting or not, you may vote by signing, dating and returning the enclosed proxy card in the envelope provided. If you attend the annual meeting, you may vote in person.

Registration and seating will begin at 10:00 a.m. Each stockholder will be asked to sign an admittance card and may be asked to present valid picture identification. Stockholders holding stock in brokerage accounts will need to bring a copy of a brokerage statement reflecting stock ownership as of the April 2, 2008 record date. Cameras and recording devices will not be permitted at the meeting.

Sincerely,

Mark P. Frissora  
Chairman and Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
OF HERTZ GLOBAL HOLDINGS, INC.**

**Time:** 10:30 a.m. (Park Ridge time), Thursday, May 15, 2008

**Place:** Park Ridge Marriott Hotel, 300 Brae Boulevard, Park Ridge, New Jersey 07656

- Proposals:**
1. The election of four directors for three-year terms;
  2. The ratification of the selection of PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the year 2008;
  3. The approval of the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan;
  4. The approval of the Hertz Global Holdings, Inc. Employee Stock Purchase Plan; and
  5. The transaction of any other business that may properly be brought before the annual meeting.

*The Board of Directors of the Corporation recommends a vote **FOR** each of proposals 1 - 4.*

**Who Can Vote:** Only holders of record of the Corporation's common shares at the close of business on April 2, 2008 will be entitled to vote at the meeting.

**Date of Mailing:** This proxy statement and accompanying materials are first being mailed to stockholders on April 7, 2008.  
**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 15, 2008:**

**The proxy statement and annual report to security holders are available at [www.hertz.com/stockholdermeeting](http://www.hertz.com/stockholdermeeting).**

You may vote with respect to the matters described in the accompanying proxy statement by dating, signing and completing the proxy card and returning it without delay in the enclosed envelope, which requires no postage stamp if mailed in the United States. You may also attend the meeting and vote in person as described in the accompanying proxy statement.

J. Jeffrey Zimmerman  
*Senior Vice President, General Counsel  
and Secretary*

Park Ridge, New Jersey  
April 7, 2008

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**IMPORTANT INFORMATION ABOUT ANNUAL  
MEETING AND PROXY PROCEDURES**

The Board of Directors of Hertz Global Holdings, Inc. is soliciting proxies to be used at the annual meeting of stockholders to be held on Thursday, May 15, 2008, beginning at 10:30 a.m. (Park Ridge time) at the Park Ridge Marriott Hotel, 300 Brae Boulevard, Park Ridge, New Jersey 07656. This proxy statement and the accompanying materials are being mailed to stockholders beginning April 7, 2008.

*Unless the context otherwise requires, in this Proxy Statement (i) the "Corporation" 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 the Corporation, (iii) "we," "us" and "our" mean the Corporation and its consolidated subsidiaries, including Hertz, (iv) "our Board" means the Board of Directors of the Corporation and (v) "our common stock" means the common stock of the Corporation.*

**The Purpose of the Annual Meeting**

At the annual meeting, stockholders will act upon the matters set forth in the notice of meeting, including the election of four directors for three-year terms, the ratification of the selection of the Corporation's independent registered public accounting firm, the approval of the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan and the approval of the Hertz Global Holdings, Inc. Employee Stock Purchase Plan. The Corporation's senior management will also present information about the Corporation's performance during 2007 and will answer questions from stockholders.

**Stockholders Entitled to Vote at the Annual Meeting**

Our Board has established the record date for the annual meeting as April 2, 2008. Only holders of record of the Corporation's common stock at the close of business on the record date are entitled to receive notice of the meeting and to vote at the meeting. On April 2, 2008, the Corporation had 322,623,501 shares of common stock outstanding.

**Voting Procedures; Quorum**

If you are a stockholder of record, you can vote your shares at the annual meeting by attending the meeting and completing a ballot or you may vote by proxy by dating, signing and completing the proxy card and returning it without delay in the enclosed envelope, which requires no postage stamp if mailed in the United States.

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote at the annual meeting is necessary to constitute a quorum. Abstentions and "broker non-votes" are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee, such as a broker, holding shares in "street name" for a beneficial owner, does not vote on a particular proposal because that nominee does not have discretionary voting power with respect to a proposal and has not received instructions from the beneficial owner.

Each share of common stock is entitled to one vote and stockholders do not have the right to cumulate their votes for the election of directors.

Directors are elected by the affirmative vote of a plurality of the shares of common stock present and validly cast in the election in person or by proxy. Under applicable Delaware law, abstentions will have no effect in determining the outcome of this vote. Broker non-votes will also have no effect in determining the outcome of this vote.

Approval of the proposal ratifying the appointment of our independent public accounting firm and the proposals relating to the adoption of the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan

and the Hertz Global Holdings, Inc. Employee Stock Purchase Plan require the favorable vote of a majority of the shares of common stock present at the meeting in person or by proxy. Under applicable Delaware law, abstentions will have the same effect as a vote against these proposals because abstentions are treated as present and entitled to vote for purposes of determining the number of shares entitled to vote on the applicable proposal, but do not contribute to the affirmative votes required to approve the proposal. Broker non-votes will have no effect in determining the outcome of these votes because a broker non-vote will count neither as a vote for nor as a vote against the applicable proposal.

If you are a stockholder of shares held in street name, and you would like to instruct your broker how to vote your shares, you should follow the directions provided by your broker. Please note that because the New York Stock Exchange ("NYSE") rules currently regard matters such as the ratification of independent public accounting firms as "routine," your broker is permitted to vote on the proposal to ratify the appointment of our independent public accounting firm presented in this proxy statement if it does not receive instructions from you. However, under NYSE rules, your broker does not have discretion to vote on the proposals to adopt the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan and the Hertz Global Holdings, Inc. Employee Stock Purchase Plan if it does not receive instructions from you.

#### **Revocation of Proxies**

You may revoke your proxy before it is voted at the annual meeting by delivering a signed revocation letter to J. Jeffrey Zimmerman, Senior Vice President, General Counsel and Secretary, or by submitting a new proxy, dated later than your first proxy, in the manner described above under "Voting Procedures." If you are attending in person and have previously mailed your proxy card, you may revoke your proxy and vote in person at the meeting. Your attendance at the annual meeting will not by itself revoke your proxy. If you are a stockholder of shares held in street name by your broker and you have directed your broker to vote your shares, you should instruct your broker to change your vote or obtain a proxy to vote your shares if you wish to cast your vote in person at the meeting.

#### **Solicitation of Proxies**

Proxies may be solicited on behalf of our Board by mail, telephone, other electronic means or in person, and Hertz will pay the solicitation costs on behalf of the Corporation. Copies of proxy materials and of our annual report to stockholders for 2007 will be supplied to brokers, dealers, banks and voting trustees, or their nominees, for the purpose of soliciting proxies from beneficial owners, and Hertz will reimburse those record holders for their reasonable expenses on behalf of the Corporation. Georgeson Inc. has been retained by Hertz to facilitate the distribution of proxy materials at a fee of \$1,175 plus distribution costs and other costs and expenses.

#### **Additional Information**

The Corporation's annual report to stockholders contains the Corporation's Annual Report on Form 10-K for 2007 (the "2007 Annual Report"), which is filed with the U.S. Securities and Exchange Commission ("SEC") and is available at [www.hertz.com/stockholdermeeting](http://www.hertz.com/stockholdermeeting). The 2007 Annual Report may also be obtained via a link posted on the "Investor Relations" portion of our website, [www.hertz.com](http://www.hertz.com). Additional copies of the 2007 Annual Report, or any exhibits thereto that are not included in the Corporation's annual report to stockholders, may be obtained in a reasonable time without charge upon written request to Hertz Global Holdings, Inc., 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713, Attention: Corporate Secretary.

**PROPOSAL 1: ELECTION OF DIRECTORS****Board Structure**

The Corporation currently has twelve directors divided into three classes: four in Class I, four in Class II and four in Class III. The terms of office of the four Class II directors expire at the 2008 annual meeting of stockholders.

**Class II Election**

The four nominees for election as Class II directors are listed below. If elected, the nominees for election as Class II directors will serve for a term of three years and until their successors are elected and qualify. *Unless a proxy card contains instructions to vote differently, signed, returned proxies will be voted FOR the election of such nominees.* If for any reason any nominee cannot or will not serve as a director, such proxies may be voted for the election of a substitute nominee designated by our Board.

**Class II Nominees**

A plurality of the votes cast is required for the election of directors. This means that the director nominee with the most votes for a particular slot is elected for that slot. Only votes "for" or "withheld" affect the outcome. Abstentions and broker non-votes are not counted for purposes of the election of directors. The Class II Nominees are as follows:

<b>Nominee</b>	<b>Age, Principal Occupation, Business Experience and Other Directorships Held</b>	<b>Director Since</b>
<b>Michael J. Durham</b> (Class II)	Mr. Durham has served as a director of the Corporation and Hertz since November 2006. Mr. Durham served as Director, President and Chief Executive Officer of Sabre, Inc., a NYSE-listed company providing information technology services to the travel industry, from October 1996, the date of Sabre, Inc.'s initial public offering, until October 1999. From March 1995 until July 1996, when Sabre was a subsidiary of AMR Corporation, he served as Sabre's President. Prior to his joining Sabre, Mr. Durham spent 16 years with American Airlines, serving as the Senior Vice President and Treasurer of AMR Corporation and Senior Vice President of Finance and Chief Financial Officer of American Airlines from October 1989 until he assumed the position of President of Sabre in March of 1995. Mr. Durham currently serves as non-executive Chairman of the Board of Asbury Automotive Group, a NYSE-listed company in the automotive retailing industry, as a member of the audit committee and board member of AGL Resources, Inc., a NYSE-listed company in the natural gas industry, as a board member and Chairman of the audit committee of Northwest Airlines Corporation and a board member of Acxiom Corporation, a NASDAQ-listed company in the customer information management industry. Mr. Durham also serves as a member of either the Boards of Directors or the Advisory Boards of a number of privately held corporations. Mr. Durham is 57 years old.	2006
<b>Mark P. Frissora</b> (Class II)	Mr. Frissora has served as the Chief Executive Officer and Chairman of the Board of the Corporation and Hertz since January 1, 2007, and as Chief Executive Officer and a director of the Corporation and Hertz since July 2006. Prior to joining the Corporation and Hertz, Mr. Frissora served as Chief Executive Officer of Tenneco Inc. from November 1999 to July 2006 and as President of the automotive operations of Tenneco Inc. from April 1999 to July 2006. He also served as the Chairman of Tenneco from March 2000 to July 2006. From 1996 to April 1999, he held various positions within Tenneco Inc.'s automotive operations, including Senior Vice President and General Manager of the worldwide original equipment business. Previously Mr. Frissora served as a Vice President of Aeroquip Vickers Corporation from 1991 to 1996. 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. He is a director of NCR Corporation, where he serves on its compensation committee. Mr. Frissora is 52 years old.	2006





**David H. Wasserman**  
(Class II)

Mr. Wasserman has served as a director of the Corporation since August 2005 and of Hertz since December 2005. Mr. Wasserman is a financial principal of Clayton, Dubilier & Rice, Inc. ("CD&R"), which he joined in 1998. Prior to joining CD&R, he was employed by Goldman, Sachs & Co. in the Principal Investment Area. He has also been employed by Fidelity Capital and as a management consultant. Mr. Wasserman serves on the Board of Directors of Culligan Ltd., ServiceMaster Global Holdings, Inc. and ICO Global Communications (Holdings) Limited and formerly served as a director of Kinko's, Inc. and Covansys Corporation. Mr. Wasserman is 41 years old.

2005

**Henry C. Wolf**  
(Class II)

Mr. Wolf has served as a director of the Corporation and Hertz since November 2006. Mr. Wolf served as Chief Financial Officer for Norfolk Southern Corporation from 1993 until his retirement from Norfolk Southern in July 2007. Mr. Wolf held the title of Vice Chairman and Chief Financial Officer of Norfolk Southern from 1998 until his retirement. From 1993 until 1998, he served as Executive Vice President of Finance of Norfolk Southern. He served as Norfolk Southern's Vice President of Taxation from 1991 until 1993, Assistant Vice President of Tax Counsel from 1984 until 1990, Senior Tax Counsel from 1983 until 1984, General Tax Attorney from 1976 until 1983 and Senior Tax Attorney from 1973 until 1976. Mr. Wolf is a director of AGL Resources, Inc., a NYSE-listed company in the natural gas industry, as well as the Chairman of its audit committee. He is also Chairman of the Board of Directors of Shenandoah Life Insurance Company. In addition, Mr. Wolf serves as Vice Rector of the Board of Visitors of the College of William and Mary, and as a Member of the Board of Trustees of the Colonial Williamsburg Foundation. Mr. Wolf is 65 years old.

