

HERC HOLDINGS INC
Form DEF 14A
April 03, 2017
Table of Contents

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 Under Rule 14a-12

Herc Holdings Inc.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

Table of Contents

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

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Table of Contents

Herc Holdings Inc.

27500 Riverview Center Blvd.

Bonita Springs, Florida 34134

April 3, 2017

Dear Stockholder:

You are cordially invited to attend our annual meeting of stockholders to be held at 9:00 a.m. (local time) on May 18, 2017, at our principal executive office located at 27500 Riverview Center Blvd., Bonita Springs, Florida 34134.

We will be using the Notice and Access method of providing proxy materials to you via the Internet at www.proxyvote.com, instead of by mail. On or about April 3, 2017, we will begin mailing to our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our proxy statement and annual report to stockholders for 2016 and how to vote online. The Notice also contains instructions on how to receive a paper copy of our proxy materials.

Your vote is important. Each share of our common stock that you own represents one vote. If you do not vote your shares, you will not have a say on the important issues to be voted on at the annual meeting. Whether or not you plan to attend the annual meeting, please vote as promptly as possible. You may vote online or by telephone by following the instructions set forth in the Notice and the proxy statement. If you requested a paper copy of our proxy materials, you may also vote by completing, signing, dating and returning the proxy card. If you attend the annual meeting, you may vote in person.

Registration and seating will begin at 8:30 a.m. (local time). In order to be admitted to the annual meeting, a stockholder must present proof of stock ownership as of the close of business on the record date, March 20, 2017, which can be the Notice, the proxy card accompanying our proxy statement if you requested a paper copy of our proxy materials or a brokerage statement reflecting stock ownership as of March 20, 2017. Stockholders will be asked to sign an admittance card and must also present a form of photo identification such as a driver's license. Cameras and recording devices will not be permitted at the annual meeting.

Sincerely,

Herbert L. Henkel
Non-Executive Chairman and Director

Table of Contents

**NOTICE OF 2017 ANNUAL MEETING OF STOCKHOLDERS
OF HERC HOLDINGS INC.**

Date and Time: May 18, 2017 at 9:00 a.m. (local time).

Place: Our principal executive office, located at 27500 Riverview Center Blvd., Bonita Springs, Florida 34134.

- Proposals:**
1. Election of the nine nominees named in the accompanying proxy statement to serve as directors until the next annual meeting of stockholders;
 2. Approval, by a non-binding advisory vote, of the named executive officers' compensation;
 3. Approval, by a non-binding advisory vote, of the frequency of holding a non-binding advisory vote on the named executive officers' compensation;
 4. Ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2017; and
 5. Transaction of any other business that may properly be brought before the annual meeting.

The Board of Directors of the Company unanimously recommends a vote FOR each of Proposals 1, 2 and 4 and a vote for ONE YEAR for Proposal 3.

Record Date: Only holders of record of the Company's common stock at the close of business on March 20, 2017 will be entitled to attend and vote at the meeting.

How to Vote: You may vote online or by telephone by following the instructions set forth in the Notice of Internet Availability of Proxy Materials (the "Notice") and the proxy statement. If you requested a paper copy of our proxy materials, you may also vote by completing, signing, dating and returning the proxy card. If you attend the annual meeting, you may vote in person.

Date of Mailing: This proxy statement and accompanying materials were filed with the Securities and Exchange Commission on April 3, 2017, and we expect to first send the Notice to stockholders on or about April 3, 2017.

By Order of the Board of Directors,

Maryann Waryjas
Senior Vice President, Chief Legal Officer and
Secretary

April 3, 2017

Bonita Springs, Florida

Table of Contents

TABLE OF CONTENTS

	Page
<u>Proxy Statement Summary</u>	1
<u>Important Information About the Annual Meeting and Voting</u>	4
<u>Corporate Governance: Board and Committee Matters</u>	7
<u>Proposal 1: Election of Directors</u>	12
<u>Compensation Discussion and Analysis</u>	19
<u>Compensation Committee Report</u>	31
<u>Executive Compensation</u>	32
<u>Director Compensation</u>	42
<u>Proposal 2: Approval, By a Non-Binding Advisory Vote, of the Named Executive Officers Compensation</u>	44
<u>Proposal 3: Approval, by a Non-Binding Sdvisory Vote, of the Frequency of Holding a Non-Binding Advisory Vote on the Named Executive Officers Compensation</u>	45
<u>Proposal 4: Ratification of the Selection of PricewaterhouseCoopers LLP as the Company s Independent Registered Public Accounting Firm for 2017</u>	46
<u>Auditor Information</u>	47
<u>Audit Committee Report</u>	48
<u>Security Ownership of Certain Beneficial Owners, Directors and Officers</u>	49
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	51
<u>Certain Relationships and Related Person Transactions</u>	52
<u>Other Business</u>	54
<u>Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting</u>	54
<u>Stockholder Proposals for 2018 Annual Meeting</u>	54
<u>Annual Report for 2016</u>	54

Table of Contents**PROXY STATEMENT SUMMARY**

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Unless the context otherwise requires, in this proxy statement (i) the Company, we, us and our means Herc Holdings Inc. and its consolidated subsidiaries, (ii) our Board or the Board means the Board of Directors of the Company and (iii) our common stock means the common stock of the Company.

Meeting Information

Date: May 18, 2017 Location: 27500 Riverview Center Blvd.
Bonita Springs, Florida 34134

Time: 9:00 a.m. (local time)

Record Date: March 20, 2017

How to Vote

Whether or not you plan to attend the annual meeting, please vote as promptly as possible using one of the following methods:

Via **Internet** by following the instructions on *www.proxyvote.com*;

Via **telephone** by calling 1-800-690-6903 and following the instructions provided by the recorded message;
or

Via **mail** by completing, signing and dating the proxy card (if you received printed proxy materials) and returning it to the address listed therein.

Items of Business

Proposal	Board Voting Recommendation	Page Reference
1. Election of Nine Director Nominees to Serve for a One Year Term	FOR each nominee	12
2. Advisory Vote on Executive Compensation	FOR	44
3. Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation	FOR ONE YEAR	45

4. Ratification of the Company's
Auditor for 2017

FOR

46

Where You Can Find Additional Information

Our website is located at <http://ir.hercrentals.com>. Although the information contained on or connected to our website is not part of this proxy statement, you can view additional information on our website, such as the charters of our Board committees, our Corporate Governance Guidelines, our Code of Ethics and reports that we file with the Securities and Exchange Commission. Copies of these documents may also be obtained free of charge by writing Herc Holdings Inc., 27500 Riverview Center Blvd., Bonita Springs, Florida 34134, Attention: Corporate Secretary.

Table of Contents**Director Nominees**

The following table provides summary information about each director nominee:

Name	Age	Director		Primary Occupation	Other Public Company Boards	Independent	Board Committee Membership As of April 3, 2017			
		Since					A	C	G	F
Herbert L. Henkel (Chairman)	68	2016		Retired Chairman of the Board and Chief Executive Officer of Ingersoll-Rand plc	3		X	CC		
Lawrence H. Silber	60	2016		Chief Executive Officer and President of the Company	0					
James H. Browning	67	2016		Retired partner at KPMG LLP	2		CC			X
Patrick D. Campbell	64	2016		Retired Senior Vice President and Chief Financial Officer of 3M Company	2		X			CC
Michael A. Kelly	60	2016		Retired Executive Vice President of the Electronics and Energy Business of 3M Company	1			X	X	
Courtney Mather	40	2016		Portfolio Manager of Icahn Capital LP	2		X			X
Stephen A. Mongillo	55	2016		Private Investor	1		X			X
Louis J. Pastor	32	2016		Deputy General Counsel of Icahn Enterprises L.P.	2			X	X	
Mary Pat Salomone	56	2016		Retired Chief Operating Officer of The Babcock & Wilcox Company	2			CC	X	

A Audit Committee; C Compensation Committee; G Nominating and Governance Committee; F Financing Committee CC Committee Chair; X Committee Member

Governance Highlights

Our Board is committed to good corporate governance and promoting the long-term interests of our stockholders by adopting structures, policies and practices that we believe promote responsible oversight of management. Highlights include:

