

HERTZ GLOBAL HOLDINGS INC
Form 8-K
March 28, 2011

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) **March 28, 2011 (March 28, 2011)**

HERTZ GLOBAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

001-33139
(Commission File Number)

20-3530539
(I.R.S Employer Identification No.)

225 Brae Boulevard
Park Ridge, New Jersey 07656-0713
(Address of principal executive
offices, including zip code)

(201) 307-2000
(Registrant's telephone number,
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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- o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 8.01 OTHER EVENTS

On March 28, 2011, Hertz Global Holdings, Inc. (Hertz Holdings or the Company) disclosed the following information with respect to the first quarter of 2011.

Based on currently available information, we expect worldwide revenues for the first quarter of 2011 to be up about 6% to 7% compared to the first quarter of 2010. We further expect that worldwide car rental revenues for the same period will be about 5% to 6% higher and worldwide equipment rental revenues will be about 11% to 12% above the first quarter of 2010.

We believe that first quarter 2011 worldwide car rental revenue will be adversely impacted by the number and severity of winter storms in January and February, offset in part by improving rental prices in late February and into March as industry fleets tightened and seasonal demand began to build. We expect double-digit growth in U.S. off-airport total revenue in the first quarter of 2011. Our Advantage car rental business has added five new locations since the beginning of 2011, helping to drive continued revenue expansion and greater penetration of the airport leisure market. Inbound rentals to the U.S. continue strong as a result of our global network. We believe that our rental car exposure to the earthquake-devastated Japanese market is limited to a referral partnership with Toyota that represents less than \$50 million in annual revenue.

Worldwide equipment rental revenue during the first quarter of 2011 is anticipated to be stronger than we previously expected as a result of more robust volumes and improving pricing, especially in the aerial equipment category. We are seeing a strong rebound in the western United States, one of the hardest hit regions for equipment rental, led by new and re-instituted industrial projects. Also, some early signs of non-residential construction jobs starting in California and Florida have been encouraging. While we are hopeful that these fundamentals are sufficient to drive a year-over-year increase in worldwide equipment rental revenue pricing in the first quarter of 2011, we are more confident that with the accelerating recovery in the equipment rental market, we will achieve that milestone in the second quarter of 2011.

We expect Corporate EBITDA during the first quarter of 2011 to increase about 25% to 35% compared to the first quarter of 2010, and adjusted net loss during the first quarter of 2011 to be in the range of about \$22.2 million to \$17.3 million, a substantial improvement over our adjusted net loss of \$49.3 million in the first quarter of 2010. Profitability is benefitting from higher-than-expected residual values, especially on Japanese used cars as a result of limited new-car inventory. In this regard, we understand that Japanese automakers have substantially reduced production in Japan due to facility damage from the earthquake. The net book value of Japanese vehicles in our worldwide car rental fleet currently represents about 40% of the net book value of our total worldwide car rental fleet, a percentage we believe to be higher than our competitors, which should allow us to benefit more than our competitors from this increase in resale values. We expect to continue to balance our car sales activity between satisfying demand for car rental and opportunistically taking advantage of a strong resale values in the used car market.

Finally, we believe we are well-positioned in terms of fleet capacity and that we will receive a majority of our spring fleet orders. Also, we can slow down the rotation of our fleet in the event Japanese auto production delays disrupt our fleet requirements. If the Japanese automakers are able to satisfy our existing orders, we believe we can still use the additional fleet to meet expected demand or sell additional vehicles into a strong resale market which should keep our fleet tight through the peak summer season.

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The implications of tighter fleets, increasing rental pricing and all-time high residual values could provide upside for the rest of the year. However, the strength and resiliency of these favorable trends will be more clear in the second quarter.

The results described above are estimated, preliminary and may change. Because we have not completed our normal quarterly closing and review procedures for the quarter ended March 31, 2011, and subsequent events may occur that require adjustments to these results, there can be no assurance that the final results for the quarter ended March 31, 2011 will not differ materially from these estimates. These estimates should not be viewed as a substitute for full interim financial statements prepared in accordance with GAAP.