2006

***The Board of Directors recommends a vote FOR  
all of the Class II nominees.***

**Continuing Directors**

The eight directors whose terms will continue after the annual meeting and will expire at the 2009 annual meeting (Class III) or the 2010 annual meeting (Class I) are listed below:

<b>Director</b>	<b>Age, Principal Occupation, Business Experience and Other Directorships Held</b>	<b>Director Since</b>
<b>Carl T. Berquist</b> (Class III)	Mr. Berquist has served as a director of the Corporation and Hertz since November 2006. Mr. Berquist joined Marriott International, Inc. in December 2002 as Executive Vice President, Financial Reporting and Enterprise Risk Management. He also serves as Chief Accounting Officer of Marriott International. Prior to joining Marriott, Mr. Berquist was a partner at Arthur Andersen LLP. During his 28-year career with Arthur Andersen, Mr. Berquist held numerous leadership positions covering the management of the business as well as various operational roles, including managing partner of the worldwide real-estate and hospitality practice. His last position was managing partner of the mid-Atlantic region which included five offices from Philadelphia, Pennsylvania to Richmond, Virginia. Mr. Berquist is a board member of several private companies. Mr. Berquist is 57 years old.	2006
<b>George A. Bitar</b> (Class III)	Mr. Bitar has served as a director of the Corporation and Hertz since December 2005. Mr. Bitar is a Managing Director of Merrill Lynch Global Private Equity Division ("MLGPE"), where he serves as Co-Head of the U.S. Region, and a Managing Director in Merrill Lynch Global Partners, Inc., the Manager of ML Global Private Equity Fund, L.P., a proprietary private equity fund. Prior to joining MLGPE, Mr. Bitar was a Vice President in the High Yield Finance and Restructuring Group of Merrill Lynch & Co., Inc. ("Merrill Lynch") where he worked for four years. Mr. Bitar joined Merrill Lynch in 1991. He also sits on the Board of Directors of Hospital Corporation of America, Inc. and several private companies. Mr. Bitar is 43 years old.	2005
<b>Gregory S. Ledford</b> (Class III)	Mr. Ledford has served as a director of the Corporation since September 2005 and of Hertz since December 2005. Mr. Ledford is a Managing Director of The Carlyle Group ("Carlyle"). Mr. Ledford joined Carlyle in 1988 and is currently head of the firm's Automotive and Transportation practice. He led the firm's investments in Horizon Lines Holdings Corporation, Grand Vehicle Works Holdings Corporation and Piedmont/Hawthorne Holdings Inc. From 1991 to 1997, he was Chairman and Chief Executive Officer of The Reilly Corp., a former Carlyle portfolio company that was successfully sold in September 1997. Prior to joining Carlyle, Mr. Ledford was Director of Capital Leasing for MCI Communications. Mr. Ledford serves on the Boards of Directors of Allison Transmission, AxleTech International Holdings, Inc. and United Components Inc. Mr. Ledford is 50 years old.	2005

<b>Nathan K. Sleeper</b> (Class III)	Mr. Sleeper served as a director of the Corporation from August to September 2005 and has served as a director of the Corporation and Hertz since December 2005. Mr. Sleeper is a financial principal of CD&R, which he joined in 2000. Prior to joining CD&R, he was employed by Goldman, Sachs & Co. in the Investment Banking Area. He has also been employed by Tiger Management. He has served as a director of Culligan Ltd. since October 2004 and as a director of U.S. Foodservice since July 2007. Mr. Sleeper is 34 years old.	2005
<b>Barry H. Beracha</b> (Class I)	Mr. Beracha has served as a director of the Corporation and Hertz since November 2006. He most recently served as Executive Vice President of Sara Lee Corp. and Chief Executive Officer of the Sara Lee Bakery Group, which was created when Sara Lee acquired The Earthgrains Company in 2001. Mr. Beracha retired from Sara Lee in June 2003. He also served as Chairman and Chief Executive Officer of The Earthgrains Company, which was spun off from Anheuser Busch Companies, Inc. in 1996. In 1967, Mr. Beracha joined Anheuser Busch Companies, Inc., and held various management positions of increasing responsibility within the company until the spin-off of Earthgrains in March 1996, prior to which he held the title of Vice President and Group Executive of Anheuser Busch Companies, Inc. Mr. Beracha serves on the Board of Directors of Pepsi Bottling Group, where he is the Non-Executive Chairman of the Board and is a member of the Compensation and Management Committee and of the Audit and Affiliated Transactions Committee, which he chaired prior to becoming the Non-Executive Chairman of the Board in March 2007. Mr. Beracha retired from the Board of Directors of McCormick & Co., where he served as Chairman of the Compensation Committee, in March 2007. Since December 2005, he has served as Chairman of the Board of Trustees of St. Louis University. Mr. Beracha is 66 years old.	2006
<b>Brian A. Bernasek</b> (Class I)	Mr. Bernasek has served as a director of the Corporation and Hertz since December 2006. Mr. Bernasek is a Principal of Carlyle, which he joined in 2000. Prior to that time, he held positions with Investcorp International, a private equity firm, and Morgan Stanley & Co., in its Investment Banking Division. Mr. Bernasek serves on the Board of Directors of Allison Transmission and AxleTech International Holdings, Inc. Mr. Bernasek is 35 years old.	2006
<b>Robert F. End</b> (Class I)	Mr. End has served as a director of the Corporation and Hertz since December 2005. Since rejoining Merrill Lynch in 2004, Mr. End has been a Managing Director of MLGPE, where he serves as Co-Head of the U.S. Region, and a Managing Director of Merrill Lynch Global Partners, Inc., the Manager of ML Global Private Equity Fund, L.P., a proprietary private equity fund. Previously, Mr. End was a founding Partner and Director of Stonington Partners Inc., a private equity firm established in 1994. Prior to leaving Merrill Lynch in 1994, Mr. End was a Managing Director of Merrill Lynch Capital Partners, the firm's private equity group. Mr. End joined Merrill Lynch in 1986 and worked in the Investment Banking Division before joining the private equity group in 1989. Mr. End is a director of NPC International, Inc. and several private companies. Mr. End is 52 years old.	2005

**George W. Tamke**  
(Class I)

Mr. Tamke has served as Lead Director of the Corporation and Hertz since July 2006. Mr. Tamke served as the Chairman of the Board of Directors of the Corporation and Hertz from December 2005 until July 2006. Mr. Tamke is an operating principal with CD&R. Prior to joining CD&R in 2000, he was an executive at Emerson Electric Co., a manufacturer of electrical and electronic equipment, serving as President and Chief Operating Officer from 1997 to 1999 and as Vice Chairman and Co-Chief Executive Officer from 1999 to February 2000. He has served as a director of Target Corporation since June 1999, as a director and Chairman of Culligan Ltd. since October 2004, as Chairman and a director of ServiceMaster Global Holdings, Inc. since March 2007 and was previously Chairman and Chief Executive Officer of Kinko's, Inc. Mr. Tamke is 60 years old.

2005

**PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**

Our Audit Committee has appointed PricewaterhouseCoopers LLP as the Corporation's independent registered public accounting firm for the Corporation for the year 2008.

PricewaterhouseCoopers LLP has served as the independent auditor for the Corporation for the years ended December 31, 2005, 2006 and 2007 and for its wholly owned subsidiary, The Hertz Corporation, for the years ended December 31, 2002, 2003, 2004, 2005, 2006 and 2007. We are not required to have our stockholders ratify the selection of PricewaterhouseCoopers as our independent registered public accounting firm, but we are doing so because we believe it is a matter of good corporate practice. A representative of PricewaterhouseCoopers LLP will be present at the annual meeting with the opportunity to make a statement if she so desires and to respond to appropriate questions.

*The Board of Directors recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Corporation in 2008.*

**PROPOSAL 3: APPROVAL OF THE HERTZ GLOBAL HOLDINGS, INC. 2008 OMNIBUS INCENTIVE PLAN**

On February 28, 2008, upon recommendation of the Compensation Committee, the Board of Directors of the Corporation adopted the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan, subject to the approval of our stockholders. We are asking our stockholders to approve the 2008 Omnibus Incentive Plan because we believe the plan will provide incentives to our employees and non-employee directors selected to participate in the plan that will promote the Corporation's long-term financial success and increase shareholder value.

A description of the material provisions of the 2008 Omnibus Incentive Plan is set forth below. The statements made in this Proposal 3 concerning terms and provisions of the 2008 Omnibus Incentive Plan are summaries and do not purport to be a complete recitation of the 2008 Omnibus Incentive Plan provisions. These statements are qualified in their entirety by express reference to the full text of 2008 Omnibus Incentive Plan, a copy of which is attached to this proxy statement as Annex A and is incorporated by reference herein.

As of April 2, 2008, the closing price of our common stock was \$12.80 and approximately 24,732 employees and 11 non-employee directors of the Corporation would be eligible to participate in the plan if it were then in place.

**Administration and Eligibility**

The 2008 Omnibus Incentive Plan will be administered by the Compensation Committee. Employees and non-employee directors of the Corporation and its subsidiaries will be eligible to receive awards of stock options, stock appreciation rights, performance stock, performance stock units, performance units, restricted stock, restricted stock units or deferred stock units at the Compensation Committee's discretion. The Compensation Committee may delegate to an officer, director or group of officers or directors of the Corporation or its affiliates some or all of its authority under the plan with respect to participants who are not executive officers of the company or a subsidiary.

**Shares Available for Issuance**

17,700,000 shares of the Corporation's common stock will be reserved for issuance under the plan. A participant may receive a maximum of 5,000,000 stock options or stock appreciation rights and 5,000,000 shares of performance stock or performance stock units in any 36 month period. The maximum dollar amount of cash that may be earned in connection with the grant of performance units during any calendar year may not exceed \$7,500,000. The maximum number of shares that may be issued with respect to incentive stock options is 17,700,000. Awards that for any reason are canceled, terminated, forfeited, settled in cash or otherwise settled without the issuance of common stock will be available again under the plan. In the event of a stock dividend, stock split, share combination, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares or other similar event affecting the Corporation's common stock, the Compensation Committee will adjust the shares available under the plan and any outstanding awards to reflect the event and preserve the intrinsic value of the awards. The Compensation Committee does not have the power to reduce the exercise price of outstanding options or stock appreciation rights of outstanding awards or grant any new award or cash payment in substitution or upon cancellation of options or stock appreciation rights for any other reason unless the adjustment is approved by shareholders.

**Amendment or Termination**

The Board or Compensation Committee may terminate, amend or suspend the 2008 Omnibus Incentive Plan at any time. The 2008 Omnibus Incentive Plan will terminate on February 28, 2018, if not

earlier terminated by the Board or Compensation Committee. An amendment to the plan will be submitted for stockholder approval to the extent required by the Internal Revenue Code or other applicable laws, rules or regulations or if the amendment will increase the benefits under the plan or increase stockholder dilution.

### **Stock Options and Stock Appreciation Rights**

Options granted under the plan may be incentive stock options (within the meaning of Section 422 of the Internal Revenue Code) or non-statutory stock options. The grant date of options granted under the plan will be the date the options are awarded by the Compensation Committee or a future date determined by the Compensation Committee. Options will have an exercise price per share that is no less than the fair market value of a share of common stock on the option grant date. Options under the plan will vest based on a minimum period of service or the occurrence of events, as determined by the Compensation Committee. No option will remain exercisable beyond 10 years after its grant date. Stock appreciation rights may be granted to participants in tandem with options or on their own. Tandem stock appreciation rights will have the same terms as the options with which they are granted. Free-standing stock appreciation rights will vest based on a minimum period of service or the occurrence of events, as determined by the Compensation Committee and will remain exercisable no longer than 10 years after their grant date. In the event of a participant's death or disability, the participant's unvested options or stock appreciation rights will vest and all of the participant's options and stock appreciation rights will remain exercisable until the first anniversary of the participant's termination of employment (or the expiration of the award's term, whichever is earlier). If a participant's employment is terminated for cause, all of the participant's options and stock appreciation rights will immediately be canceled. Upon a termination of a participant's employment for any other reason, the participant may exercise any vested options or stock appreciation rights until the 30<sup>th</sup> day following the participant's date of termination (or the expiration of the award's term, whichever is earlier).

### **Performance Stock, Performance Stock Units, Performance Units**

Performance stock is common stock of the Corporation that is subject to transfer restrictions until predetermined performance conditions have been achieved. A performance stock unit is a unit, equivalent in value to a share of common stock, that vests if predetermined performance conditions are achieved. A performance unit is a unit, equivalent in value to a predetermined amount of cash, that vests if predetermined performance conditions are achieved. Vested performance stock units are settled in shares of our common stock unless the Compensation Committee decides otherwise. Vested performance units can be settled in cash or shares of our common stock (valued as of the settlement date). Performance stock, performance stock units and performance units granted under the plan will vest based on the achievement of pre-determined performance goals over performance periods determined by the Compensation Committee. In the event of a participant's death or disability, a pro rata portion of the participant's performance stock, performance stock units and performance units will vest to the extent performance goals are achieved at the end of the performance period. Upon a termination of employment for any other reason, all outstanding performance stock, performance stock units and performance units held by the participant are immediately canceled.

### **Restricted Stock, Restricted Stock Units**

Restricted stock is common stock of the Corporation that is subject to transfer restrictions until vested. A restricted stock unit is a unit, equivalent in value to a share of common stock, credited by means of a bookkeeping entry in the books of the Corporation to a participant's account and subject to transfer restrictions until vested. Vested restricted stock units are generally settled in shares, unless the Compensation Committee decides otherwise. Restricted stock and restricted stock units granted under the plan will vest based on a minimum period of service or the occurrence of events (such as a change in

control, as defined in the plan) specified by the Compensation Committee. Upon a termination of employment for any reason, any unvested restricted stock or restricted stock units of the participant will be canceled.

#### **Deferred Stock Units**

Each deferred stock unit granted under the plan represents the right to receive one share of the Corporation's common stock on a specified future date. Deferred stock units may be granted by the Compensation Committee independent of other awards or compensation, or they may be received at the participant's election instead of cash compensation. Generally, upon a participant's termination of employment other than for cause, the Corporation will issue one share of common stock to the participant for each deferred stock unit the participant then holds. If a participant's employment terminates for cause, any deferred stock units granted independently by the Compensation Committee will be immediately canceled and the Corporation will issue one share of common stock to the participant for each deferred stock unit that was received at the participant's election instead of cash compensation.

#### **Change in Control**

Upon a change in control of the Corporation, unless outstanding awards are honored, assumed or substituted with alternative awards that provide substantially similar terms, conditions and economic value to the substituted awards, all awards will immediately become exercisable and any restrictions related to the awards will lapse.

#### **Forfeiture**

Unless otherwise determined by the Compensation Committee, participants whose employment is terminated will be subject to confidentiality, non-competition and non-solicitation covenants during the one year period following the later of the participant's termination of employment and the expiration of any post-termination exercise period. If the participant violates any of these covenants during the one year protected period, any unexercised options, outstanding performance stock, performance stock units, performance units, restricted stock or restricted stock units will be forfeited as of the date the violation occurred. The participant must also pay to the Corporation any financial gain on options or stock appreciation rights exercised or performance stock, performance stock units, performance units, restricted stock or restricted stock units vesting in the twelve month period prior to the violation. The Compensation Committee may also require that a participant forfeit some or all of his outstanding options, performance stock, performance stock units, performance units, restricted stock or restricted stock units if the participant engages in misconduct or gross negligence that results in, or is connected with, a restatement of the Corporation's financial statements

#### **Federal Income Tax Consequences**

##### *Options*

The grant of an option under the plan will generally not give rise to any tax consequences for the participant or the Corporation.

##### *Incentive Stock Options*

A participant will have no taxable income upon exercise of an incentive stock option, except that the alternative minimum tax may apply. Any gain realized upon a disposition of the Corporation's common stock received pursuant to the exercise of an incentive stock option will be taxed as long-term capital gain if the participant holds the shares for at least two years after the date of grant and one year after the date of exercise (the "holding period requirement"). The Corporation will not be entitled to a deduction



with respect to the exercise of an incentive stock option, except as discussed below. Generally, if a participant is our employee or an employee of our subsidiary from the date the incentive stock option is granted through a date within three months before the date of exercise of the option but the participant has not satisfied the holding period requirement described above, the participant will recognize ordinary income upon the disposition of the common stock equal to the excess of the fair market value of the common stock at the time the option was exercised over the exercise price (but not in excess of the gain realized on the sale). The balance of the realized gain, if any, will be capital gain. The Corporation will generally be entitled to a deduction to the extent the participant recognizes ordinary income.