Independent Chairman

8 of 9 director nominees are independent

Declassified Board effective as of the 2017 annual meeting

Majority voting for directors and director resignation policy in uncontested elections

100% Board attendance in 2016 following the Spin-Off

Regular executive sessions of independent directors

Robust stock retention guidelines for senior executives and non-employee directors

Prohibition on directors and Section 16 officers pledging Company stock and prohibition on directors and all employees hedging Company stock

The Board generally will not nominate a non-management director for election at an annual meeting if that person has reached age 76

Table of Contents

Business Overview

Herc Holdings Inc., which operates through its Herc Rentals Inc. subsidiary, is one of the leading equipment rental suppliers with approximately 270 company-operated locations, principally in North America. With more than 50 years of experience, the Company is a full-line equipment-rental supplier in key markets, including commercial and residential construction, industrial and manufacturing, civil infrastructure, automotive, government and municipalities, energy, remediation, emergency response, facilities, entertainment and agriculture, as well as refineries and petrochemicals. The equipment rental business is supported by ProSolutions™ (our industry-specific solutions-based services), and our professional grade tools, commercial vehicles, pump, power and climate control product offerings, all of which are aimed at helping customers work more efficiently, effectively and safely. The Company has approximately 4,800 employees. The Company's 2016 total revenues were approximately \$1.6 billion.

On June 30, 2016, the Company, in its previous form as the holding company of both the existing equipment rental operations as well as the former vehicle rental operations (Hertz Holdings), completed a spin-off (the Spin-Off) of its global vehicle rental business through a dividend to stockholders of all of the issued and outstanding common stock of Hertz Rental Car Holding Company, Inc., which was re-named Hertz Global Holdings, Inc. (New Hertz). The Company changed its name to Herc Holdings Inc. on June 30, 2016.

For accounting purposes, due to the relative significance of New Hertz to Hertz Holdings, New Hertz was considered the spinor or divesting entity in the Spin-Off and the Company was considered the spinnee or divested entity. As a result, despite the legal form of the transaction, New Hertz was the accounting successor to Hertz Holdings. Under the accounting rules, the historical financial information of New Hertz is required to reflect the financial information of Hertz Holdings, as if New Hertz had spun off the Company in the Spin-Off. In contrast, the historical financial information of the Company reflects the financial information of the equipment rental business and certain parent legal entities of Herc Rentals Inc. as historically operated as part of Hertz Holdings as if the Company was a stand-alone company for all periods presented.

Table of Contents

IMPORTANT INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

The Board of Directors of Herc Holdings Inc. is soliciting proxies to be used at the annual meeting of stockholders to be held on May 18, 2017, beginning at 9:00 a.m. (local time) at our principal executive office located at 27500 Riverview Center Blvd., Bonita Springs, Florida 34134. This proxy statement and accompanying materials were filed with the Securities and Exchange Commission (the SEC) on April 3, 2017, and we expect to first send the Notice of Internet Availability of Proxy Materials (the Notice) to stockholders on or about April 3, 2017.

Purpose of the Annual Meeting

At the annual meeting, stockholders will act upon the following matters set forth in the Notice:

1. Election of the nine nominees named in this proxy statement to serve as directors until the next annual meeting of stockholders;
2. Approval, by a non-binding advisory vote, of the named executive officers' compensation;
3. Approval, by a non-binding advisory vote, of the frequency of holding a non-binding advisory vote on the named executive officers' compensation;
4. Ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2017; and
5. Transaction of any other business that may properly be brought before the annual meeting.

The Company's senior management will be available to answer questions from stockholders. Immediately following the annual meeting, management will present information about the Company's performance during 2016.

Stockholders Entitled to Vote at the Annual Meeting

Our Board has established the record date for the annual meeting as March 20, 2017. Only holders of record of the Company's common stock at the close of business on the record date are entitled to receive the Notice and attend and vote at the annual meeting. On March 20, 2017, 28,315,752 shares of our common stock were outstanding.

Voting Procedures

If you are a stockholder of record, you may vote as follows:

Voting by Internet: Follow the instructions on *www.proxyvote.com*.

Voting by Telephone: Call 1-800-690-6903 and follow the instructions provided by the recorded message.

Voting by Mail: Complete, sign, date and return the proxy card included in the printed proxy materials.

Voting in Person: See the procedures for voting in person below.

If you hold your shares beneficially in street name through a broker or other nominee, you must follow the instructions provided by your broker or nominee to vote your shares.

Procedures for Attending and Voting at the Annual Meeting

For those stockholders who wish to attend the annual meeting, you will need the following:

photo identification; and

proof of stock ownership as of the record date.

Table of Contents

Please note that no cameras or recording devices are allowed at the annual meeting. Seating for the annual meeting starts at 8:30 a.m. (local time) and the annual meeting will start at 9:00 a.m. (local time).

If you hold your shares beneficially in street name through a broker or other nominee and you intend to vote your shares at the meeting, you will need the proxy from your bank or nominee. Please obtain such materials from your broker or nominee.

Voting Options; Quorum

The Board unanimously recommends a vote FOR each of Proposals 1, 2 and 4 and a vote for ONE YEAR for Proposal 3. Below is a summary of the vote required for adoption of each proposal and the respective effect of abstentions and broker non-votes. For more detailed information, see each respective proposal.

Proposal	Vote Required for Adoption	Effect of Abstentions	Effect of Broker Non-Votes
1. Election of Nine Director Nominees to Serve for a One Year Term	Majority of shares cast	No effect	No effect
2. Advisory Vote on Executive Compensation	Majority of shares present*	Vote against	No effect
3. Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation	Most shares cast*	No effect	No effect
4. Ratification of the Company's Auditor for 2017	Majority of shares present	Vote against	N/A

* The effect of the vote on Proposals 2 and 3 is advisory only and non-binding. However, the Board and Compensation Committee will consider the results of the vote on Proposal 2 in making future decisions regarding our named executive officers' compensation, and the Board and the Compensation Committee will consider the results of the vote on Proposal 3 in determining the frequency of future advisory votes on executive compensation. The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote at the annual meeting constitutes 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 proposal because that nominee does not have discretionary voting power with respect to a proposal and has not received instructions from the beneficial owner.

If you hold your shares beneficially in street name through a broker or other nominee, and you would like to instruct your broker or nominee how to vote your shares, you should follow the directions provided by your broker or nominee. Under New York Stock Exchange (NYSE) rules, your broker is permitted to vote on Proposal 4 even if it does not receive instructions from you. However, under NYSE rules, your broker does not have discretion to vote on any other proposal if it does not receive instructions from you.

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. We will vote your shares as you specify when providing your proxy. If you do not specify how you want your shares voted when you provide your proxy, we will vote them in accordance with the Board's recommendation with respect to the matters set forth in this proxy statement. In their discretion, the proxies are authorized to vote upon such other matters as may properly come before the annual meeting.

Notice of Internet Availability of Proxy Materials

We are permitted to furnish proxy materials, including this proxy statement and our annual report to stockholders for 2016, to our stockholders by providing access to such documents on the Internet at www.proxyvote.com instead of mailing printed copies. Our stockholders will not receive printed copies of the proxy materials unless they are requested. Instead, the Notice will instruct you as to how you may access and review all of the proxy materials on

Table of Contents

the Internet. It will also instruct you as to how you may submit your proxy on the Internet. If you would like to receive a paper copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice. If you receive more than one Notice, it generally means that some of your shares are registered differently or are in more than one account. Please provide voting instructions for each Notice you receive.

Revocation of Proxies

Even if you voted by telephone or on the Internet, or if you requested paper proxy materials and signed and returned the proxy card, you may revoke your proxy before it is voted at the annual meeting by submitting a new proxy, dated later than your first proxy, or by a later-dated vote by telephone or on the Internet. You may also revoke your proxy by delivering a signed revocation letter to Maryann Waryjas, Senior Vice President, Chief Legal Officer and Secretary of the Company. If you are attending the annual meeting in person, you may revoke your proxy by voting in person at the annual meeting. Your attendance at the annual meeting will not by itself revoke your proxy. If you hold your shares beneficially in street name through a broker or other nominee and you have previously directed your broker or nominee to vote your shares, you should instruct your broker or nominee to change or revoke your vote if you wish to do so. If you hold your shares beneficially in street name through a broker or other nominee and wish to cast your vote in person at the annual meeting, you should obtain a proxy to vote your shares from your broker or nominee.