Corporate EBITDA is a non-GAAP measure. Management believes that Corporate EBITDA is useful in measuring the comparable results of the Company period-over-period. The GAAP measures most directly comparable to Corporate EBITDA are (i) pre-tax income and cash flows from operating activities, (ii) pre-tax income and (iii) net income, respectively. Management believes that adjusted net income is important because it represents our operational performance exclusive of the effects of purchase accounting, non-cash debt charges, one-time charges and items that are not operational in nature or comparable to those of our competitors. The GAAP measure most directly comparable to adjusted net income is income before income taxes. Because of the forward-looking nature of the Company's forecasted Corporate EBITDA and adjusted net loss, specific quantifications of the amounts that would be required to

reconcile forecasted cash flows from operating activities, pre-tax income, net income and income before taxes are not available. The Company believes that there is a degree of volatility with respect to certain of the Company's GAAP measures, primarily related to fair value accounting for its financial assets (which includes the Company's derivative financial instruments), its income tax reporting and certain adjustments made to arrive at the relevant non-GAAP measures, which preclude the Company from providing accurate forecasted GAAP to non-GAAP reconciliations. Based on the above, and the efforts that would be required to provide the relevant reconciliations, the Company believes that providing estimates of the amounts that would be required to reconcile the range of the non-GAAP Corporate EBITDA to forecasted cash flows from operating activities, pre-tax income and net income and non-GAAP adjusted net loss to income before income taxes would imply a degree of precision that would be confusing or misleading to investors for the reasons identified above.

CAUTIONARY NOTE CONCERNING FORWARD LOOKING STATEMENTS

Certain statements contained in this report include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include information concerning Hertz Holdings' outlook, anticipated revenues and results of operations, as well as any other statement that does not directly relate to any historical or current fact. These forward-looking statements often include words such as believe, expect, project, anticipate, intend, plan, estimate, seek, will, may, would, should, could, and other similar expressions. These statements are based on certain assumptions that Hertz Holdings has made in light of its experience in the industry as well as its perceptions of historical trends, current conditions, expected future developments and other factors that Hertz Holdings believes are appropriate in these circumstances. We believe these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative.

Among other items, such factors could include: levels of travel demand, particularly with respect to airline passenger traffic in the United States and in global markets; significant changes in the competitive environment, including as a result of industry consolidation, and the effect of competition in our markets, including on our pricing policies or use of incentives; occurrences that disrupt rental activity during our peak periods; our ability to achieve cost savings and efficiencies and realize opportunities to increase productivity and profitability; an increase in our fleet costs as a result of an increase in the cost of new vehicles and/or a decrease in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs; our ability to accurately estimate future levels of rental activity and adjust the size of our fleet accordingly; our ability to maintain sufficient liquidity and the availability to us of additional or continued sources of financing for our revenue earning equipment and to refinance our existing indebtedness; safety recalls by the manufacturers of our vehicles and equipment; a major disruption in our communication or centralized information networks; financial instability of the manufacturers of our vehicles and equipment; any impact on us from the actions of our licensees, franchisees, dealers and independent contractors; our ability to maintain profitability during adverse economic cycles and unfavorable external events (including war, terrorist acts, natural disasters and epidemic disease); shortages of fuel and increases or volatility in fuel costs; our ability to successfully integrate future acquisitions and complete future dispositions; our ability to maintain favorable brand recognition; costs and risks associated with litigation; risks related to our indebtedness, including our substantial amount of debt and our ability to incur substantially more debt and increases in interest rates or in our borrowing margins; our ability to meet the financial and other covenants contained in our Senior Credit Facilities, our outstanding unsecured Senior Notes and certain asset-backed and asset-based arrangements; changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings; changes in the existing, or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect our operations, the cost thereof or applicable tax rates; changes to our senior management team; the effect of tangible and intangible asset impairment charges; and the impact of our derivative instruments, which can be affected by fluctuations in interest rates and commodity prices; and our exposure to fluctuations in foreign exchange rates. Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Hertz Holdings therefore cautions you against relying on these forward-looking statements. All forward-looking statements attributable to Hertz Holdings or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and Hertz Holdings undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. On March 28, 2011, Hertz Holdings issued a press release announcing the

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sale of shares of our common stock by certain selling stockholders. A copy of the press release is attached as Exhibit 99.1 to this current report and incorporated by reference herein.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

Exhibit 99.1 Press Release of Hertz Holdings dated March 28, 2011

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HERTZ GLOBAL HOLDINGS, INC.
(Registrant)

By:	/s/ Elyse Douglas
Name:	Elyse Douglas
Title:	Executive Vice President and Chief Financial Officer

Date: March 28, 2011