#### *Nonqualified Stock Options*

Upon exercise of a non-qualified stock option, a participant generally will recognize ordinary income equal to the difference between the fair market value of the shares acquired and the exercise price. Upon a disposition of the shares acquired by the exercise of a non-qualified option, the participant generally will have taxable capital gain or loss, measured by the difference between the amount realized on the disposition and the tax basis of the shares of common stock (generally, the amount paid for the shares plus the amount treated as ordinary income at the time the option was exercised). The Corporation generally will be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an option, stock appreciation rights, or other award, but will be entitled to no tax deduction relating to amounts that represent a capital gain to a participant.

#### *Stock Appreciation Rights*

There are generally no immediate tax consequences of receiving an award of stock appreciation rights under the plan. Upon exercising a stock appreciation right, a participant will generally recognize ordinary income equal to the difference between the exercise price and the fair market value of the common stock on the date of exercise. The Corporation generally will be entitled to a business expense deduction in the same amount and at the same time as the participant recognizes ordinary income.

#### *Section 162(m)*

Section 162(m) of the Internal Revenue Code generally allows a company to obtain tax deductions without limit for performance-based compensation. The Corporation intends that options and stock appreciation rights, and, subject to shareholder approval of performance goals applicable to performance-based awards, performance stock, performance stock units and performance units granted under the plan will qualify as performance-based compensation not subject to Section 162(m)'s \$1 million deductibility cap. A number of requirements must be met in order for particular compensation to so qualify, however, so there can be no assurance that such compensation will be fully deductible in all circumstances. In addition, other awards under the plan, such as restricted stock and restricted stock units, generally may not qualify for the performance-based compensation exception, so that compensation paid to executive officers in connection with such awards may not be deductible.

If our shareholders do not approve the 2008 Omnibus Incentive Plan, payments made pursuant to the plan may not qualify for the performance-based exemption to the limitation of our ability to deduct for tax purposes compensation in excess of \$1 million paid to covered employees in a taxable year. See "Executive Compensation Compensation Discussion and Analysis Tax and Accounting Considerations."

#### *Performance Objectives that May be Applied Under the 2008 Omnibus Incentive Plan*

As described above, certain awards under the plan may be subject to performance objectives. Performance objectives applicable to awards intended to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code will be based on the relative or comparative

achievement of one or more of the following criteria, whether in absolute terms or relative to the performance of one or more similarly situated companies or a published index covering the performance of a number of companies: net sales; revenue; revenue growth or product revenue growth; operating income (before or after taxes); pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income (before or after taxes); return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of share price; market share; gross profits; earnings (including adjusted pre-tax earnings, earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization); economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; improvement in or attainment of expense levels or working capital levels; operating margins, gross margins or cash margin; year-end cash; debt reductions; shareholder equity; regulatory achievements; and implementation, completion or attainment of measurable objectives with respect to research, development, products or projects and recruiting and maintaining personnel. Performance objectives under the plan may be established on a company-wide basis or with respect to one or more business units or divisions, or subsidiaries.

The foregoing objectives may include or exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles and as identified in the financial statements, notes to the financial statements or management's discussion and analysis in the annual report including, without limitation, the charges or costs associated with restructurings of the company, discontinued operations, other unusual or non recurring items, and the cumulative effects of accounting changes. The Compensation Committee may not exercise its discretion with respect to performance objectives for awards to covered executives intended to be "other performance-based compensation" under Section 162(m) of the Internal Revenue Code if doing so (or if the ability to do so) would cause the award to fail to qualify as "performance-based" compensation under Section 162(m).

This general tax discussion is intended for the information of shareowners considering how to vote with respect to this proposal and not as tax guidance to participants in the plan. Different tax rules may apply to specific participants and transactions under the plan, particularly in jurisdictions outside the United States.

*The Board of Directors recommends a vote FOR the approval of the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan.*

#### **PROPOSAL 4: APPROVAL OF THE HERTZ GLOBAL HOLDINGS, INC. EMPLOYEE STOCK PURCHASE PLAN**

On February 28, 2008, upon recommendation of the Compensation Committee, the Board of Directors of the Corporation adopted the Hertz Global Holdings, Inc. Employee Stock Purchase Plan (the "ESPP"), subject to the approval of our stockholders. We are asking our stockholders to approve the ESPP because we believe the plan will align the interests of employees and shareholders and aid in the recruitment and retention of employees.

The ESPP is intended to be an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code. A description of the material provisions of the ESPP is set forth below. The statements made in this Proposal 4 concerning terms and provisions of the ESPP are summaries and do not purport to be a complete recitation of the ESPP provisions. These statements are qualified in their entirety by express reference to the full text of the ESPP, a copy of which is attached to this proxy statement as Annex B and is incorporated by reference herein.

### **Administration and Eligibility**

The ESPP will be administered by the Corporation's Pension and Welfare Plan Administration Committee (the "Committee"). The Committee may establish sub-plans to provide benefits to foreign employees similar to those provided to U.S. employees under the ESPP in compliance with local law. Employees, including executive officers, of the Corporation and subsidiaries designated by the Committee from time to time who satisfy the eligibility criteria which may be established by the Committee will be eligible to participate in the ESPP. As of April 2, 2008, approximately 15,911 employees would be eligible to participate in the ESPP if it were then in place.

### **Shares Available for Issuance**

The maximum number of shares that may be purchased under the ESPP is 3,000,000 shares of the Corporation's common stock, subject to adjustment in the case of any change in the shares of the Corporation, including by reason of a stock dividend, stock split, share combination, recapitalization, reorganization, merger, consolidation or change in corporate structure. As of April 2, 2008, the closing price of our common stock was \$12.80.

### **Purchase of Shares**

Subject to the Committee's right to determine whether the ESPP will be operated, an eligible employee may elect to participate in the ESPP each quarter (or other period established by the Committee) through a payroll deduction. The maximum and minimum contribution which an eligible employee may make under all of the Corporation's qualified employee stock purchase plans will be determined by the Committee, provided that no employee may be permitted to purchase stock with an aggregate fair market value greater than \$25,000 per year. At the end of the offering period, the total amount of each employee's payroll deduction will be used to purchase shares of the Corporation's common stock. The purchase price per share will be equal to not less than 85% of the market price of our common stock on the date of purchase; the exact percentage for each offering period will be set in advance by the Committee.

### **Amendment or Termination**

The Committee may terminate, amend or suspend the ESPP at any time. An amendment to the plan will be submitted for stockholder approval to the extent required by the Internal Revenue Code or any other applicable laws. If not earlier terminated by the Committee, the ESPP will terminate on May 15, 2018.

### **Federal Income Tax Consequences**

The ESPP is intended to be an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code.

An employee's payroll deductions to purchase shares of common stock under the ESPP are made on an after-tax basis. No federal income tax is imposed on an employee, and the Corporation is not entitled to a deduction on the grant of the right to purchase common stock under the ESPP. Generally, no federal income tax is imposed on an employee, and the Corporation is not entitled to a deduction as a result of an employee's purchase of common stock under the ESPP.

If a participant disposes of shares purchased under the ESPP within two years after the beginning of the offering period during which the shares were purchased or within one year of the date of purchase, the participant will recognize ordinary income in the year the shares are disposed of equal to the amount by which the fair market value of the shares on the purchase date exceeded the purchase price for the shares. A participant will be considered to have disposed of a share if the participant sells, exchanges,

makes a gift or transfers (except by death) the share. The Corporation will be entitled to a deduction at the same time and in the same amount as any ordinary income recognized by the employee. In addition, the difference between the initial purchase price, increased by any ordinary income recognized by the participant, and the selling price of the shares, will be capital gain or loss to the participant.

If a participant disposes of the purchased shares more than two years after the beginning of the offering period during which the shares were purchased and more than one year after the date of purchase, then the participant will recognize ordinary income in the year of disposition equal to the lesser of the amount by which the fair market value of the shares on the date of disposition exceeded the purchase price or the profit up to 15% of the fair market value of the shares on the date the offering period in which the shares were purchased began. In addition, the difference between the initial purchase price, increased by any ordinary income recognized by the participant, and the selling price of the shares, will be long-term capital gain or loss to the participant. The Corporation will not be entitled to a deduction with respect to shares disposed of in this time period.

The following table summarizes the securities authorized for issuance pursuant to our equity compensation plans as of December 31, 2007:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders	14,568,507	\$ 7.91	12,718,919
Equity compensation plans not approved by securityholders		N/A	
<b>Total</b>	<b>14,568,507</b>	<b>\$ 7.91</b>	<b>12,718,919</b>

*The Board of Directors recommends a vote FOR the approval of the Hertz Global Holdings, Inc. Employee Stock Purchase Plan.*

## CORPORATE GOVERNANCE AND GENERAL INFORMATION CONCERNING THE BOARD OF DIRECTORS AND ITS COMMITTEES

### Corporate Governance

Our business and affairs are managed under the direction of our Board. The structure of our Board is described above under "Proposal 1: Election of Directors Board Structure."

Our Board has adopted written corporate governance guidelines. Those guidelines set forth requirements relating to director independence, term limits on non-management directors' service, simultaneous service on other boards and changes in directors' principal employment. They establish responsibilities for meeting preparation and participation, the evaluation of our financial performance and strategic planning and the regular conduct of meetings of non-management directors outside the presence of management directors, and provide that the Board may select a non-management director as "Lead Director" to preside over any executive sessions. The Chairman of the Board, in consultation with the Chief Executive Officer and the Lead Director, has responsibility for determining the length and frequency of board meetings and settling the agenda for such meetings. They also provide for directors to have direct access to our management and employees, as well as to our outside counsel and auditors.

Our Board has also adopted written standards of business conduct applicable to our chief executive and financial officers, our controller and all our other officers and employees worldwide, as well as a written code of ethics applicable to our Board. Copies of our corporate governance guidelines, standards of business conduct and directors' code of ethics are available without charge on the "About Hertz Investor Relations Corporate Governance" portion of our website [www.hertz.com](http://www.hertz.com), or upon request in writing to Hertz Global Holdings, Inc., 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713, Attention: Corporate Secretary.

Stockholders and other interested parties who wish to contact our directors may send written correspondence, in care of the Corporate Secretary, to Hertz Global Holdings, Inc., 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713. Communications may be addressed to an individual director, to the non-management directors as a group, or to the Board as a whole.

Communications addressed to directors that discuss business or other matters relevant to the activities of our Board will be preliminarily reviewed by the office of the Corporate Secretary and then distributed either in summary form or by delivering a copy of the communication. Communications will be distributed to the director, or group of directors, to whom they are addressed. With respect to other correspondence received by the Corporation that is addressed to one or more directors, the Board has requested that the following items not be distributed to directors, because they generally fall into the purview of management, rather than the Board: junk mail and mass mailings, product and services complaints, product and services inquiries, résumés and other forms of job inquiries, solicitations for charitable donations, surveys, business solicitations and advertisements.

### Board Independence

Investment funds associated with or designated by CD&R, Carlyle and MLGPE collectively own over 50% of our outstanding common stock. Because these stockholders are parties to a voting agreement, they are considered a "group" and we are therefore considered a "controlled company," within the meaning of NYSE rules. As a result, we rely on exemptions from the requirements of having a majority of independent directors, a fully independent nominating/corporate governance committee, a fully independent compensation committee and other requirements prescribed for such committees by the NYSE. For a description of the Stockholders' Agreement to which these stockholders are a party, see "Certain Relationships and Related Party Transactions."

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Our Board has determined that each member of our Audit Committee is "independent" as defined in the federal securities laws and NYSE rules. The standards for determining director independence are specified in Annex A to our corporate governance guidelines. See "Corporate Governance." In view of our status as a controlled company under NYSE rules, our Board has not made a determination of independence with respect to any of our directors not serving on our Audit Committee.

In considering the independence of Mr. Berquist, our Board took into consideration certain relationships between his respective employer and us.

Mr. Berquist is Executive Vice President, Financial Reporting and Enterprise Risk Management for Marriott International, Inc. Hertz and Marriott are parties to a Global Master Concession and Joint Marketing Agreement which provides, among other things, for (i) Marriott to grant Hertz concessions at certain of its hotels, (ii) Marriott Rewards participants to earn points from Hertz car rentals, (iii) Marriott customers are given the opportunity to be referred to Hertz to reserve rental cars in connection with telephone or Internet contacts made with Marriott, and (iv) Hertz customers are given the opportunity to be referred to Marriott to make hotel reservations in connection with Internet contacts made with Hertz. Payments by Hertz to Marriott under this agreement did not exceed 0.1% of Marriott's gross revenues in any of the last three fiscal years. Most of the payments to Marriott are passed through to third party owners of hotels which are managed or franchised by Marriott. Payments by Marriott to Hertz under this agreement were negligible. In addition, Marriott is a corporate customer of Hertz's car rental operations. Pursuant to this arrangement, Marriott employees rent cars from Hertz from time to time. Payments by Marriott to Hertz pursuant to this arrangement were less than 0.1% of Marriott's gross revenues for each of the last three fiscal years. Mr. Berquist reported that he does not have, and has never had, responsibility for any commercial relationships between Hertz and Marriott.

### **Board Meetings**

During the year 2007, our Board held five meetings. Each of our directors attended 75% or more of the aggregate of the total number of meetings of our Board held during the period in which he was a director and the total number of meetings held by all Board committees on which he served during the periods that he served.

We do not have a policy with regard to directors' attendance at annual meetings of security holders. All of our twelve directors attended the 2007 annual meeting of security holders.

### **Board Committees**

Our Board has three standing committees - Audit, Compensation and Executive and Governance. Their composition and roles are discussed below.

#### *The Audit Committee*

Our Audit Committee consists of Messrs. Barry H. Beracha (Chair), Carl T. Berquist, Michael J. Durham and Henry C. Wolf. Our Board has designated each of the four members of our Audit Committee "audit committee financial experts" and each has been determined to be "financially literate" under NYSE rules.

Our Audit Committee held 12 meetings in 2007.