Solicitation of Proxies

Proxies may be solicited on behalf of our Board by mail or telephone, on the Internet or in person, and we will pay the solicitation costs on behalf of the Company. The Notice will be supplied to brokers, dealers, banks and voting trustees, or their nominees, for the purpose of soliciting proxies from beneficial owners, and we will reimburse those record holders for their reasonable expenses on behalf of the Company.

Householding Rules

The SEC's proxy rules permit companies and intermediaries, such as brokers and banks, to satisfy delivery requirements for proxy materials with respect to two or more stockholders sharing an address by delivering a single set of proxy materials. This procedure reduces the amount of duplicate information that stockholders receive and lowers printing and mailing costs for companies.

Therefore, only one copy of the Notice and/or this proxy statement may have been delivered to multiple stockholders sharing a single address. If you wish to opt out of this procedure and receive a separate Notice and/or set of proxy materials in the future, or if you are receiving multiple copies and would like to receive only one, you should contact your broker or other nominee, or the Company or its transfer agent at the address and telephone number below.

A separate copy of the Notice and this proxy statement will be promptly delivered upon request to either the Company's agent by telephone at 1-800-579-1639 or by email to sendmaterial@proxyvote.com, or to the Company's Investor Relations Department by telephone at 1-239-301-1024, by email to investor@hercrentals.com, or by written request to Herc Holdings Inc., 27500 Riverview Center Blvd., Bonita Springs, Florida 34134, Attention: Corporate Secretary.

Additional Information

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (2016 Annual Report) is filed with the SEC and may also be obtained via a link posted on the Investor Relations portion of our website, <http://ir.hercrentals.com>. Copies of the 2016 Annual Report, or any exhibits thereto, will be sent within a reasonable

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time without charge upon written request to Herc Holdings Inc., 27500 Riverview Center Blvd., Bonita Springs, Florida 34134, Attention: Corporate Secretary.

Table of Contents

CORPORATE GOVERNANCE; BOARD AND COMMITTEE MATTERS

Corporate Governance

Our business is managed under the direction of our Board, which was appointed as of June 30, 2016. Our Board is committed to good corporate governance and promoting the long-term interests of our stockholders by adopting structures, policies and practices that we believe promote responsible oversight of management.

Board Independence

Our Board has determined that Messrs. Browning, Campbell, Henkel, Kelly, Mather, Mongillo and Pastor and Ms. Salomone are independent as defined in the federal securities laws and applicable NYSE rules for service on our Board. The standards for determining director independence are specified in Annex A to our Corporate Governance Guidelines.

In recommending to the Board that each of the independent directors be classified as independent, the Nominating and Governance Committee considered whether there were any facts or circumstances that might impair the independence of each of those directors including, with respect to Messrs. Mather, Mongillo and Pastor, the agreements described in Certain Relationships and Related Person Transactions Agreements with Carl C. Icahn.

Board Meetings and Annual Meeting Attendance

Following June 30, 2016, our newly constituted Board met three (3) times in 2016. Each of our director nominees attended all of the meetings of the Board and committees on which he or she served. Director attendance at annual meetings of stockholders is encouraged.

Board Committees

Our Board has four standing committees – the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Financing Committee. Each committee has a written charter and each charter is available without charge on the Investor Relations portion of our website, <http://ir.hercrentals.com>. Each member of the Audit Committee, Compensation Committee and Nominating and Governance Committee meets the independence and eligibility standards necessary for service on such committee pursuant to relevant securities laws, NYSE rules, our Corporate Governance Guidelines and the respective charter of each committee. Our Board has designated Messrs. Browning and Campbell as audit committee financial experts.

Membership, Meetings and Roles and Responsibilities of the Board Committees

Audit Committee

Members	Roles and Responsibilities
Browning (Chair)	Oversees our accounting, financial and external reporting policies and practices as well as the integrity of our financial statements.
Campbell	
Mather	

Mongillo

Monitors the independence, qualifications and performance of our independent registered public accounting firm.

Number of

Meetings in 2016

Oversees the performance of our internal audit function and operational policies and practices that affect our internal controls.

Post-Spin-Off

7

Monitors our compliance with legal and regulatory requirements.

Reviews our guidelines and policies and the commitment of internal audit resources, in each case as they relate to risk management.

Prepares our Audit Committee's report included in our annual proxy statement.

7

Table of Contents

Compensation Committee

Members	Roles and Responsibilities
Salomone (Chair)	Evaluates the performance of our CEO as related to all elements of compensation, as well as the performance of our senior executives.
Henkel	
Kelly	
Pastor	Approves the annual incentive compensation targets and payouts and grants to our senior executives under our long-term incentive plans (both subject, in the case of our CEO, if so directed by the Board, to the final approval of a majority of independent directors of our Board).
Number of	
Meetings in 2016	
Post-Spin-Off	Prepares a report on executive compensation required for inclusion in our annual proxy statement.
3	

Nominating and Governance Committee

Members	Roles and Responsibilities
Henkel (Chair)	Assists our Board in determining the skills, qualities and eligibility of individuals recommended for membership on our Board.
Kelly	
Pastor	
Salomone	Reviews the composition of our Board and its committees to determine whether it may be appropriate to add or remove individuals.
Number of	
Meetings in 2016	Reviews and evaluates directors for re-nomination and re-appointment to committees.
Post-Spin-Off	
2	Reviews and assesses the adequacy of our Corporate Governance Guidelines and Directors Code of Business Conduct and Ethics.

Reviews and recommends to the Board the form and amount of compensation paid to directors.

Financing Committee

Members	Roles and Responsibilities
Campbell (Chair)	Assists our Board in its oversight of the Company's financing policies.
Browning	
Mather	Reviews and recommends to our Board matters pertaining to the Company's financial structure, short and long-term financing in both the public and private markets, and related matters.
Mongillo	

Number of

Meetings in 2016

Post-Spin-Off

2

Risk Oversight

Risk Oversight - Our Board and Committees

Our Board is involved in risk oversight in several ways. Our Board's involvement in overseeing our business strategy is a key part of its assessment of management's risk threshold and also helps determine an appropriate level of risk for us. In addition, regularly throughout the year, management presents information to either the Board or its committees on areas and topics related to risks faced by the Company. The Board receives regular reports on the Company's legal and ethical helpline activity as well as updates on other relevant matters that may impact the Company, operations reviews and treasury-related updates.

Table of Contents

Various committees of the Board also have responsibility for risk management. The Audit Committee focuses on financial risk, including internal controls, and annually receives a risk assessment and risk management report from the Company's Internal Audit Department. The Audit Committee also reviews with management our guidelines and policies and the commitment of internal audit resources as they relate to risk management. The Company's Vice President of Internal Audit dually reports to our Audit Committee as well as our Chief Financial Officer. In addition to receiving regular reports from Internal Audit, the Audit Committee regularly meets in private session with our Vice President of Internal Audit and, separately, with our external auditors, which provides the opportunity for confidential discussion. The Audit Committee also quarterly receives a report on the status of the Company's significant legal matters.

Within the Company, risk responsibilities are aligned to functional expertise and shared among the senior executives with overall responsibility for risk management residing with our Chief Executive Officer.

In addition to the foregoing, management performs an annual risk assessment with the Compensation Committee regarding the Company's overall compensation program.

Risk Considerations in our Compensation Program

In 2016, the Company conducted a review of the risk profile of our compensation policies and practices. Deloitte Consulting LLP (Deloitte), compensation advisor to the Company, and Meridian Compensation Partners, LLC (Meridian), as independent compensation advisor to the Compensation Committee, with the assistance of management, prepared a risk profile assessment of the Company's compensation policies and practices. In addition, management, with the assistance of Deloitte and Meridian, reviewed the Company's compensation plans, policies and practices in 2016 for all employees and presented the findings to the Compensation Committee. Based in part on such report, the Compensation Committee determined that, for all employees, the Company's enterprise-wide compensation policies and practices, in conjunction with the Company's existing processes and controls, do not motivate employees to take unnecessary risks, or pose a material risk to the Company, particularly in light of the following factors:

our use of different types of compensation programs, such as equity- and cash-based programs, that provide a balance of long- and short-term incentives;

our clawback policy, which allows us to seek the recovery of annual incentive awards, long-term incentive awards, equity-based awards and other performance-based compensation awarded to many of our employees, including all of our senior executives, under certain circumstances in the event of a financial restatement;

our structuring of our compensation programs to include features such as caps on payments and multi-year vesting programs for long-term incentive awards; and

our various policies and procedures designed to monitor risk.

Stockholder Communications with the Board

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Stockholders and other interested parties who wish to contact any of our directors or any group of directors may send written correspondence to: Herc Holdings Inc., 27500 Riverview Center Blvd., Bonita Springs, Florida 34134, Attention: Corporate Secretary.

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 to the director, or group of directors, to whom they are addressed.

Table of Contents

Director Nominations

Stockholders may nominate directors for election at an annual meeting. The procedures for director nominations are set forth in our by-laws and are summarized in the section titled "Stockholder Proposals for 2018 Annual Meeting" below. To recommend a person to serve on the Board, a stockholder should write to: Herc Holdings Inc., 27500 Riverview Center Blvd., Bonita Springs, Florida 34134, Attention: Corporate Secretary. The Nominating and Governance Committee will consider and evaluate persons recommended by stockholders in the same manner as it considers and evaluates other potential directors. The Nominating and Governance Committee also takes into consideration any written arrangements for director nominations to which the Company is a party, including the Nomination and Standstill Agreement we entered into with Carl C. Icahn, described under "Certain Relationships and Related Person Transactions - Agreements with Carl C. Icahn."

Corporate Governance Guidelines; Code of Ethics

The Board has adopted Corporate Governance Guidelines containing standards for the Nominating and Governance Committee to determine director qualifications. The Corporate Governance Guidelines provide that the Nominating and Governance Committee, in making recommendations about nominees to the Board, will:

review candidates' qualifications for membership on the Board based on the criteria approved by the Board and taking into account the enhanced independence, financial literacy and financial expertise standards that may be required under law or NYSE rules for committee membership purposes;

in evaluating current directors for re-nomination to the Board, assess the performance and independence of such directors; and

periodically review the composition of the Board in light of the current challenges and needs of the Board and the Company, and determine whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background, experience and independence.

The Corporate Governance Guidelines also contain policies regarding director independence, the mandatory retirement age of directors, simultaneous service on other boards and substantial changes relating to a director's affiliation or position of principal employment. Among other things, the Corporate Governance Guidelines establish responsibilities for meeting preparation and participation, and the evaluation of our financial performance and strategic planning. A copy of our Corporate Governance Guidelines, as well as our Code of Ethics and our Directors Code of Business Conduct and Ethics, are available without charge on the Investor Relations portion of the Company's website, <http://ir.hercrentals.com>. We intend to include on our website information about any amendments to, or waivers from, a provision of the Code of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer or controller in accordance with SEC rules.

Director Stock Ownership Guidelines

Our independent directors are required to meet certain stock ownership guidelines. We believe this further aligns their interests with those of our stockholders. Under these guidelines, the independent directors are expected, over a period of five years from the date they are elected as an independent director or are otherwise determined to be independent, to acquire and hold a number of shares of our common stock equivalent to five times their base annual cash retainer,

currently \$350,000.

Our Board Leadership

As indicated in our Corporate Governance Guidelines, the Board believes it is important to retain its flexibility to allocate the responsibilities of the offices of the Chair of the Board and Chief Executive Office (CEO) in a manner that is in the best interests of our Company, including the flexibility to determine whether these offices should be combined or separate. The Board believes that the decision as to who should serve as Chair and CEO, and whether the offices should be combined or separate, should be assessed periodically by the Board, and that the Board should not be constrained by a rigid policy mandating the structure of such positions. The Board currently believes that the most effective and efficient leadership structure for our Company is for Lawrence H. Silber to serve as CEO while Herbert L. Henkel serves as our Independent Non-Executive Chair of the Board (Independent Non-Executive Chair).

Table of Contents

The Board believes that the current leadership structure benefits the Company by delineating roles of management and oversight over management. Our CEO and his management team provide the overall strategy and day-to-day leadership for our Company, and the Board, along with the Independent Non-Executive Chair, provides oversight and evaluates the performance of management. The Independent Non-Executive Chair, in consultation with the CEO, has responsibility for chairing and determining the length and frequency of Board meetings as well as setting the agenda for such meetings. The Independent Non-Executive Chair also sets the agenda for, and chairs, the Board's regularly-scheduled executive sessions in which management (other than Mr. Silber) does not participate. In addition to the regularly-scheduled executive sessions of the Board that are held once per fiscal quarter without the presence of management (other than Mr. Silber), our directors hold regular executive sessions where only our independent directors attend. The Independent Non-Executive Chair (or, in his absence, another independent director selected by the independent directors present at such executive session) presides over the executive sessions to facilitate the discussion. In addition, the Independent Non-Executive Chair, as a member of the Compensation Committee, also significantly assists in evaluating and in setting the compensation of our CEO by conferring with other independent members of the Board regarding our CEO's performance.

Policy on Diversity

The Corporate Governance Guidelines and the Nominating and Governance Committee charter specify that the Nominating and Governance Committee consider a number of factors, including diversity, when evaluating or conducting searches for directors. The Nominating and Governance Committee interprets diversity broadly to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as international and multicultural experience and understanding, as well as other differentiating characteristics, including race, ethnicity and gender.

Implementation and Assessment of Policies Regarding Director Attributes

The Nominating and Governance Committee, when making recommendations to the Board regarding director nominations, assesses the overall performance of the Board, and when re-nominating incumbent Board members or nominating new Board members, evaluates the potential candidate's ability to make a positive contribution to the Board's overall function. The Nominating and Governance Committee considers the actual performance of incumbent Board members over the previous year, as well as whether the Board has an appropriately diverse membership. The particular experience, qualifications, attributes and skills of the potential candidate are assessed by the Nominating and Governance Committee to determine whether the potential candidate possesses the professional and personal experiences and expertise necessary to enhance the Board's mission. After conducting the foregoing analysis the Nominating and Governance Committee makes recommendations to the Board regarding director nominees. In its assessment of director nominees, the Nominating and Governance Committee does not take a formulaic approach, but rather considers each prospective nominee's diversity in perspectives, personal and professional experiences and background and ability. In making director nominations, the Nominating and Governance Committee takes into account the overall diversity of the Board and evaluates the Board in light of, among other things, the attributes discussed in the section titled "Policy on Diversity" above.

Table of Contents

PROPOSAL 1: ELECTION OF DIRECTORS

Board Structure

The term of office for each of the Company's current directors expires at the 2017 annual meeting of stockholders and the term of each of the directors elected at the 2017 annual meeting of stockholders will expire at the 2018 annual meeting of stockholders.

Nominees for Election to the Board

Each of the director nominees listed below currently is a director of the Company and was selected as a director in connection with the Spin-Off. Each of the director nominees listed below was selected by the Board of Hertz Holdings prior to the Spin-Off, in consultation with the then-existing Nominating and Governance Committee. The Board has determined that each director, other than our Chief Executive Officer Lawrence H. Silber, is independent.

Next to the name of each director nominee, a short biography that describes the nominee's business experience has been provided by each of the directors. Following the description of each director's business experience, the Company has provided a summary of each director's qualifications for the Board.

Each elected director is expected to serve for a one-year term expiring at the 2018 annual meeting of stockholders. Each of the nominees listed below is expected to be available for election as a director, but in the event that one or more of the nominees is not available for election due to unforeseen circumstances, the proxy will be voted for the Board's substitute nominee or nominees.