Our Audit Committee has a written charter. Under it, our Audit Committee assists our Board in fulfilling its oversight responsibilities by overseeing and monitoring our accounting, financial and external reporting policies and practices; the integrity of our financial statements; the independence, qualifications and performance of our independent auditor; the performance of our internal audit function; the management information services and operational policies and practices that affect our internal control; our compliance with legal and regulatory requirements and our standards of business conduct and ethics; and the preparation of our Audit Committee's report included in our proxy statements. In discharging its duties, our Audit Committee has the authority to retain independent legal, accounting and other advisors.

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The charter for our Audit Committee is available without charge on the "About Hertz Investor Relations Corporate Governance" portion of the Corporation's website, [www.hertz.com](http://www.hertz.com), or to any stockholder, upon request in writing to The Hertz Corporation, 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713, Attention: Corporate Secretary.

### *The Compensation Committee*

Our Compensation Committee consists of Messrs. David H. Wasserman (Chair), Brian A. Bernasek and Robert F. End.

Our Compensation Committee held six meetings in 2007.

Our Compensation Committee has a written charter. Under it, our Compensation Committee oversees our compensation and benefit policies generally; evaluates the performance of our Chief Executive Officer as it relates to all elements of compensation, as well as the performance of our senior management group; approves and recommends to our Board all compensation plans for members of our senior management group; approves the short-term compensation of our senior management group (subject, in the case of our Chief Executive Officer, to the approval of our Board); approves and authorizes grants to our senior management group under our incentive plans; prepares reports on executive compensation required for inclusion in our proxy statements; and reviews our management succession plan. The Compensation Committee is permitted to delegate its responsibilities to subcommittees as it deems appropriate.

The charter for our Compensation Committee is available without charge on the "About Hertz Investor Relations Corporate Governance" portion of the Corporation's website, [www.hertz.com](http://www.hertz.com), or to any stockholder, upon request in writing to The Hertz Corporation, 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713, Attention: Corporate Secretary.

### *The Executive and Governance Committee*

Our Executive and Governance Committee consists of Messrs. George W. Tamke (Chair), Robert F. End, Mark P. Frissora and Gregory S. Ledford.

Our Executive and Governance Committee held one meeting in 2007.

Our Executive and Governance Committee has a written charter. Under it, our Executive and Governance Committee may exercise the full powers and prerogatives of our Board and take any action our Board could take, subject to specified limitations; assists our Board in determining the skills and qualities of individuals recommended for membership on our Board; reviews the composition of our Board and its committees; reviews and evaluates directors for re-nomination and reappointment to committees; and reviews and assesses the adequacy of our corporate governance guidelines and codes of business ethics and conduct.

The Corporation is subject to an amended and restated stockholders' agreement (the "Stockholders' Agreement") with the investment funds associated with or designated by CD&R, Carlyle and MLGPE (collectively, the "Sponsors") that currently hold the majority of our outstanding common stock. The Stockholders' Agreement gives CD&R the right to designate three nominees for election to the Board of Directors, and each of the other Sponsors has the right to designate two nominees for election to the Board of Directors. Each stockholder that is a party to the Stockholders' Agreement is required to take all necessary action to cause the nominees of the other Sponsors to be elected, which actions include recommending the nominees of the other Sponsors to our Board for inclusion in the slate of nominees recommended by the Board to stockholders for election. The Stockholders' Agreement also requires that a director designated by each of the Sponsors has a seat on our Executive and Governance Committee. Please see "Certain Relationships and Related Party Transactions" for more information on the Stockholders' Agreement.

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Except as described above, there is no difference in the manner in which the Executive and Governance Committee evaluates a nominee for director recommended by a stockholder.

The charter for our Executive and Governance Committee is available without charge on the "About Hertz Investor Relations Corporate Governance" portion of the Corporation's website, *www.hertz.com*, or to any stockholder, upon request in writing to The Hertz Corporation, 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713, Attention: Corporate Secretary.

### Board Compensation

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

For services rendered during the year ended December 31, 2007, our directors received the following:

**2007 Director Compensation Table**

Name	Fees Earned or Paid in Cash(1)(2)	Stock Awards	Option Awards(5)	Non-equity incentive plan compensation	Change in pension value and non- qualified deferred compensation earnings	All other compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Barry Beracha	\$ 74,688		\$ 90,000				\$ 164,688
Brian Bernasek(3)	61,508		90,000				151,508
Carl Berquist(3)	61,508		90,000				151,508
George Bitar(4)	52,721		90,000				142,721
Michael Durham	61,508		90,000				151,508
Robert End(4)	61,508		90,000				151,508
Gregory Ledford(3)	52,722		90,000				142,722
Nathan Sleeper(4)	52,721		90,000				142,721
George Tamke(4)	52,721		90,000				142,721
David Wasserman(4)	65,901		90,000				155,901
Henry Wolf	61,508		90,000				151,508

(1)

All compensation is for services rendered as directors; in certain cases, compensation has been assigned by directors employed by, or affiliated with, one of the Sponsors.



- (2) Under the terms of the Director Stock Incentive Plan, certain directors elected in advance to receive fees that would otherwise be payable in cash in the form of shares. Certain directors also elected to defer receipt of the cash portion of the fee. Any fee that a director elected to defer was credited to the director's stock account and was deemed to be invested in a number of phantom shares equal to the number of shares of the Corporation's common stock that would otherwise have been delivered.
- (3) Elected to defer receipt of the cash portion of their fees and instead receive phantom shares equal to the number of shares of the Corporation's common stock equal to the deferred fees.
- (4) Elected to receive fees that would otherwise be payable in cash in the form of shares of the Corporation's common stock.
- (5) Value for each director consists of 3,237 options, attributable to service January 1 through May 16, 2007 with a grant date fair market value of \$33,759 granted to the directors on May 17, 2007, and the expense recognized on the Company's financial statements in accordance with FAS 123(R) with respect to options to be granted to the directors in May 2008 as compensation for their service from May 17 through December 31, 2007.

*Director Stock Incentive Plan*

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

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

As noted above, a director may generally elect to receive all or a portion of fees that would otherwise be payable in cash in the form of shares of our common stock having a fair market value at such time equal to the amount of such fees. Any such shares will be paid to the director when cash fees would otherwise be payable, although, if a director so chooses, these shares may be payable on a tax-deferred basis in phantom shares if the requirements regarding such deferral are met in accordance with applicable tax law, in which case the actual shares of our common stock will be paid to the director promptly following the date on which he or she ceases to serve as a director (or, if earlier, upon a change in control, as defined in the Director Stock Incentive Plan).

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

\* \* \* \* \*

**COMPENSATION COMMITTEE INTERLOCKS  
AND INSIDER PARTICIPATION**

The following people served on our Compensation Committee during the year 2007: David H. Wasserman (Chair), Brian A. Bernasek and Robert F. End. None of these individuals (a) served as an officer or employee of the Corporation during 2007 or (b) was formerly an officer of the Corporation, with the exception of Mr. Wasserman, who served as President of CCMG Holdings, Inc. (which subsequently changed its name

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to Hertz Global Holdings, Inc.) prior to the completion of the acquisition by an indirect, wholly owned subsidiary of the Corporation of all of Hertz's common stock from Ford Holdings LLC in December 2005, (the "Acquisition"). Messrs. Wasserman, Bernasek and End also served as executives

of CD&R, Carlyle and Merrill Lynch, respectively. For information regarding relationships among the Corporation and CD&R, Carlyle and Merrill Lynch and related entities, see "Certain Relationships and Related Party Transactions."

During the year 2007, none of our executive officers served as a member of a compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served on our Compensation Committee; none of our executive officers served as a director of another entity, any of whose executive officers served on our Compensation Committee; and none of our executive officers served as a member of the compensation committee (or other body performing a similar role) of another entity, any of whose executive officers served as one of our directors.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS,  
DIRECTORS AND OFFICERS**

The following table sets forth information as of April 1, 2008 with respect to the ownership of the common stock of the Corporation by:

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

each of the directors of the Corporation;

each of the executive officers named in the Summary Compensation Table below; and

all of the Corporation's executive officers and directors as a group.

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

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

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent
Investment Funds Associated With or Designated By Clayton, Dubilier & Rice Inc.(1)(2)	60,024,510	18.61%
Clayton, Dubilier & Rice Fund VII, L.P.	38,455,598	11.92%
CDR CCMG Co-Investor L.P.	21,314,510	6.61%
CD&R Parallel Fund VII, L.P.	254,402	0.08%
Investment Funds Associated With or Designated By The Carlyle Group(2)(3)	59,250,000	18.37%
Carlyle Partners IV, L.P.	49,505,538	15.34%
CP IV Coinvestment, L.P.	1,999,364	0.62%
CEP II U.S. Investments, L.P.	7,452,823	2.31%
CEP II Participations S.à.r.l. SICAR	292,275	0.09%
Investment Funds Associated With or Designated By MLGPE and Their Affiliates(4)(5)(6)	58,514,852	18.14%
ML Global Private Equity Fund, L.P.	32,156,369	9.97%
Merrill Lynch Ventures L.P. 2001	3,872,549	1.20%
ML Hertz Co-Investor, L.P.	3,101,137	0.96%
Merrill Lynch, Pierce, Fenner & Smith Incorporated	22,052	0.01%
CMC Hertz Partners, L.P.(7)	19,362,745	6.00%
FMR LLC and related persons(8)	25,228,700	7.82%
Lord, Abnett & Co. LLC(9)	33,206,673	10.29%
Thornburg Investment Management, Inc.(10)	21,349,079	6.62%
Directors and Executive Officers		
George W. Tamke(11)		**%
Mark P. Frissora(12)(15)	1,410,223	**%
Nathan K. Sleeper(11)		**%
David H. Wasserman(11)		**%
Brian A. Bernasek(4)(13)(14)(15)	7,897	**%
Gregory S. Ledford(4)(13)(14)(15)	8,368	**%
George A. Bitar(16)		**%
Robert F. End(16)		**%
Barry H. Beracha(4)(15)	54,282	**%
Carl T. Berquist(4)(14)(15)	11,992	**%
Michael J. Durham(4)(15)	23,282	**%
Henry C. Wolf(4)(15)	9,282	**%
Joseph R. Nothwang(15)	500,000	**%
Paul J. Siracusa(15)(17)	100,000	**%
Michel Taride(15)	320,000	**%
Gerald A. Plescia(15)	362,000	**%
Elyse B. Douglas(15)	34,000	**%
Harold E. Rolfe(15)(18)	25,000	**%
Claude Burgess(15)(19)		**%
All directors and executive officers as a group (23 persons)(14)(15)(20)	2,743,976	**%

\*\*

Less than 1%

(1)

Represents shares held by the following group of investment funds associated with or designated by Clayton, Dubilier & Rice, Inc.: (i) 38,455,598 shares of common stock held by Clayton, Dubilier & Rice Fund VII, L.P., whose general partner is CD&R Associates VII, Ltd., whose sole stockholder is CD&R Associates VII, L.P., whose general partner is CD&R Investment Associates VII, Ltd.; (ii) 21,314,510 shares of common stock held by CDR CCMG Co-Investor L.P., whose general partner is CDR CCMG Co-Investor GP Limited,

whose sole stockholder is Clayton, Dubilier & Rice Fund VII, L.P.; and (iii) 254,402

shares of common stock held by CD&R Parallel Fund VII, L.P., whose general partner is CD&R Parallel Fund Associates VII, Ltd. CD&R Investment Associates VII, Ltd. and CD&R Parallel Fund Associates VII, Ltd. are each managed by a three person board of directors, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. Joseph L. Rice, III, Donald J. Gogel and Kevin J. Conway, as the directors of CD&R Investment Associates VII, Ltd. and CD&R Parallel Fund Associates VII, Ltd., may be deemed to share beneficial ownership of the shares shown as beneficially owned by the funds associated with Clayton, Dubilier & Rice, Inc. Such persons disclaim such beneficial ownership. Does not include 13,121 shares of common stock and 12,846 currently exercisable options to purchase common stock issued to Clayton, Dubilier & Rice, Inc., as assignee of compensation payable to Messrs. Tamke, Sleeper and Wasserman under our Director Stock Incentive Plan.

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

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

(2)

Excludes 19,362,745 shares held by CMC-Hertz Partners, L.P., which is affiliated with all three of the Sponsors. Each of the entities associated with Clayton, Dubilier & Rice, Inc. and with The Carlyle Group expressly disclaims beneficial ownership of shares held by CMC-Hertz Partners, L.P. See Note 7 below.

(3)

Carlyle Partners IV, L.P., CP IV Coinvestment, L.P., CEP II U.S. Investments, L.P. and CEP II Participations S.à.r.l. SICAR, which are collectively referred to herein as the Carlyle Funds, are collectively the holders of record of 59,250,000 shares of the common stock of Hertz Holdings, of which Carlyle Partners IV, L.P. holds 49,505,538 shares; CEP II U.S. Investments, L.P. holds 7,452,823 shares; CP IV Coinvestment, L.P. holds 1,999,364 shares; and CEP II Participations S.à.r.l. SICAR holds 292,275 shares. TC Group, L.L.C. exercises investment discretion and control over the shares held by each of Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. through its indirect subsidiary TC Group IV, L.P., which is the sole general partner of each of Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. TCG Holdings, L.L.C. is the managing member of TC Group, L.L.C. TC Group, L.L.C. is the sole managing member of TC Group IV Managing GP, L.L.C. TC Group IV Managing GP, L.L.C. is the sole general partner of TC Group IV, L.P. TCG Holdings, L.L.C. is managed by a three person managing board, and all board action relating to the voting or disposition of these shares requires approval of a majority of the board. William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein, as the managing members of TCG Holdings, L.L.C., may be deemed to share beneficial

ownership of the shares shown as beneficially owned by TCG Holdings, L.L.C. Such persons disclaim such beneficial ownership.

CEP II Participations S.à.r.l. SICAR is wholly owned by Carlyle Europe Partners II, L.P. TCG Holdings Cayman II, L.P. exercises investment discretion and control over the shares held by each of CEP II U.S. Investments, L.P. and CEP II Participations S.à.r.l. SICAR through its indirect subsidiary CEP II Managing GP, L.P., which is a general partner of each of Carlyle Europe Partners II, L.P. and CEP II U.S. Investments, L.P. DBD Cayman Limited is the general partner of TCG Holdings Cayman II, L.P. and has investment discretion and dispositive power over the shares. DBD Cayman Limited is controlled by its Class A members, William E. Conway, Jr., Daniel A. D'Aniello and David M. Rubenstein. Pursuant to an agreement between DBD Cayman Limited and its Class B member, Carlyle Offshore Partners II Limited, voting power over the shares is held by Carlyle Offshore Partners II Limited. Carlyle Offshore Partners II, Limited has 13 members with no member controlling more than 7.7% of the vote.