Director Election Standards

The Company maintains a majority voting standard for uncontested elections of directors. For a nominee to be elected to our Board, the nominee must receive more for than against votes. In accordance with our by-laws and Corporate Governance Guidelines, each director has submitted, or upon his or her nomination will submit, a contingent resignation to the Chair of the Nominating and Governance Committee. The resignation will become effective only if the director fails to receive a sufficient number of votes for election or re-election and the Board accepts the resignation. In the event of a contested director election, a plurality voting standard will apply.

The Board unanimously recommends a vote FOR the following nominees for election as directors:

Herbert L. Henkel

Director of the Company Since: 2016

Non-Executive Chairman of the Board

Company Committees: Nominating & Governance Committee (Chair) and Compensation Committee

Age 68

Business Experience

Mr. Henkel is the retired chairman of the board and chief executive officer of Ingersoll-Rand plc, a publicly traded manufacturer of industrial products and components. Mr. Henkel retired as Ingersoll-Rand's chief executive officer, a position he held since October 1999, in February 2010, and retired as chairman of

the board in June 2010. Mr. Henkel served as president and chief operating officer of Ingersoll-Rand from April 1999 to October 1999. Mr. Henkel served in various leadership roles at Textron, Inc., including as its president and chief operating officer from 1998-1999.

*Other Public Company
Directorships*

Mr. Henkel has served on the board of 3M Company, a diversified global technology company, since 2007, The Allstate Corporation, an insurance company, since 2013 and C. R. Bard, Inc., a medical technology manufacturing company, since 2002.

Table of Contents*Qualifications*

Mr. Henkel has executive management and leadership skills gained as the chief executive officer of Ingersoll-Rand. He has expertise in strategy formation, including experience in repositioning an established corporation. He also has knowledge and extensive experience in manufacturing, sales and marketing, as well as in financial, audit and governance matters. Further, his experience as the chairman of the board of Ingersoll-Rand and as a director of other public companies provides him with a broad understanding of the responsibilities of public company boards and public relations issues applicable to public companies.

Lawrence H. Silber

Director of the Company Since: 2016

Age 60

Company Committees: None

Business Experience

Mr. Silber joined Herc Rentals Inc. in May 2015. Prior to that, Mr. Silber most recently served as an executive advisor at Court Square Capital Partners, LLP, a private equity firm primarily investing in the business services, healthcare, general industrial and technology and telecommunications sectors, from April 2014 to May 2015. Mr. Silber led Hayward Industries, one of the world's largest swimming pool equipment manufacturers, as chief operating officer from 2008 to 2012, overseeing a successful transition through the recession and returning the company to solid profitability. From 1978 to 2008, Mr. Silber worked for Ingersoll-Rand plc, a publicly traded manufacturer of industrial products and components, in a number of roles of increasing responsibility. He led major Ingersoll-Rand business groups, including Utility Equipment, Rental and Remarketing and the Equipment and Services businesses. Earlier in his career, he led sales, marketing and operations functions in Ingersoll-Rand's Power Tool Division and Construction and Mining Group.

Other Public Company Directorships

Mr. Silber served on the board of directors of SMTC Corporation, a mid-size provider of end-to-end electronics manufacturing services, from 2012 to 2015 (and from May 2013 through January 2014 served as its interim president and CEO).

Qualifications

Mr. Silber has executive management and leadership skills, gained as the chief operating officer of Hayward Industries as well as in his current role as the Company's Chief Executive Officer. He has expertise in strategy formation, including experience in repositioning an established corporation. He also has knowledge and extensive experience in manufacturing, sales and marketing, and specific industry experience gained in his roles with Ingersoll-Rand. Mr. Silber has extensive knowledge of the Company's business, including its operations, business development matters and financial performance. Further, his experience as a director of other public companies provides him with a broad understanding of the responsibilities of public company boards and issues applicable to public companies.

James H. Browning

Director of the Company Since: 2016

Independent Director

Company Committees: Audit Committee (Chair) and Financing Committee

Age 67

Business Experience

Mr. Browning was a partner at KPMG LLP, an audit, tax and advisory services firm, until his retirement in 2009. He served as partner since 1980 and served as southwest area professional practice partner in KPMG's Houston office. Mr. Browning also served as an SEC reviewing partner and as partner in charge of KPMG's New Orleans audit practice.

Table of Contents

<i>Other Public Company Directorships</i>	Mr. Browning has served as chairman of the board for RigNet, Inc., a global provider of technology solutions serving remote locations, including energy facilities and maritime vessels, since 2012 and as a member of its board since 2010. He has served on the board of Texas Capital Bancshares, a financial services company, since 2009 and as chairman of its audit committee since 2012. Mr. Browning previously served as a director of Endeavour International Corporation, an international oil and gas exploration and production company.
<i>Qualifications</i>	Mr. Browning, whose extensive financial knowledge and experience qualifies him as an audit committee financial expert, serves as the Chair of our Audit Committee. His public accounting experience with various industries during his long tenure with KPMG provides him with extensive knowledge and experience in addressing financial and accounting matters. That experience, together with his roles on other boards, including another audit committee, provides him with a broad understanding of the responsibilities of public company boards and audit committees.
Patrick D. Campbell	Director of the Company Since: 2016
Independent Director	Company Committees: Financing Committee (Chair) and Audit Committee
Age 64	
<i>Business Experience</i>	Mr. Campbell is the retired senior vice president and chief financial officer of 3M Company, a diversified global technology company, a position he held from 2002 to 2011. Prior to his tenure with 3M, Mr. Campbell was vice president of international and Europe for General Motors Corporation, where he served in various finance functions during his 25 years with the company.
<i>Other Public Company Directorships</i>	Mr. Campbell has served as a director of Stanley Black & Decker, Inc., a tool manufacturer, since 2008 and a director of SPX FLOW, Inc., a manufacturer of specialty fluid components and solutions, since its spin-off from SPX Corporation in September 2015. Mr. Campbell served as a director of SPX Corporation, a supplier of highly engineered HVAC products, detection and measurement technologies and power equipment, from March 2014 to September 2015 and a director of Solera Holdings Inc., a provider of risk and asset management software and services to the automotive and property marketplace, from October 2014 to March 2016, when it was acquired by a third party.
<i>Qualifications</i>	Mr. Campbell, whose extensive financial knowledge and experience qualifies him as an audit committee financial expert, serves as the Chair of our Financing Committee. His knowledge of financial and accounting matters, company capitalization structures and the capital markets gained through his tenure in different industries provides him with insight into a variety of issues applicable to us. In addition, he was also responsible for mergers and acquisitions as well as information technology in his role at 3M, and offers significant expertise in each of those areas. His combination of domestic and international roles in complex global businesses provides him with an understanding of diverse political and regulatory systems.

Table of Contents

Michael A. Kelly	Director of the Company Since: 2016
Independent Director	Company Committees: Compensation Committee and Nominating & Governance Committee
Age 60	
<i>Business Experience</i>	Mr. Kelly spent many years as an executive at 3M Company, a diversified global technology company, serving as executive vice president of 3M's Electronics and Energy Business from October 2012 to January 2016, and executive vice president of the Display and Graphics Business from October 2006 to October 2012. He served in various management positions in the U.S., Singapore, Korea, and Germany since he joined 3M in 1981. In his role as the executive vice president of 3M's Electronics and Energy Business, Mr. Kelly had global responsibility for all operational and strategic elements of a \$6 billion business, including the electronic materials, electrical markets, communications markets, renewable energy, and display materials systems businesses of 3M. Mr. Kelly's business also encompassed all film manufacturing for 3M.
<i>Other Public Company Directorships</i>	Mr. Kelly has served on the board of Mettler-Toledo International, Inc., a manufacturer of precision weighing and analytical instruments for the industrial, laboratory and retail food sectors, since 2008.
<i>Qualifications</i>	In his role with 3M, Mr. Kelly had global responsibility for the operational and strategic elements of a complex, technical set of global businesses. As a result, he has knowledge and experience with respect to strategic planning, restructuring and general operational matters which provides him with insight into various issues applicable to us. His extensive international experience in a complex global business has helped him develop a unique set of managerial skills and an understanding of differing cultural, political and regulatory systems. He also serves on the board of another public company, which provides him with a broad understanding of the responsibilities of public company boards.
Courtney Mather	Director of the Company Since: 2016
Independent Director	Company Committees: Audit Committee and Financing Committee
Age 40	
<i>Business Experience</i>	Mr. Mather has served as portfolio manager of Icahn Capital LP, the entity through which Carl C. Icahn manages investment funds, since January 2017 and was previously managing director of Icahn Capital from April 2014 to December 2016. Mr. Mather is responsible for identifying, analyzing and monitoring investment opportunities and portfolio companies for Icahn Capital. Prior to joining Icahn Capital, Mr. Mather was at Goldman Sachs & Co. from 1998 to 2012, most recently as managing director responsible for private distressed trading and investing, where he focused on identifying and analyzing investment opportunities for both Goldman Sachs and clients.