The Carlyle Group's address is 1001 Pennsylvania Avenue, N.W., Suite 220 South, Washington, D.C. 20004.

- (4) Includes director stock options which are currently exercisable. Messrs. Beracha, Bernasek, Berquist, Durham, Ledford and Wolf hold currently exercisable director stock options to purchase 4,282, 3,517, 4,282, 4,282, 4,282, and 4,282 shares, respectively. As a result of assignments of compensation by Messrs. Bitar and End, ML Global Private Equity Fund, L.P. holds 8,746 shares of common stock and currently exercisable options to purchase 8,564 shares of common stock.
- (5) Includes 19,362,745 shares held by CMC-Hertz Partners, L.P., which is affiliated with all three of the Sponsors. See Note 7 below.
- (6) Includes shares held of record by the following group of investment funds associated with or designated by Merrill Lynch & Co., Inc. or their affiliates: (i) 32,156,369 shares of common stock held by ML Global Private Equity Fund, L.P. (including 8,564 currently exercisable director stock options and 8,746 shares of common stock issued to ML Global Private Equity Fund, L.P., as assignee of compensation payable to Messrs. Bitar and End under our Director Stock Incentive Plan, as described in Note 4 above); (ii) 3,872,549 shares of common stock held by Merrill Lynch Ventures L.P. 2001; and (iii) 3,101,137 shares of common stock held by ML Hertz Co-Investor, L.P. Also includes 22,052 shares held of record by

Merrill Lynch, Pierce, Fenner & Smith Incorporated.

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

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

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

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

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

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



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

(7)

CMC-Hertz Partners, L.P. is affiliated with all three of the Sponsors. The general partner of CMC-Hertz Partners, L.P. is CMC-Hertz General Partner, L.L.C., whose managing members are Carlyle Hertz GP, L.P., ML Global Private Equity Fund, L.P. and CD&R Associates VII, L.P. Investment decisions on behalf of CMC-Hertz General Partner, L.L.C. are made by majority vote of the Executive Committee, which comprises one representative of each Sponsor; however, until the eighth anniversary of the closing date of the Acquisition, ML Global Private Equity Fund, L.P. has the contractual right (subject to various restrictions) to make decisions regarding disposition or voting of the shares beneficially owned by CMC-Hertz General Partner, L.P. As a result, beneficial ownership of the shares held by CMC-Hertz Partners, L.P. may be attributed to ML Global Private Equity Fund, L.P., which disclaims beneficial ownership of such shares, as do the entities and individuals discussed in Note 6 above who may be deemed to have or share beneficial ownership of any shares that ML Global Private Equity Fund, L.P. holds of record or may be deemed to beneficially own.

(8)

A report on Schedule 13G/A, dated February 14, 2008, disclosed that Fidelity Management & Research Company ("Fidelity"), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 25,228,500 shares of the Corporation's common stock as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940.

Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the Fidelity Funds each has sole power to dispose of the 25,228,500 shares owned by the Fidelity Funds. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a

shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.

Neither FMR LLC nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds' Boards of Trustees.

Strategic Advisers, Inc., 82 Devonshire Street, Boston, MA 02109, a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, provides investment advisory services to individuals. As such, FMR LLC's beneficial ownership includes 200 shares of common stock of the Corporation beneficially owned through Strategic Advisers, Inc. All information regarding FMR LLC is based on that entity's report on Schedule 13G/A.

- (9) A report on Schedule 13G/A, dated February 13, 2008, disclosed that Lord, Abnett & Co. LLC, an investment adviser, is the beneficial owner of 33,206,673 shares of the common stock of the Corporation. Lord, Abnett & Co. LLC has reported that it has (i) sole power to vote or direct the vote of 31,372,857 shares of common stock of the Corporation and (ii) sole power to dispose or direct the disposition of 33,001,723 shares of common stock of the Corporation. The address of Lord, Abnett & Co. LLC is 90 Hudson Street, Jersey City, New Jersey, 07302. All information regarding Lord, Abnett & Co. LLC is based on that entity's report on Schedule 13G/A.
- (10) A report on Schedule 13G/A, dated February 29, 2008, disclosed that Thornburg Investment Management, Inc., an investment adviser, is the beneficial owner of 21,349,079 shares of common stock of the Corporation. Thornburg Investment Management, Inc. reported that it has (i) sole power to vote or direct the vote of 21,349,079 shares of common stock of the Corporation and (ii) sole power to dispose or direct the disposition of 21,349,079 shares of common stock of the Corporation. The address of Thornburg Investment Management, Inc. is 119 E. Marcy Street, Santa Fe, New Mexico 87501. All the information regarding Thornburg Investment Management, Inc. is based on that entity's report on Schedule 13G/A.
- (11) Does not include 60,024,510 shares of common stock held by investment funds associated with or designated by Clayton, Dubilier & Rice Inc., or 12,846 currently exercisable stock options and 13,121 shares of common stock issued to Clayton, Dubilier & Rice, Inc., as assignee of compensation payable to Messrs. Tamke, Sleeper and Wasserman under the Corporation's Director Stock Incentive Plan, as described in Note 1 above. Messrs. Tamke, Wasserman and Sleeper are directors of the Corporation and Hertz and executives of Clayton, Dubilier & Rice, Inc. They disclaim beneficial ownership of the shares held by investment funds associated with or designated by Clayton, Dubilier & Rice, Inc. and of the stock options and shares held by Clayton, Dubilier & Rice, Inc.
- (12) Includes 785 shares held by Mr. Frissora's daughter.
- (13) Does not include 59,250,000 shares of common stock held by investment funds associated with or designated by The Carlyle Group. Messrs. Bernasek and Ledford are directors of the Corporation and Hertz and executives of The Carlyle Group. They disclaim beneficial ownership of the shares held by investment funds

associated with or designated by The Carlyle Group.

- (14) Includes 4,379.6, 4,710 and 4,086 phantom shares issued to Messrs. Bernasek, Berquist and Ledford, respectively, under the Corporation's Director Stock Incentive Plan.
- (15) Includes employee and/or director stock options which are currently exercisable or which will become exercisable within sixty days.
- (16) Does not include 58,514,852 shares of common stock held by investment funds associated with or designated by Merrill Lynch & Co., Inc. or their affiliates (including 8,564 currently exercisable director stock options and 8,746 shares of common stock issued to ML Global Private Equity Fund, L.P., as assignee of compensation payable to Messrs. Bitar and End under the Corporation's Director Stock Incentive Plan, as described in Note 4 above), or over which such funds exercise voting control. Messrs. Bitar and End are directors of the Corporation and Hertz and managing directors of the global private equity division of Merrill Lynch & Co., Inc. They disclaim beneficial ownership of the shares held by investment funds associated with or designated by Merrill Lynch & Co., Inc. See Notes 6 and 7 above.
- (17) Does not include 120 shares held by Mr. Siracusa's daughter. Mr. Siracusa disclaims beneficial ownership of the shares held by his daughter. In connection with Mr. Siracusa's retirement effective August 31, 2007, 360,000 unvested options held by Mr. Siracusa were cancelled and all of his remaining options became immediately exercisable.
- (18) In connection with Mr. Rolfe's retirement effective November 19, 2007, 100,000 unvested options held by Mr. Rolfe were cancelled and all of his remaining options became immediately exercisable.
- (19) In connection with Mr. Burgess' retirement effective February 26, 2007, 120,000 unvested options held by Mr. Burgess were cancelled and all of his remaining options became immediately exercisable.
- (20) Does not include shares beneficially owned by Messrs. Siracusa, Rolfe and Burgess, none of whom was employed by the Corporation as of December 31, 2007.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based on a review of reports filed by the Corporation's directors, executive officers and beneficial holders of 10% or more of our outstanding shares, and upon representations from those persons, all reports required to be filed by the Corporation's reporting persons during 2007 were filed on time, except that:

Messrs. Bernasek, Berquist and Ledford each did not timely file one Form 4 due to administrative error; and

The Corporation was informed during the second quarter of 2007 that Merrill Lynch engaged in principal trading in the Corporation's common stock between November 17, 2006 and April 19, 2007. Merrill Lynch and certain of its affiliates have engaged in additional principal trading activity since that time. Merrill Lynch did not timely file Forms 4 with respect to 2,915 such transactions during 2007.

All of these transactions were subsequently reported on Forms 4.

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

Pursuant to the directors' code of business conduct and ethics adopted by our Board, any member of our Board who believes he or she has an actual or potential conflict of interest with us is obligated to notify the Chairman of the Executive and Governance Committee as promptly as practicable. That director should not participate in any decision by our Board, or any committee of our Board, that in any way relates to the matter that gives rise to the conflict or potential conflict of interest until the issue has been resolved to the satisfaction of the Chairman of the Executive and Governance Committee or the Board. The Corporation has also adopted written standards of business conduct applicable to all employees of the Corporation and its subsidiaries. These standards generally prohibit employees from maintaining outside business or financial interests or engaging in outside business or financial activity that conflicts with the interests of the Corporation. Copies are available without charge on the "About Hertz Investor Relations Corporate Governance" portion of Hertz's website [www.hertz.com](http://www.hertz.com), or to any stockholder, upon request in writing to The Hertz Corporation, 225 Brae Boulevard, Park Ridge, New Jersey 07656-0713, Attention: Corporate Secretary. The following is a description of certain relationships and transactions that we have entered into with our directors, major stockholders and certain other related persons.

### **Stockholders' Agreement**

The Corporation is party to the Stockholders' Agreement, among it and investment funds associated with or designated by the Sponsors. The Stockholders' Agreement contains agreements that entitle investment funds associated with or designated by the Sponsors to nominate all of the Corporation's directors. The director nominees are to include three nominees of an investment fund associated with CD&R (one of whom shall serve as the Chairman or, if the Chief Executive Officer is the Chairman, the Lead Director), two nominees of investment funds associated with Carlyle, and two nominees of an investment fund associated with MLGPE, subject to adjustment in the case that the applicable investment fund sells more than a specified amount of its shareholdings in the Corporation, and up to six independent directors. In addition, upon the Corporation ceasing to be a "controlled company" within the meaning of the NYSE rules, if necessary to comply with the NYSE rules, the director nominees of the Sponsors shall be reduced to two nominees of an investment fund associated with CD&R (one of whom shall serve as the Chairman or, if the Chief Executive Officer is the Chairman, the Lead Director), one nominee of investment funds associated with Carlyle, and one nominee of an investment fund associated with MLGPE, and additional independent directors will be elected by the board to fill the resulting director vacancies. Since October 12, 2006, the Corporation has had four independent directors.

The Stockholders' Agreement also grants to investment funds associated with CD&R or to the majority of directors nominated by the Sponsors the right to remove the Corporation's Chief Executive Officer. Any replacement Chief Executive Officer requires the consent of investment funds associated with CD&R as well as investment funds associated with at least one other Sponsor. The rights described above apply only for so long as the investment funds associated with the applicable Sponsor maintain certain specified minimum levels of shareholdings in the Corporation. The Stockholders' Agreement also includes tag-along and drag-along rights, and restrictions on transfers of shares of the Corporation, in certain circumstances.

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

### **Registration Rights Agreement**

The Corporation is also party to a registration rights agreement (the "Registration Rights Agreement") with investment funds associated with or designated by the Sponsors. The Registration Rights Agreement grants to certain of these investment funds the right to cause the Corporation, at its own expense, to use its best efforts to register such securities held by the investment funds for public resale, subject to certain limitations. The exercise of this right is limited to three requests by the group of investment funds associated with each Sponsor, except for registrations effected pursuant to Form S-3, which are unlimited, subject to certain limitations, if the Corporation is eligible to use Form S-3. The secondary offering of the Corporation's common stock in June 2007 was effected pursuant to this Registration Rights Agreement. In the event the Corporation registers any of its common stock, these investment funds also have the right to require the Corporation to use its best efforts to include shares of common stock of the Corporation held by them, subject to certain limitations, including as determined by the underwriters. The Registration Rights Agreement also provides for the Corporation to indemnify the investment funds party to that agreement and their affiliates in connection with the registration of our securities.

## Consulting Agreements

On September 29, 2006, Hertz entered into an agreement with Tenzing Consulting LLC, a management consulting firm in which Thomas McLeod, who is the brother-in-law of our director David H. Wasserman, is a principal. Under the arrangement, which has now been fully performed, Tenzing Consulting LLC provided supply chain management and corporate purchasing management consulting. In exchange for these services, Tenzing Consulting LLC received fees of \$25,000 per week, plus reimbursement of out-of-pocket expenses. The total amount of fees and expenses paid to Tenzing under this agreement was \$209,918.

## Indemnification Agreements

The Corporation, along with Hertz, are a party to customary indemnification agreements with the Sponsors and stockholders of the Corporation that are affiliated with the Sponsors, pursuant to which the Corporation and Hertz will indemnify the Sponsors, our stockholders affiliated with the Sponsors and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain claims and liabilities, including liabilities arising out of financing arrangements and securities offerings.

The Corporation is a party to indemnification agreements with each of its directors. The indemnification agreements provide the directors with contractual rights to the indemnification and expense advancement rights provided under our By-Laws, as well as contractual rights to additional indemnification as provided in the indemnification agreements.

## Financing Arrangements with Related Parties

### *Senior Credit Facilities*

*Senior Term Facility.* In connection with the Acquisition, Hertz entered into a credit agreement, dated December 21, 2005, with respect to a senior term facility (the "Senior Term Facility"), with Deutsche Bank AG, New York Branch as administrative agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch, Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent, and the other financial institutions party thereto from time to time. Merrill Lynch and Merrill Lynch, Pierce, Fenner & Smith Incorporated, which have acted as documentation agent for and lenders under this Facility and received customary fees and expenses in connection with this facility and certain amendments thereto, are affiliates of the investment funds associated with or designated by MLGPE, which are some of our principal stockholders. The Senior Term Facility consisted of a \$2,000 million term loan facility (which was decreased in February 2007 to \$1,400.0 million) providing for loans denominated in U.S. Dollars, including a delayed draw facility of \$293 million (which was utilized in 2006) to refinance certain existing debt. In addition, there is a pre-funded synthetic letter of credit facility in an aggregate principal amount of \$250 million. On the closing date of the Acquisition, Hertz utilized \$1,707 million of the Senior Term Facility and \$182.2 million in letters of credit. As of December 31, 2007, we had \$1,362.7 million in borrowings outstanding under this facility, which is net of a discount of \$23.4 million, and issued \$242.7 million in letters of credit.

*Senior ABL Facility.* In connection with the Acquisition, Hertz, Hertz Equipment Rental Corporation and certain other subsidiaries of Hertz entered into a credit agreement, dated December 21, 2005, with respect to a senior ABL facility (the "Senior ABL Facility"), with Deutsche Bank AG, New York Branch as administrative agent, Lehman Commercial Paper Inc. as syndication agent, Merrill Lynch, Merrill Lynch, Pierce, Fenner & Smith Incorporated as documentation agent and the financial institutions party thereto from time to time. Merrill Lynch and Merrill Lynch, Pierce, Fenner & Smith Incorporated, which have acted as documentation agent for and lenders under this Facility and received customary fees and expenses in connection with this facility and certain amendments thereto, are affiliates of the investment funds associated with or designated by MLGPE, which are some of our principal stockholders. The

Senior ABL Facility provided (subject to availability under a borrowing base) for aggregate maximum borrowings of \$1,600 million (which was increased in February 2007 to \$1,800 million) under a revolving loan facility providing for loans denominated in U.S. Dollars, Canadian Dollars, Euros and Pounds Sterling. Up to \$200 million of the revolving loan facility is available for the issuance of letters of credit. On the closing date of the Acquisition, Hertz borrowed \$206 million under this facility and Matthews Equipment Limited, one of Hertz's Canadian subsidiaries, borrowed CAN\$225 million under this facility, in each case to finance a portion of the Acquisition and certain related transactions entered into to finance the cash consideration of the Acquisition, to refinance certain indebtedness of Hertz and its subsidiaries, and to pay related transaction fees and expenses. At December 31, 2007, net of a discount of \$19.1 million, Hertz and its subsidiaries had \$191.8 million in borrowings outstanding under this facility and issued \$21.4 million in letters of credit. As a result of amendments to the ABL credit agreement in February, 2007, the maximum available borrowings were increased from \$1,600 million to \$1,800 million and the term of the facility was extended, among other things.

For a detailed description of the credit agreements governing the Senior Term Facility and the Senior ABL Facility and the terms of borrowings thereunder, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Senior Credit Facilities" in the 2007 Annual Report.

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

On September 29, 2006, Hertz and Puerto Ricancars, Inc., a Puerto Rican corporation and wholly owned indirect subsidiary of Hertz ("PR Cars"), entered into a credit agreement to finance the acquisition of Hertz's and /or PR Cars' fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, the U.S. Virgin Islands (the "Fleet Financing Facility"), with the several banks and other financial institutions from time to time party thereto as lenders, GELCO Corporation d.b.a. GE Fleet Services (the "Fleet Financing Agent") as administrative agent, as collateral agent for collateral owned by Hertz and as collateral agent for collateral owned by PR Cars. An affiliate of Merrill Lynch is a lender under the Fleet Financing Facility and received customary fees and expenses in connection with this facility. Merrill Lynch is an affiliate of the investment funds associated with or designated by MLGPE, which are some of our principal stockholders. The Fleet Financing Facility provides (subject to availability under a borrowing base) a revolving credit facility of up to \$275 million to Hertz and PR Cars. On September 29, 2006, Hertz borrowed \$124 million under this facility to refinance other debt. As of December 31, 2007, Hertz and PR Cars had \$150.4 million (net of a \$1.6 million discount) and \$20.0 million, respectively, of borrowings outstanding under this facility. The borrowing base formula is subject to downward adjustment upon the occurrence of certain events and (in certain other instances) at the permitted discretion of the Fleet Financing Agent. For a detailed description of the credit agreement governing the Fleet Financing Facility and the terms of the borrowings thereunder, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Fleet Financing Fleet Financing Facility" in the 2007 Annual Report.

#### **Other Financing Arrangements**

##### *ABS Program U.S. Fleet Debt*

In connection with the Acquisition, Hertz Vehicle Financing LLC (or "HVF") a bankruptcy-remote special purpose entity wholly owned by Hertz, entered into an amended and restated base indenture, dated as of December 21, 2005, with BNY Midwest Trust Company as trustee (the "ABS Indenture") and a number of related supplements to the ABS Indenture, each dated as of December 21, 2005, with BNY Midwest Trust Company as trustee and securities intermediary (collectively, the "ABS Supplement"). On the closing date of the Acquisition, HVF, as issuer, issued approximately \$4,300 million of new medium term asset-backed notes consisting of 11 classes of notes in two series under the ABS Supplement, the net proceeds of which were used to finance the purchase of vehicles from related entities and the

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repayment or cancellation of existing debt. HVF also issued approximately \$1,500 million of variable funding notes in two series, none of which were funded at closing. As of December 31, 2007, \$4,299.9 million (net of a \$0.1 million discount) were outstanding in the form of these medium term notes. Affiliates of Merrill Lynch and of the investment funds associated with or designated by MLGPE, which are some of our principal stockholders, acted as structuring advisors and agents under Hertz's asset-backed facilities and received customary compensation for these services. For a detailed description of these facilities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Financing Fleet Financing U.S. Fleet Debt" in the 2007 Annual Report.

### Other Relationships

Merrill Lynch, Pierce, Fenner & Smith Incorporated acted as an underwriter with respect to a secondary public offering of the common stock of Hertz Holdings in June 2007, for which they received customary fees and expenses. In addition, Merrill Lynch, Pierce, Fenner & Smith Incorporated acts as the administrator of the Hertz Global Holdings, Inc. Stock Incentive Plan, which is described below, and receives customary fees and expenses for these services.

Merrill Lynch, an affiliate of one of the Sponsors, and certain of its affiliates engage in principal trading activity in our stock from time to time. To date, Merrill Lynch has paid to us approximately \$4.8 million for its "short-swing" profit liability resulting from its principal trading activity that is subject to recovery by us under Section 16 of the Securities Exchange Act of 1934, as amended. In the event that Merrill Lynch or its affiliates (including private investment funds managed by certain private equity-arm affiliates of Merrill Lynch) sell additional shares of our common stock in the future, this amount may change. In addition, because Merrill Lynch may be deemed to be an affiliate of Hertz Holdings and there was no registration statement in effect with respect to its sale of shares during this period, certain of these sales may have been made in violation of Section 5 of the Securities Act of 1933, as amended.

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

## EXECUTIVE COMPENSATION

### Named Executive Officers

We refer to the following individuals as our "named executive officers":

Mark P. Frissora, who is our Chief Executive Officer ("CEO") and became the Chairman of our Board of Directors on January 1, 2007

Elyse Douglas, who is our current Chief Financial Officer ("CFO"), our Treasurer and one of our Executive Vice Presidents, and who served as our Interim CFO from Mr. Siracusa's retirement through October 26, 2007, when she was appointed permanent CFO



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Joseph R. Nothwang, who is our President, Vehicle Rental and Leasing, The Americas and Pacific and one of our Executive Vice Presidents

Michel Taride, who is our President, Hertz Europe Limited and one of our Executive Vice Presidents

Gerald Plescia, who is our President, Hertz Equipment Rental Corporation and one of our Executive Vice Presidents

Paul J. Siracusa, who was our CFO and one of our Executive Vice Presidents, and who retired effective August 31, 2007

Harold Rolfe, who was our General Counsel and one of our Senior Vice Presidents and Secretary, and who retired effective November 19, 2007

Claude Burgess, who was our Senior Vice President, Technology and e-Business, and who retired effective February 26, 2007

The named executive officers are our CEO, the two individuals who served as our CFO in 2007, our three other most highly compensated executive officers, as compensation is determined under the SEC's rules as of December 31, 2007 and two additional individuals who would have been among our most highly compensated executive officers if they had been employed on December 31, 2007.

### **Compensation Discussion and Analysis**

#### ***Overview***

This compensation discussion and analysis provides information regarding our compensation programs for our named executive officers. We discuss the philosophy of our compensation programs, including how we determine the elements of compensation for our named executive officers, and why we have selected those elements in our compensation programs.

We believe that a skilled and motivated team of senior executives is essential to building lasting shareholder value. As a market leader in the car and equipment rental industries, we also understand that our senior executives are highly sought after. Therefore, we have structured our compensation programs to provide our named executive officers and other senior executives with competitive levels of compensation that we believe are necessary to retain their services and to avoid the disruption and expense associated with unintended executive departures. Our short- and long-term incentive programs are also intended to reward our executives for performance measured against established goals that are important to us and to align our executives' interests with those of our shareholders, in each case with the ultimate objective of creating lasting shareholder value.

In 2007, the principal changes to our compensation programs consisted of the following:

We established the terms of new severance arrangements for our named executive officers (other than our CEO and certain former executive officers) and certain of our other key employees. As described more fully below, in February 2008, we entered into new Change in Control Agreements with our named executive officers (other than our CEO and certain former executive officers), and we adopted a new severance plan. See "Compensation Discussion and Analysis Elements of our Compensation Programs Employment and Severance Arrangements."

We established the terms of our new equity compensation plan, the 2008 Omnibus Incentive Plan. The terms of this plan are described more fully under "Proposal 3: Approval of the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan." We have reserved 17,700,000 shares of our common stock for awards under this plan and are asking our shareholders to approve this plan,

including this share amount, at our 2008 annual meeting of shareholders; however, we have not granted any awards from this plan to date.

*Elements of our Compensation Programs*

Our compensation programs consist primarily of (1) base salary, (2) annual performance-based incentive compensation, (3) long-term equity incentive compensation and (4) retirement benefits. We also provide our executives with perquisites, and we maintain severance arrangements that would provide our executives with additional compensation in the event of certain qualifying terminations of employment.

When determining the appropriate levels of our compensation programs, we compare the compensation for our senior executives to the compensation of comparable positions at a group of general industry companies of similar revenue size. In addition, we also review market data on competitive pay practices and trends. When making compensation decisions for our executives, our management and our Compensation Committee consider this market data, as well as industry factors, general business developments and corporate and individual performance. For 2007, our Compensation Committee independently retained Frederic W. Cook & Co., Inc., to provide consulting services related to the compensation and benefit programs for our senior executives. The following are the companies against which we and Frederic W. Cook & Co., Inc. benchmarked our compensation programs in 2007:

Autozone	Harley Davidson	Royal Caribbean
Avis Budget Group	Hilton Hotels	Ryder System
Carmax	Marriott International	Starbucks
Carnival	Norfolk Southern	Starwood
Cintas	Office Depot	United Auto Group
CSX	OfficeMax	United Rentals
Darden Restaurants		

We also considered market data on general industry companies provided to us by Towers Perrin, the Corporation's compensation consultant. We typically review the base salaries and annual bonus levels of our named executive officers and other senior executives every 12 months, and we periodically (but not on a set schedule) review the other elements of their compensation.

In determining the appropriate levels of our compensation programs, our CEO provides input to the Compensation Committee on topics that he believes are important to us, such as the appropriate levels of base salary for named executive officers (other than himself), performance criteria, numerical performance goals and appropriate target performance levels. As part of this process, our CEO obtains data from and has discussions with our chief human resources officer. In addition, as described in more detail below, our CEO performs performance reviews with respect to the other executive officers of the Corporation, the results of which may affect our executive officers' base salary and annual bonus levels. Our Compensation Committee may give weight to our CEO's input in its discretion, but in all cases, the final determinations with respect to our compensation programs lie with the Compensation Committee or, in the case of our CEO, with our Board of Directors.

*Base Salary*

In our review of base salaries for our executives, we primarily consider:

Market data provided by Frederic W. Cook & Co., Inc. and market data on general industry companies provided by Towers Perrin;

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Internal review of the executive's compensation, both individually and relative to other officers; and

Individual performance of the executive.

Our Compensation Committee makes these base salary determinations in close consultation with our Lead Director and our CEO (except as to his own compensation). Generally, we review the base salaries of our named executive officers and other senior executives every 12 months. We also review base salaries upon promotion or other changes in job responsibility.

We review base salary and annual bonus levels together, as we have generally tried to set base compensation for each of our senior executive officers at the median of that paid for comparable positions at our peer group of companies. (By "median" we mean that roughly half of our peer companies pay the same or less, and roughly half pay more.) We generally tried to set bonus compensation between the 50th and 75th percentiles of that paid for comparable positions at our peer group of companies. (By "between the 50th and 75th percentiles" we mean that 50-75% of the peer group would be expected to pay that amount of bonus compensation or less, while 25-50% would be expected to pay more.)

We take into account individual performance when setting base salary levels for our senior executive officers. Accordingly, some officers' base salary may have exceeded the median paid for comparable positions at our peer group of companies, while for others it may have been below the median. In addition, we assume, when setting base salary levels, that annual bonuses will be paid at target levels. Accordingly, if performance exceeds target levels, our executive officers may receive annual cash compensation above the median of our peer group, and, if performance is below target levels, our executive officers may receive annual cash compensation below the median. We intend for this structure to motivate our executives to outperform our peer group of companies and to reward them for doing so. We do not include the value of the cash-based long-term incentive plan established while Hertz was owned by the Ford Motor Company (referred to below as the "Ford LTIP") in setting annual cash compensation levels because we view the Ford LTIP as a legacy program. We do not intend to continue the Ford LTIP after it expires, and, consequently, we have not extended participation in the Ford LTIP to those of our executive officers who began working for us after Ford Motor Company sold Hertz to the Corporation.

As the result of our regular, cyclical review of annual base salaries in 2007, the annual base salaries for our named executive officers were revised as reflected in the following chart. For Mr. Taride, these amounts have been converted to U.S. dollars from pounds sterling at the 12-month average rate of 2.005698. For Ms. Douglas, the increase in base salary reflects her promotion to the CFO position in 2007.

<b>Name</b>	<b>Initial Base Salary</b>	<b>Adjusted Base Salary</b>
Mr. Frissora	\$ 950,000	\$ 1,000,000
Ms. Douglas	\$ 325,000	\$ 450,000
Mr. Nothwang	\$ 590,000	\$ 630,000
Mr. Taride	\$ 571,624	\$ 595,091
Mr. Plescia	\$ 425,000	\$ 470,000
Mr. Siracusa	\$ 525,000	\$ 546,000
Mr. Rolfe	\$ 395,000	\$ 419,000
Mr. Burgess	\$ 340,000	\$ 340,000

*Annual Incentives*

For each fiscal year, the determination of the annual bonuses of our named executive officers and other senior executives involves four steps:

First, our Compensation Committee approves the performance criteria that will be used to determine annual bonuses for our named executive officers under our Executive Incentive Compensation Program, or "EICP," and, if more than one performance criterion is selected, the relative weighting of those criteria and their related targets.