Table of Contents*Other Public Company
Directorships*

Mr. Mather has served as a director of Conduent Incorporated, a provider of business process outsourcing services, since December 2016 and Freeport-McMoRan Inc., the world's largest publicly traded copper producer, since October 2015. Mr. Mather was previously a director of Federal-Mogul Holdings Corporation, a supplier of automotive power train and safety components, from May 2015 to January 2017; Viskase Companies Inc., a meat casing company, from June 2015 to March 2016; American Railcar Industries, Inc., a railcar manufacturing company, from July 2014 to March 2016; CVR Refining, LP, an independent downstream energy limited partnership, from May 2014 to March 2016; and CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, from May 2014 to March 2016. Federal-Mogul, Viskase, American Railcar Industries, CVR Refining and CVR Energy are each indirectly controlled by Carl C. Icahn. Mr. Icahn also has a non-controlling interest in each of Conduent and Freeport-McMoRan through the ownership of securities.

Qualifications

Mr. Mather's significant business and financial experience and leadership roles in various companies provide him with a breadth of experience. His knowledge of financial matters, company capitalization structures and the capital markets gained through his tenure with Goldman Sachs & Co. and Icahn Capital provides him with insight into issues applicable to us. Mr. Mather's experience on public company boards in a variety of industries provides him with a broad understanding of the responsibilities of public company boards, governance matters and public relations issues applicable to public companies. Mr. Mather is a director designated by Mr. Icahn pursuant to the Nominating and Standstill Agreement we entered into with Mr. Icahn described under "Certain Relationships and Related Person Transactions" Agreements with Carl C. Icahn.

Stephen A. Mongillo**Director of the Company Since: 2016**

Independent Director

Company Committees: Audit Committee and Financing Committee

Age 55

Business Experience

Mr. Mongillo is a private investor. Mr. Mongillo is also the chairman and principal shareholder of AMPF, Inc., a wholesale distributor of picture frame moldings and supplies. From January 2008 to January 2011, Mr. Mongillo served as a managing director of Icahn Capital LP, the entity through which Carl C. Icahn manages investment funds. Prior to joining Icahn Capital, Mr. Mongillo worked at Bear Stearns, a global investment bank, securities trading and brokerage firm, for 10 years, most recently as a senior managing director overseeing the leveraged finance group's efforts in the healthcare, real estate, gaming, lodging, leisure, restaurant and education sectors.

*Other Public Company
Directorships*

Mr. Mongillo has served as a director of CVR Energy, Inc., a diversified holding company primarily engaged in the petroleum refining and nitrogen fertilizer manufacturing industries, since May 2012. CVR Energy is indirectly controlled by Carl C. Icahn.

Table of Contents*Qualifications*

Mr. Mongillo has extensive financial, investment and operating experience and a strong understanding of the complex business and financial issues encountered by companies in a variety of industries. His knowledge of financial matters, company capitalization structures and the capital markets gained through his tenure with Bear Stearns and Icahn Capital provides him with insight into a variety of issues applicable to us. Mr. Mongillo's experience on public company boards in different industries provides him with a broad understanding of the responsibilities of public company boards, governance matters and public relations issues applicable to public companies. Mr. Mongillo is a director designated by Mr. Icahn pursuant to the Nominating and Standstill Agreement we entered into with Mr. Icahn described under Certain Relationships and Related Person Transactions Agreements with Carl C. Icahn.

Louis J. Pastor**Director of the Company Since: 2016**

Independent Director

Company Committees: Compensation Committee and Nominating & Governance Committee

Age 32

Business Experience

Mr. Pastor has been deputy general counsel of Icahn Enterprises L.P., a diversified holding company engaged in a variety of businesses, including investment, automotive, energy, gaming, railcar, food packaging, metals, mining, real estate and home fashion, since December 2015. From 2013 to 2015, Mr. Pastor was assistant general counsel of Icahn Enterprises. Prior to joining Icahn Enterprises, Mr. Pastor was an associate at Simpson Thacher & Bartlett LLP, where he advised corporate, private equity and investment banking clients on a wide array of corporate finance transactions, business combination transactions and other general corporate matters.

Other Public Company Directorships

Mr. Pastor has served as director of CVR Partners LP, a nitrogen fertilizer company, since April 2016, and CVR Refining, LP, an independent downstream energy limited partnership, since September 2014. Mr. Pastor was previously a director of Federal-Mogul Holdings Corporation, a supplier of automotive power train and safety components, from May 2015 to January 2017. Each of CVR Partners, CVR Refining and Federal-Mogul is indirectly controlled by Carl C. Icahn.

Qualifications

Mr. Pastor has significant experience in corporate finance transactions, business combination transactions and other corporate matters gained through his tenure with Simpson Thacher and Icahn Capital. In addition, Mr. Pastor's experience on public company boards provides him with a broad understanding of the responsibilities of public company directors with respect to corporate governance and compensation. Mr. Pastor is a director designated by Mr. Icahn pursuant to the Nominating and Standstill Agreement we entered into with Mr. Icahn described under Certain Relationships and Related Person Transactions Agreements with Carl C. Icahn.

Mary Pat Salomone**Director of the Company Since: 2016**

Independent Director

Company Committees: Compensation Committee (Chair) and Nominating & Governance Committee

Age 56

Business Experience

Ms. Salomone is the retired chief operating officer of The Babcock & Wilcox Company (B&W), a technology innovator in power generation systems and specialty manufacturer of nuclear components. Ms. Salomone served as chief operating officer of B&W from January 2010 to her retirement in June 2013. During 2008 and 2009, Ms. Salomone served B&W in business development and strategic acquisition roles. From 2001 through December 2007, Ms. Salomone was president and chief executive officer of Marine Mechanical Corporation, which was acquired by B&W in May 2007.

Table of Contents

*Other Public Company
Directorships*

Ms. Salomone has served as a director of TransCanada Corporation, a North American energy infrastructure company, since 2013, and Intertape Polymer Group, a Canadian tape and packaging company, since November 2015.

Qualifications

Ms. Salomone has executive management and leadership skills gained as the chief operating officer of B&W, a publicly traded company. Her knowledge of operations and experience with complex government contracts, health, safety and human resources matters and strategic acquisitions provides her with insight into a variety of issues applicable to us. Her experience as a board member of public companies traded on both the New York Stock Exchange and the Toronto Stock Exchange provides her with a broad understanding of the responsibilities of public company boards, governance matters and public relations issues applicable to public companies, as well as insight into the Canadian market, where we conduct a significant portion of our business.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Introduction and Overview

On June 30, 2016, the Company, in its previous form as the holding company of both the existing equipment rental operations as well as the former vehicle rental operations (in its form prior to the Spin-Off, Hertz Holdings), completed a spin-off (the Spin-Off) of its global vehicle rental business through a dividend to stockholders of all of the issued and outstanding common stock of Hertz Rental Car Holding Company, Inc., which was re-named Hertz Global Holdings, Inc. (New Hertz). The Company changed its name to Herc Holdings Inc. on June 30, 2016. Following the Spin-Off, the Company continues to operate its global equipment rental business through its operating subsidiaries, including Herc Rentals Inc. (Herc).