Second, our Compensation Committee establishes numerical goals as to each of the performance criteria, and the target annual bonus that each named executive officer will receive expressed as a percentage of annual base salary if those numerical goals are met. Our Compensation Committee also determines the extent to which the annual bonus may be increased if the numerical goals are exceeded or decreased if the numerical goals are not achieved, as well as minimum thresholds of performance (below which no bonus would be paid).

Third, after the end of the fiscal year, our Compensation Committee determines how our actual results compare with performance targets and approves the resulting bonus payments, if any.

Fourth, based on a review of individual performance, the resulting bonus payments may be increased or decreased by up to 25%. For our CEO, our Board, upon recommendation by our Compensation Committee, performs this review. For our other executive officers, our CEO performs this review.

*Selection of Performance Criteria.* In 2007, the performance criteria applicable to our named executive officers were based upon three performance criteria: adjusted pre-tax income (referred to below as "API"), return on total capital (referred to below as "ROTC") and revenues. For Messrs. Frissora, Siracusa, Rolfe and Burgess and Ms. Douglas, the performance criteria are based entirely on our overall performance. For Messrs. Taride, Nothwang and Plescia, each of whom has responsibility for a particular business unit, the performance criteria relate to the performance of the applicable business unit as well as to our overall performance. API for us or any business unit is an adjusted pre-tax income statistic equal to our or the unit's income before purchase accounting charges, non-cash interest items, income taxes, minority interest, restructuring expenses, significant one-time items and non-cash "mark-to-market" income and expense. ROTC for us or any business unit is a return on capital statistic equal to the ratio of our or the unit's API plus fleet interest, non-fleet interest and stock option expense to our or the unit's average assets minus average non-interest bearing liabilities, excluding goodwill, other intangibles and other purchase accounting related balances. We selected these three performance criteria because we believe that improvements in our pre-tax income (as measured by API), return on the cost of capital (as measured by ROTC) and revenues, taken together, will result in our continued growth and the delivery of shareholder value. We weigh these factors collectively in determining annual bonuses because we believe that the three goals are interrelated. (For example, growth in revenue does not in itself necessarily correspond to a growth in income.) API (which is an earnings measure which we publicly report) and ROTC are operating statistics determined by reference to our financial statements but are not financial measures calculated in accordance with generally accepted accounting principles.

For Messrs. Frissora, Siracusa, Rolfe and Burgess and Ms. Douglas, we weighed these three criteria such that 50% of the bonus to be paid would be based on the achievement of API, 30% of the bonus to be paid would be based on ROTC and 20% of the bonus to be paid would be based on revenue, and, in each case, based entirely on our own performance. For Messrs. Taride, Nothwang and Plescia, each of whom has responsibility for a particular business unit, we applied an additional weighing such that 40% of each of the factors was based on business unit performance and 60% on our overall performance.

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*Establishment of Numerical Goals and Target Bonus Levels; Extent to which the Numerical Goals were Satisfied and Amount of Annual Bonuses.* We set the target annual bonus a named executive officer will be eligible to receive under the EICP so that the executive will earn total annual cash compensation (that is, annual bonus and base salary) at the median of annual cash compensation paid for comparable positions at the companies in our peer group. The annual bonus under the EICP is further structured so that, if executive officers substantially exceed the EICP performance targets, total annual cash compensation will be payable at the 75th percentile of the peer group by which we mean 75% of the peer group would be expected to pay that amount of total annual cash compensation or less, while 25% would be expected to pay more. Executive officers participating in the EICP receive no payment of an EICP award unless minimum performance levels are achieved (for 2007, the minimum level was 90% of the combined performance goals), and receive 100% of their targeted bonus amount for the achievement of the target levels. For 2007, for each one percentage point that an executive's actual results exceeded 100% of the executive's applicable performance targets, the executive's bonus payment under the EICP would be increased by four percentage points. (For example, 106% achievement would result in a payment of 124% of the executive's target annual bonus.) We include this feature in our EICP because we believe that exceeding the applicable performance goals reflects extraordinary achievement, and we are willing to provide the additional reward to our executive officers for doing so.

In addition to the foregoing annual incentives, in 2006, we modified the Ford LTIP to provide an enhanced annual bonus opportunity using the same performance criteria and performance targets employed for participants in the EICP in lieu of the performance criteria and targets that the Ford LTIP previously employed. We modified the Ford LTIP because we believed that the performance criteria and targets we annually established under the EICP would create better incentives to meet our business objectives following the Corporation's acquisition of Hertz than those that had been established for Ford. All of our named executive officers other than Mr. Frissora and Ms. Douglas participated in the Ford LTIP in 2007. Bonus payments under the Ford LTIP are in all events limited to 200% of target payments, but no comparable limitation existed under the EICP.

The following chart sets out, for 2007, (1) the applicable numerical targets for API, revenue and ROTC in 2007, (2) our actual satisfaction of those numerical targets and (3) annual bonuses accordingly payable under the EICP and, where applicable, the Ford LTIP expressed as a percentage of base salary. Because Messrs. Siracusa, Rolfe and Burgess retired prior to the end of the calendar year, they did not receive annual bonuses under the EICP for 2007. The EICP target for Ms. Douglas, who was promoted during 2007, was 40% prior to her promotion and 70% following her promotion, and her bonus has been adjusted to reflect those percentages.

Name	Numerical Targets and Actual Performance						Bonus under the EICP		Bonus under the Ford LTIP
	API		ROTC		Revenue		Target (Expressed as a % of Base Salary)	Actual % of Target Earned	Target (Expressed as a % of Base Salary)
	Target	Actual	Target	Actual	Target	Actual			
Mark Frissora	\$ 590m	\$ 660.9m	12%	12.61%	\$ 8,671.2m	\$ 8,685.6m	120%	132%	
Elyse Douglas	\$ 590m	\$ 660.9m	12%	12.61%	\$ 8,671.2m	\$ 8,685.6m	40%/70%	132%	
Joseph R. Nothwang	\$ 382.1m	\$ 416.3m	9.65%	10.29%	\$ 5,017.3m	\$ 4,943.8m	75%	128.8%	64%
Michel Taride	\$ 137.2m	\$ 164.3m	9.78%	12.21%	\$ 1,751.3m	\$ 1,779.1m	65%	148%	41%
Gerald Plescia	\$ 396.5m	\$ 365.4m	21.71%	19.84%	\$ 1,857.9m	\$ 1,722.8m	75%	112.8%	43%

Based on his evaluation of each executive officer's individual performance in 2007, Mr. Frissora did not make any material adjustments.

*Long-Term Equity Incentives*

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

Each named executive officer (other than Ms. Douglas, who was promoted in 2007 to her current position) made an investment in our shares of common stock in an amount that was, for him, a material personal investment.

Each named executive officer received a grant of a significant number of options to purchase shares of our common stock. This grant was intended to be in lieu of yearly grants for the three year period starting with the year of grant.

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

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

In 2007, we granted the following equity awards to our named executive officers:

We granted options to purchase 400,000 shares of our common stock to Mr. Frissora. Mr. Frissora received this grant following a review by our Compensation Committee of equity compensation at our peer companies and a determination by the Compensation Committee to place Mr. Frissora's long-term compensation between the 50th and the 75th percentile. In addition, because Mr. Frissora did not receive the multi-year grant described above, we expect that he will be considered for option grants each year.

We granted options to purchase 50,000 shares of our common stock to Ms. Douglas in connection with her promotion from Treasurer to CFO. We determined the amount of this grant based on our review of data from our peer companies as to the CFO position. We chose options as the form of award in order to align Ms. Douglas's compensation with that of our other executive officers. Ms. Douglas also did not receive the multi-year grant described above and will also be considered for option grants each year.

*Establishment of the 2008 Omnibus Incentive Plan.* Following our initial public offering in November 2006, we determined that it is important to our long-term success to continue to be able to grant equity compensation pursuant to a shareholder-approved plan to our current and prospective named executive officers and other senior executives and key employees. In deciding on the terms of the plan, we consulted with Frederic W. Cook & Co., Inc., which provided us with information regarding customary terms and conditions of public company equity incentive plans. In particular, in order to provide us with maximum flexibility to make equity awards in the future that are consistent with our determination, at the time, of what is in our best interests and the best interests of our shareholders, we chose to adopt a plan that provides for a full range of equity awards, including time- and performance-

based awards of stock options, stock appreciation rights, restricted stock, restricted stock units and deferred stock units. We also provided in the plan the flexibility to permit us to settle awards in shares or in cash. Based on advice from the Compensation Committee's independent consultant and an anticipated plan life of three to five years, 17,700,000 shares of our common stock will be available for awards under the plan. We intend to make grants under the plan from time to time as necessary or appropriate; however, no immediate grants under the plan are contemplated. At our annual meeting, our shareholders will be asked to approve our 2008 Omnibus Incentive Plan as an additional means of providing our named executive officers (as well as our other employees) with long-term equity-based compensation. The material provisions of the plan are summarized at "Proposal 3 Approval of Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan."

#### *Retirement Benefits*

We maintain retirement and savings plans for our named executive officers and other senior executives and key employees, as well as for our employees generally. Two of these plans are tax-qualified and are broadly available to our employees. In addition, we maintain three non-qualified, unfunded pension plans for certain of our U.S.-based executives, including our named executive officers. These three plans are the Supplemental Retirement and Savings Plan, or "SERP," the Benefit Equalization Plan, or "BEP," and the Supplemental Executive Retirement Plan, or "SERP II." We feel these plans promote retention of our key executives and other participants by providing a reasonable level of retirement income reflecting their careers with us. We believe such plans are customary in the industries in which we operate, although we did not in 2007 conduct a formal review of the comparability of the terms of these plans with our peer companies. We generally have not considered these benefits when setting base salary and annual bonus amounts. The material terms of these plans are summarized at "Executive Compensation Pension Benefits."

We also maintain a post-retirement assigned car benefit plan under which we provide certain executives who, at the time of retirement, meet minimum age at retirement and service requirements, with a car from our fleet and insure the car for the participant's benefit. The assigned car benefit is available for 15 years post-retirement or until the participant reaches the age of 80, whichever is longer. As of December 31, 2007, Mr. Nothwang had satisfied the minimum age and service requirements of this plan and will, upon retirement, be entitled to its benefits; Messrs. Taride and Plescia had satisfied the minimum service, but not the minimum age, requirement; and Mr. Frissora and Ms. Douglas had satisfied neither the minimum service nor minimum age requirement. Messrs. Siracusa, Rolfe and Burgess are receiving the assigned car benefit.

#### *Perquisite Policy*

We provide perquisites and other personal benefits to our named executive officers that we and our Compensation Committee believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The named executive officers are provided use of company- or third party manufacturer-provided cars, financial planning assistance, free lunches, annual physicals and, in the case of Messrs. Frissora, Nothwang and Plescia, country club memberships. In addition, our CEO, for security purposes, uses corporate aircraft for personal and business related air travel within the one-stop range from the base for our corporate aircraft and is provided with the services of a driver trained in evasive driving techniques employed by us. We also provide Mr. Taride with housing under an arrangement described below. Attributed costs of these personal benefits for the named executive officers for the fiscal year ending December 31, 2007 are included in the "All other compensation" column of the Summary Compensation Table. In 2007, we conducted a peer review of the use of cars as described above and found our policy to be generally consistent with our peers. We did not conduct a formal review of our other perquisite policies in 2007, and we generally have not considered these perquisites when setting base salary and annual bonus amounts.

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

In August 2006, Hertz Europe Limited, an indirect wholly owned subsidiary of Hertz that employs Mr. Taride, entered into an agreement with Mr. Taride regarding the provision of living accommodations for Mr. Taride and his family. Pursuant to this agreement, Hertz Europe Limited purchased a property in London for a purchase price of £2.3 million, made an estimated £100,000 in improvements to it and paid all fees associated with the purchase. The agreement provides that the property will be made available to Mr. Taride and his family rent-free for an initial period through June 2011, which term may be extended by agreement of Mr. Taride and the CEO of Hertz. The agreement also provides that Hertz Europe Limited will reimburse Mr. Taride for any tax liability which arises because he has the benefit of the property through June 2011 or, if sooner, the date at which Mr. Taride purchases the property. The agreement grants to Mr. Taride an option to purchase the property at any time through June 2011. In the event that Mr. Taride exercises the option to purchase the property, any increase in the value of the property (defined as the difference between the purchase price paid by Hertz Europe Limited and the appraised fair market value at the time of the sale) will be allocated between Hertz Europe Limited and Mr. Taride, with one-third of the increase falling to Mr. Taride and two-thirds to Hertz Europe Limited. In the event that Mr. Taride's employment is terminated by himself or by Hertz Europe, the agreement provides that he will vacate the property within one month. We believe this arrangement is appropriate in light of the circumstances of Mr. Taride's transfer from France to the United Kingdom in 2000, the living arrangements made for him at that time and the conditions of the residential property market in London.

#### *Employment and Severance Arrangements*

Prior the Corporation's acquisition of Hertz in December 2005, Hertz and Ford entered into "Change in Control Agreements" with each of Messrs. Nothwang, Siracusa, Plescia, Taride, Rolfe and Burgess. Those Change in Control Agreements provided for the payment of compensation and benefits to these individuals upon certain qualifying terminations of employment following a "change in control" of us. Those Change in Control Agreements also provided for certain non-compete and non-solicitation terms to which the executives have agreed for our benefit. The acquisition of Hertz in December 2005 constituted a change in control under the Change in Control Agreements. Each Change in Control Agreement provided that the covered executive would be entitled to specified severance benefits if we terminated the executive's employment in the two-year period following the change in control for any reason other than death, long-term disability or "Cause," or if the executive terminated the executive's employment for "Good Reason" (as these terms are defined in the Change in Control Agreements).

Since the Corporation's acquisition of Hertz in December 2005, we hired or promoted a number of individuals into officer positions, including Mr. Frissora and Ms. Douglas. Accordingly, in February 2008, we offered to enter into change in control arrangements covering all of our named executive officers who were then employed by us, other than Mr. Frissora, whose employment agreement provides severance (described in " Employment and Change in Control Agreements Mr. Frissora"), and we adopted a new severance plan. In connection with our entry into these arrangements, the Compensation



Committee received advice from its compensation consultant, Frederick W. Cook & Co., Inc., as to market practice for these arrangements among our peer companies. In adopting these arrangements, it was our intention to provide our named executive officers with severance arrangements that they would view as appropriate in light of their existing arrangements, while at the same time not exceeding, to the maximum extent practicable, the terms of arrangements provided by our peer companies.