Prior to the Spin-Off, the Company was part of the consolidated Hertz Holdings enterprise and our executive officers participated in the compensation programs of The Hertz Corporation (Hertz) and Hertz Holdings. Compensation decisions prior to the Spin-Off concerning the Company's Chief Executive Officer and President were made by Hertz Holdings management, and were approved by the Compensation Committee of the Board of Directors of Hertz Holdings (the Hertz Holdings Compensation Committee). Compensation decisions prior to the Spin-Off concerning the Company's other named executive officers were proposed and approved by the Company's Chief Executive Officer and President and the Company's Chief Human Resources Officer in consultation with Hertz Holdings management. In connection with the Spin-Off and the appointment of new members to the Company's Board, the Board appointed a new Compensation Committee of the Board (as used in this Compensation Discussion and Analysis, the Herc Compensation Committee) to administer the Company's post-Spin-Off executive compensation program. The focus of this Compensation Discussion and Analysis is on the decisions made by the Herc Compensation Committee as well as the compensation philosophies and policies adopted by the Herc Compensation Committee following the Spin-Off. We expect the Company's executive compensation program to continue to evolve in support of our on-going business strategy.

Our named executive officers (or NEOs) consist of our Chief Executive Officer and President, our Chief Financial Officer and our three other most highly compensated executive officers. For 2016, our NEOs were:

Lawrence H. Silber, our Chief Executive Officer and President;

Barbara L. Brasier, our Chief Financial Officer;

Christian J. Cunningham, our Chief Human Resources Officer;

James Bruce Dressel, our Chief Operating Officer; and

Maryann A. Waryjas, our Chief Legal Officer.

Impact of the Spin-Off on Executive Compensation Program

Certain of the 2016 compensation decisions were made in anticipation of the Spin-Off and to reflect our emergence as a stand-alone global equipment rental business rather than as a division within the consolidated Hertz Holdings enterprise. The following are key compensation decisions that occurred during 2016 that were specifically designed to address the unique circumstances relating to the Spin-Off:

Performance Goals Under Annual and Long-Term Incentive Programs Limited to Herc In anticipation of the Spin-Off, the Hertz Holdings Compensation Committee reviewed certain information, estimates and assumptions relating to the performance of the equipment rental division rather than relating to the consolidated Hertz Holdings enterprise (the Pre-Spin-Off Assumptions), and approved performance goals for individuals continuing with the Company following the Spin-Off that were limited to the equipment rental division rather than the consolidated Hertz Holdings enterprise. Accordingly, under the annual and long-term incentive programs, performance for purposes of determining payouts and vesting was intended to be determined based solely on our

Table of Contents

performance, based on the Pre-Spin-Off Assumptions. Following the Spin-Off, the Herc Compensation Committee reviewed updated information not included in the Pre-Spin-Off Assumptions and, in its subjective discretion, approved revised financial targets for the remainder of 2016 which took into account, among other things, stand-alone public company costs and the impact of the Company's exposure to the oil and gas markets. These financial goals were used as targets for determining achievement against performance goals under the Company's incentive plans for the 2016 annual cash bonus plan and the 2015 and 2016 outstanding performance share units (PSUs).

Development of Peer Group Given the change in business size, structure and focus resulting from the Spin-Off, in August 2016, the Herc Compensation Committee determined that it should establish a new peer group applicable to Herc. The new peer group consisted of 15 equipment rental and leasing companies and distributors. See *Herc Executive Compensation Program Decision-Making Process Competitive Market Review* for a list of the new peer group companies.

Spin-Off Equity Awards Following the Spin-Off, the Herc Compensation Committee approved restricted stock units (RSUs) and stock options in recognition of the completion of the Spin-Off. The terms and size of the awards were determined, in the Herc Compensation Committee's subjective discretion, after considering the input of Company's compensation consultant, market data and the desire to retain and appropriately incentivize employees post Spin-Off.

Severance and Change in Control Policy In August 2016, the Herc Compensation Committee adopted a severance and change in control policy (the *Severance Policy*), which provides for certain severance and change in control benefits. The terms of the Severance Policy were determined after considering the input of the Company's compensation consultant regarding market practices. The Herc Compensation Committee intends that executive officers of the Company will be subject to the Severance Policy rather than individual employment agreements so that the terms of the executives' employment are based on sustained good performance rather than contractual terms.

Herc Executive Compensation Program Decision-Making Process

Compensation Philosophy and the Role of the Herc Compensation Committee

The Herc Compensation Committee reviews and establishes the executive compensation program for our senior executives, including the NEOs. The Herc Compensation Committee is committed to creating incentives for our senior executives that reward them for our performance. The Herc Compensation Committee's philosophies include an emphasis on the following:

The compensation program's structure should be aligned with the Company's financial performance: The Herc Compensation Committee believes that creating goals that are aligned with the Company's financial performance will further focus executives on the long-term interests of our stockholders.

The compensation design should be simple, transparent and clearly articulated to participants and our stockholders: The Herc Compensation Committee is committed to designing our annual incentive and long-term equity compensation programs to focus our senior executives' attention on business goals that will support the long-term success of the Company which would be expected to positively impact our common stock.

The compensation program should provide short- and long-term components to drive performance over the long run: Long-term results are important to our stockholders and the Herc Compensation Committee believes that a compensation program that rewards results both annually and on a year-over-year basis provides a framework for superior long-term performance.

The compensation program should be competitive and market-based to attract and retain senior executives: The Herc Compensation Committee believes our executive compensation program should provide a combination of incentives that will allow us to hire, retain and reward talented individuals at every position.

Table of Contents**The compensation program should responsibly balance incentives with prudent risk**

management: The Herc Compensation Committee believes that responsible use of different types of incentives with appropriate goals and caps will create and foster a culture of growth that is sustainable and appropriate for the Company.

Role of the Compensation Consultant

Prior to the Spin-Off, the Hertz Holdings Compensation Committee retained Frederic Cook as its independent compensation consultant. Frederic Cook's responsibilities included: reviewing and advising on total executive compensation, including salaries, short- and long-term incentive programs and relevant performance goals; advising on industry trends, important legislation and best practices in executive compensation; advising on how to best align pay with performance and with business needs; and assisting the Hertz Holdings Compensation Committee with any other matters related to executive compensation arrangements, including executive employment agreements and award arrangements. We believe that the work performed by Frederic Cook during 2016 did not raise any conflicts of interest with respect to the Company.

Following the Spin-Off, the Herc Compensation Committee did not immediately retain its own independent compensation consultant to advise on executive compensation matters. The Company, however, retained Deloitte Consulting, Inc. (Deloitte) to provide advice with respect to executive compensation matters. Deloitte's responsibilities for 2016 included: advising the Company regarding the composition of the post-Spin-Off peer group and providing input regarding post-Spin-Off compensation adjustments, including the Spin-Off equity awards and target adjustments with respect to the Company's annual and long-term incentive programs. Following the Spin-Off, Deloitte attended meetings of the Herc Compensation Committee upon request of the Chair of the Herc Compensation Committee. In addition, the Company engaged Deloitte and its affiliates to perform an enterprise performance management assessment and valuations with respect to employee stock options. For 2016, fees paid to Deloitte with respect to executive compensation services totaled approximately \$204,000, and with respect to non-executive compensation-related services totaled approximately \$15,000, while fees for other services totaled approximately \$428,000. The Herc Compensation Committee has assessed the independence of Deloitte pursuant to the NYSE rules. Recognizing that Deloitte would not be considered independent as it was performing other services for the Company, the Herc Compensation Committee retained its own compensation consultant.

In October 2016, the Herc Compensation Committee retained Meridian Compensation Partners, LLC (Meridian) to serve as its outside compensation consultant. Meridian directly reports to the Herc Compensation Committee. Under the terms of Meridian's engagement, Meridian is prohibited from performing any services for management outside of services needed in connection with advising the Herc Compensation Committee. The Herc Compensation Committee has assessed Meridian's independence and concluded that Meridian's work for the Herc Compensation Committee does not raise any conflict of interest.