The new arrangements consist of (1) individual Change in Control Agreements with Messrs. Nothwang, Taride and Plescia and Ms. Douglas, and (2) a new severance plan, the Severance Plan for Senior Executives. As described in more detail below, the purpose of the new individual Change in Control Agreements is to provide payments and benefits to the covered executives in the event of certain qualifying terminations of their employment following a change in control of us, and the purpose of the severance plan is to provide payments and benefits to the covered executives in the event of certain other qualifying terminations of their employment.

*New Change in Control Agreements*

The initial term of each new Change in Control Agreement ends on December 31, 2010 but is subject to successive automatic one-year extensions unless we have given at least 15 months' advance notice of non-extension. In the event of a change in control during the term of the new change in control agreement, the agreement will remain in effect for two years following the change in control.

If a change in control occurs and the covered executive's employment is terminated by us without cause or by the covered executive with good reason (as these terms are defined in the agreement), in either case within two years following the change in control, the covered executive will be entitled to the following payments and benefits:

a lump sum cash payment reflecting accrued but unpaid compensation equal to the sum of (i) the executive's annual base salary earned but not paid through the date of termination (ii) one twelfth of the average of the target annual bonus payable to the executive, including any amounts deferred at the election of the executive multiplied by the number of full and partial months from the beginning of the calendar year during which the termination occurs, and (iii) all other amounts to which the executive is entitled under any compensation plan applicable to the executive, payable no later than the thirtieth day following the date of executive's termination;

a lump sum cash payment equal to a multiple (the "severance multiple") of the sum of the executive's annual base salary in effect immediately prior to the termination and the average actual bonuses paid to the covered executive for the three years prior to the year in which the termination occurs, or, for executives without a three-year bonus history, by reference to target levels. The severance multiples are: for Messrs. Nothwang, Taride and Plescia, 2.5; and for Ms. Douglas, 2.0;

credit of an additional number of years equal to the severance multiple to the executive's years of age and "Years of Service" for all purposes under our SERP II (described at "Executive Compensation Pension Benefits");

continuation of all life, medical, dental and other welfare benefit plans (other than disability plans) until the earlier of the end of a number of years following the executive's termination of employment equal to the severance multiple and the date on which the executive becomes eligible to participate in welfare plans of another employer; and

within the period of time from the date of executive's termination through the end of the year following the date of termination, outplacement assistance up to a maximum of \$25,000.

The foregoing are intended to be in lieu of any other payments and benefits to be made in connection with a covered executive's termination of employment while the agreements are in effect. Covered executives must execute a general release of claims to receive the foregoing severance

payments and benefits. We have separately agreed with Mr. Nothwang that he has the right to terminate his employment on or before June 21, 2009 and receive the severance payments and benefits under the agreement as if a change in control had occurred prior to the termination if he determines that certain of his job responsibilities have been adversely affected by recent operational changes.

In the event of a dispute over the agreement, the covered executive is entitled to payment of his or her legal fees and expenses reasonably incurred so long as the covered executive prevails on at least one material claim in the dispute. In the event that compensation provided for in the agreement or in any other plan or arrangement covering the named executive is subject to the golden parachute excise tax, the executive will be entitled to receive a gross-up payment in an amount such that after payment by the executive of all taxes on the gross-up payment, the executive shall retain a portion of the gross-up payment equal to the excise tax. However, to the extent compensation paid to the executive in connection with the change in control does not exceed 110% of the specified statutory threshold amount giving rise to excise tax, then no additional payment will be paid and the compensation will be reduced below such statutory threshold.

The agreement also contains a confidentiality covenant that extends for 24 months following the executive's termination of employment and noncompetition and nonsolicitation covenants that both extend for a 12 month period following the executive's termination of employment.

The following chart sets forth the estimated payments that the named executive officers covered under the new Change in Control Agreements would receive upon a termination by us without cause or by the covered officer with good reason, assuming that (1) the agreements were in place on December 31, 2007 and (2) a change in control of us occurred on December 31, 2007, and the covered executives' termination of employment occurred on that date. In addition, for purposes of calculating the excise-tax gross-up, we have assumed that the vesting of all unvested stock options held by these individuals accelerated on that date.

Benefit	Name	Value of Benefit
Severance payment	Mr. Nothwang	\$ 4,241,093
	Mr. Taride	\$ 3,696,044
	Mr. Plescia	\$ 3,141,997
	Ms. Douglas	\$ 1,748,901
Increased SERP II value	Mr. Nothwang	\$ 2,226,500
	Mr. Taride	
	Mr. Plescia	\$ 2,598,000
	Ms. Douglas	
Continued medical benefits	Mr. Nothwang	\$ 9,150
	Mr. Taride	\$ 37,159(1)
	Mr. Plescia	\$ 9,150
	Ms. Douglas	\$ 7,320
Outplacement	Mr. Nothwang	\$ 25,000
	Mr. Taride	\$ 25,000
	Mr. Plescia	\$ 25,000
	Ms. Douglas	\$ 25,000
Excise tax gross up	Mr. Nothwang	\$ 2,711,973
	Mr. Taride	
	Mr. Plescia	\$ 2,171,622
	Ms. Douglas	

(1) Amounts for Mr. Taride have been translated from pounds sterling to U.S. dollars at the 12-month average rate of 2.005698.

*Severance Plan for Senior Executives*

In February 2008, we adopted a severance plan for senior executives. The severance plan provides benefits to senior executives whose employment is terminated other than terminations of employment that qualify for benefits under the change in control agreements. Messrs. Nothwang, Taride and Plescia and Ms. Douglas have been designated as participants in the plan. If any covered executive's employment is terminated by us for any reason other than cause, permanent disability (as these terms are defined in the severance plan) or death, the executive will be entitled to the following payments and benefits:

a pro rata portion of the annual bonus that would have been payable to the participant;

cash payments in the aggregate equal to a multiple (the "severance multiple"), based on the executive's position, of the executive's annual base salary in effect immediately prior to the date of termination and the average of the annual bonuses payable to the executive, including any amounts deferred at the election of the executive, with respect to the three calendar years preceding the year in which the termination occurs or, for executives without a three-year bonus history, by reference to target levels, or if no target annual bonus has yet been established for such fiscal year, the average actual bonus the executive received in the most recent years or if an executive has not had an opportunity to earn or be awarded one full year's bonus as of his termination of employment, the executive's target bonus for the year of termination, payable in equal installments over a period of whole and/or partial years equal to the severance multiple. The severance multiples are: for Messrs. Nothwang, Taride and Plescia, 2; and for Ms. Douglas, 1.5;

continuation of all life, medical, dental and other welfare benefit plans (other than disability plans) until the earlier of the end of a number of years following the executive's termination of employment equal to the severance multiple and the date on which the executive becomes eligible to participate in welfare plans of another employer; and

within the period of time from the date of executive's termination through the end of the year following the date of termination, outplacement assistance up to a maximum of \$25,000.

Executives must execute a general release of claims to receive the foregoing severance payments and benefits. The severance plan also contains a confidentiality covenant that extends for 24 months following the executive's termination of employment and non-competition and non-solicitation covenants that both extend for a period of years following the executive's termination of employment equal to the severance multiple. If an executive is entitled to severance payments and benefits under the severance plan and a Change in Control Agreement, payments and benefits will be made under the Change in Control Agreement rather than the severance plan.

The severance plan will be administered by one or more individuals appointed by our Compensation Committee or (in the absence of an appointment) by the Senior Vice President of Human Resources. The severance plan may be amended or terminated at any time other than with respect to executives then receiving payments and benefits under the plan.

The following chart sets forth the estimated payments that the named executive officers covered under the new severance plan would receive upon a termination by us without cause, assuming that

(1) the severance plan was in place on December 31, 2007 and (2) the covered executives' termination of employment occurred on that date.

Benefit	Name	Value of Benefit
Severance payment	Mr. Nothwang	\$ 3,617,630
	Mr. Taride	\$ 3,138,366
	Mr. Plescia	\$ 2,660,375
	Ms. Douglas	\$ 1,366,401
Continued medical benefits	Mr. Nothwang	\$ 7,320
	Mr. Taride	\$ 29,727(1)
	Mr. Plescia	\$ 7,320
	Ms. Douglas	\$ 5,490
Outplacement	Mr. Nothwang	\$ 25,000
	Mr. Taride	\$ 25,000
	Mr. Plescia	\$ 25,000
	Ms. Douglas	\$ 25,000

(1)

Amounts for Mr. Taride have been translated from pounds sterling to U.S. dollars at the 12-month average rate of 2.005698.

*Employment Agreement with Mark P. Frissora*

We entered into an employment agreement with Mark P. Frissora, our President and CEO in July 2006. The material terms of the employment terms of this agreement are described at "Executive Compensation Employment Agreement with Mr. Frissora", and the material terms of this agreement relating to severance are described at "Executive Compensation Employment and Change in Control Agreements." In 2007, we compensated Mr. Frissora as provided in his employment agreement. In addition, as described above, we increased Mr. Frissora's base salary and made an option grant to him.

#### **Policy On Recovering Bonuses In The Event of a Restatement**

Section 304 of the Sarbanes-Oxley Act of 2002 provides for the forfeiture of certain bonuses and profits by our CEO and CFO in connection with certain accounting restatements. To date, our Board has not elected to enlarge upon that statutory scheme with respect to compensation paid to our executives. As more fully described below, we have included provisions in the 2008 Omnibus Incentive Plan that will provide us with the discretion to cause the forfeiture of equity compensation and the recovery of gains from equity compensation awarded under that plan with respect to individuals who engage in misconduct or gross negligence that results in a restatement of our financial statements.

#### **Policies On Timing of Option Grants**

It is our policy not to grant options to purchase shares of our common stock, other than pursuant to legally binding, pre-existing commitments (such as our obligation to grant options to our directors at specific times in accordance with our written director compensation policy), at any time when we have prohibited trading in our common stock by our executives generally under our stock trading policy (such as in the period heading up to a quarterly earnings release). It is our policy not to grant options with effect from, or with an exercise price based on market conditions as they existed on, any date prior to the date on which the party in which granting authority is vested (typically our Compensation Committee or our CEO) takes formal action to grant them. It is our policy to document promptly any option grants that we make; we would normally regard documenting to be prompt if we were to communicate the terms of options grants to their recipients, and to obtain signed option agreements governing the grants back from them, within one month of the date formal action is taken to issue them.

**Tax and Accounting Considerations**

Section 162(m) of the Internal Revenue Code operates to disallow public companies from taking a federal tax deduction for compensation in excess of \$1 million paid to its named executive officers, excluding performance-based compensation that meets requirements mandated by the statute. As part of its role, our Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code. We believe that compensation previously paid under the EICP and the Ford LTIP should be performance-based under these requirements and therefore fully deductible for federal income tax purposes. In addition, as shareholder approval is one of the requirements for performance based compensation under Section 162(m) of the Internal Revenue Code, we are asking our shareholders to approve the 2008 Omnibus Incentive Plan. However, in certain situations, our Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our executive officers consistent with the policies described above.

**COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed the Compensation Disclosure and Analysis included in this proxy statement with members of management. Based on that review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the proxy statement.

THE COMPENSATION  
COMMITTEE

David H. Wasserman, Chairman

Brian A. Bernasek

Robert F. End

42

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**Summary Compensation Table**

The following table, or the "Summary Compensation Table," summarizes the compensation earned in 2007 by our named executive officers.

**2007 Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus</b>	<b>Stock Awards</b>	<b>Option Awards(1)</b>	<b>Non-equity incentive plan compensation(2)</b>	<b>Change in pension value and non-qualified deferred compensation earnings</b>	<b>All other compensation(3)</b>	<b>Total</b>
		<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Mark P. Frissora	2007	986,539	2,250,000(4)		4,293,979	1,584,000	378,100	341,159(15)	9,833,777
	2006	412,885	3,200,000		1,327,100	228,000		14,064,258	19,232,243
Elyse Douglas(6)	2007	396,443(7)			305,674	248,900	4,000	2,609	957,626
Paul J. Siracusa(8)	2007	373,962			2,776,690		2,364,100	2,971,940(15)	8,486,692
	2006	545,673			666,973	827,700	639,100	12,119	2,691,565
Joseph R. Nothwang	2007	605,385			1,200,656	1,138,789	312,400	19,686	3,276,916
	2006	565,385			666,973	903,160	932,200	14,471	3,082,189
Michel Taride(10)	2007	583,357			1,216,931	917,570	236,772	139,571(11)	3,094,201
	2006	529,345			572,964	740,606	452,961	152,837	2,448,713
Gerald Plescia	2007	461,346			1,111,857	648,220	295,100	17,089	2,533,612
	2006	425,481			554,162	637,223	343,700	10,699	1,971,265
Harold Rolfe(12)	2007	371,554			930,523		428,200	2,330,440(13)	4,060,717
Claude Burgess(14)	2007	65,385			693,431		595,100	1,352,080(15)	2,705,996

(1)

Represents the compensation expense recognized for financial accounting purposes computed pursuant to FAS 123(R) with respect to the fair value of options granted in 2007 and options granted in prior years that

continue to be expensed under FAS 123(R). The amounts in the table reflect the Corporation's accounting expense in 2007 for the options and do not reflect the value, if any, that may ultimately be realized by the named executive officers. For additional information on the valuation assumptions relating to the options, see the note on "Stock-Based Compensation" to the Corporation's consolidated financial statements contained in its annual report on Form 10-K for the year in which the option was granted.

(2) Includes amounts earned and accrued in 2007 but paid in 2008.

(3) Includes the following:

	<b>Personal Personal Use of Aircraft</b>	<b>Personal Use of Car and Driver</b>	<b>Free Meals</b>	<b>Financial Assis- tance</b>	<b>Club Member- ships personal use</b>	<b>Executive Physicals</b>	<b>Housing</b>	<b>Perquisites Subtotal</b>	<b>Reloca tion</b>	<b>Life Insurance Premiums</b>	<b>Company Match on 401(k) Plan</b>
	<b>(a)</b>	<b>(b)</b>						<b>(c)</b>			
Frissora	130,460	39,903	728	6,600	18,450			196,141	11,082	2,087	6,750
Douglas			130					130		758	1,558