Role of the CEO

Our Chief Executive Officer provides input to the Herc Compensation Committee on topics related to business and executive officer performance. As part of this process, our Chief Executive Officer reviews and makes observations regarding performance and provides additional data and detail for the Herc Compensation Committee to consider regarding the overall compensation program and with respect to executive compensation decisions. While our CEO provides a perspective on the Company's performance as well as the performance of the Company's other senior executives, the final determinations over compensation reside with the Herc Compensation Committee.

Competitive Market Review

Compensation awarded prior to the Spin-Off to Mr. Silber was subject to a competitive market review process followed by a determination of the Hertz Holdings Compensation Committee. In approving the compensation for our other NEOs, Hertz Holdings management considered competitive market survey data in evaluating

Table of Contents

compensation levels. For the purpose of evaluating the compensation of Mr. Silber, as part of the senior executive team of Hertz Holdings, the Hertz Holdings Compensation Committee selected a group of companies (the Survey Group) in late 2014 in consultation with Frederic Cook. Because the number of Hertz Holdings direct industry competitors in the global market was limited, it did not limit the Survey Group to direct competitors, but also included similarly-sized companies with substantial similarities to the Hertz Holdings business model. The following were the companies that comprised the Hertz Holdings Survey Group for purpose of evaluating 2016 compensation decisions:

Advance Auto Parts, Inc.	Federal - Mogul Corp.	Office Depot, Inc.
Altria Group, Inc.	Gap Inc.	PetSmart, Inc.
Avis Budget Group, Inc.	General Mills, Inc.	PVH Corp.
Avon Products Inc.	Goodyear Tire & Rubber Company	R.R. Donnelley & Sons Co.
BorgWarner Inc.	Harley-Davidson, Inc.	Ralph Lauren Corp.
CarMax Inc.	Hershey Co.	Ross Stores Inc.
Carnival Corp.	Hormel Foods Corp.	Royal Caribbean Cruises
Coca-Cola Enterprises, Inc.	J.C. Penney Company, Inc.	Ryder System, Inc.
Colgate-Palmolive Co.	J.M. Smucker Co.	Southwest Airlines Co.
ConAgra Foods, Inc	Kellogg Co.	Starbucks Corp.
CST Brands, Inc.	Kimberly-Clark Corporation	Starwood Hotels & Resort Worldwide, Inc.
CSX Corp.	Kohl's Corp	SUPERVALU Inc.
Dana Holding Corp.	Kraft Foods Group, Inc.	TRW Automotive Holdings Corp.
Darden Restaurants Inc.	Lear Corporation	Visteon Corp.
Dean Foods Co.	Marriott International, Inc.	Waste Management, Inc.
Dick's Sporting Goods, Inc.	Mattel, Inc.	Whirlpool Corp.
Estee Lauder Companies Inc.	Newell Rubbermaid Inc.	Whole Foods Market, Inc.
Family Dollar Stores, Inc.	Norfolk Southern Corp.	

As noted above, one of the key objectives of our executive compensation program is to provide competitive and market-based compensation to attract and retain executive officers. Given the change in business size, structure and focus of the Company as compared to Hertz Holdings following the Spin-Off, the Herc Compensation Committee determined that it should establish a new peer group applicable to Herc. This post-Spin-Off peer group was used to evaluate the Severance Policy, as well as compensation adjustments with respect to our Chief Executive Officer. As part of its engagement with the Company, Deloitte assisted with the development of this post-Spin-Off peer group. Based on this review, our management working with Deloitte developed, and the Herc Compensation Committee approved, the 2016 post-Spin-Off peer group set forth below, which consisted of 15 equipment rental and leasing companies and distributors ranging from \$400,000 to \$8.5 billion in revenue whose primary market is North America. The median revenue, market capitalization and total assets of this peer group, as reported by Deloitte, was \$2.4 billion, \$3.1 billion and \$3.0 billion, respectively.

Aggreko plc	GATX Corp.	Pool Corp.
Ashtead Group plc	H&E Equipment Services	Ryder System, Inc.
Avis Budget Group, Inc.	McGrath Rentcorp	TAL International Group, Inc.
Beacon Roofing Supply, Inc.	Mobile Mini, Inc.	United Rentals, Inc.
Fastenal Company	Neff Corporation	Watsco Inc.

Following its engagement of Meridian, the Herc Compensation Committee directed Meridian to re-evaluate the post-Spin-Off peer group to determine whether any modifications were warranted. Based on this review, Meridian recommended, and the Herc Compensation Committee approved, the removal of Avis Budget Group, Inc. and Ryder System, Inc. due to size as compared to the Company and the removal of TAL International Group, Inc. as a result of its 2016 merger. In addition, Meridian recommended, and the Herc Compensation Committee approved, the addition of the following companies based on similarities with the Company with respect to size and industry: Applied Industrial Tech Inc.; KAR Auction Services Inc.; NOW Inc.; Ritchie Bros Auctioneers Inc.; and Triton International Ltd. This revised peer group has been used with respect to the Herc Compensation Committee's evaluation of 2017 compensation decisions.

Table of Contents***Response to Advisory Vote on Executive Compensation***

In 2016, Hertz Holdings' stockholders were given an opportunity to cast an advisory vote on the compensation of the Hertz Holdings' named executive officers, as reported in the Hertz Holdings' 2016 proxy statement. Approximately 94.9% of the votes cast for that say on pay vote at the Hertz Holdings' 2016 Annual Meeting of Stockholders were voted in favor of the say on pay proposal. The Herc Compensation Committee did not make any specific changes to the Company's executive compensation program in response to the 2016 say on pay vote.

Elements of Executive Compensation Program***Principal Elements of the 2016 Executive Compensation Program***

Element	Type	How and Why We Pay It
Salary	Fixed Cash	Paid throughout the year to attract and retain senior executives
		Sets the baseline for bonus and certain retirement programs
Annual Cash Bonus	Performance-Based Cash	Paid annually in cash to reward performance of the Company and individual
		Designed to align senior executives' interests with our stockholders' interests, reinforces key strategic initiatives and encourages superior individual performance
Long-Term Equity	PSUs RSUs Options	Granted annually, with vesting occurring in subsequent years based on satisfying performance conditions for PSUs
		Designed to align senior executives' interests with stockholders' interests and drives key performance goals

Annual Cash Compensation***Salary***

For the Company's senior executives, the Herc Compensation Committee determines salary and any increases after reviewing individual performance, conducting internal compensation comparisons and reviewing competitive compensation information. The Company also takes into account other factors such as an individual's prior experience, total mix of job responsibilities versus market comparables and internal equity. The Herc Compensation Committee also consults with the CEO regarding salary decisions for senior executives (except as to the CEO's own compensation) and takes into consideration any contractual obligations we have with such senior executives.

Following the Spin-Off, the Herc Compensation Committee reviewed the total compensation awarded to our NEOs. Based on that review and after considering the input of Deloitte regarding its assessment of competitive levels of salary based on the post-Spin-Off peer group discussed above, in August 2016, the Herc Compensation Committee increased Mr. Silber's annual base salary to \$800,000 and retained the base salary levels for each of our other NEOs. The following table sets forth the 2016 and, for comparative purposes, 2015 salary levels for each of our NEOs:

Name	August 2016	
	2015 Salary (\$)	Salary (\$)
Mr. Silber	650,000	800,000
Ms. Brasier	485,000	485,000
Mr. Cunningham	365,000	365,000
Mr. Dressel	500,000	500,000
Ms. Waryjas	400,000	400,000

Table of Contents*2016 Annual Cash Incentive Award Program*

The Company's annual cash incentive award program is designed to motivate and reward executive officers for achieving short-term financial objectives. The program is composed of two inter-related plans: the Senior Executive Bonus Plan (SEBP), which is a stockholder-approved plan providing an overall limit on annual incentive payments for participants, and the Executive Incentive Compensation Plan (the EICP), which is a Herc Compensation Committee-administered plan for determining incentive awards. The SEBP is intended to provide annual incentive awards that qualify as performance-based compensation and, therefore, are tax-deductible without regard to the limitation on deductibility imposed by Section 162(m) of the Internal Revenue Code (the Code), assuming technical regulatory requirements are satisfied. The EICP provides participants, including the NEOs, with annual cash incentive award opportunities for the achievement of pre-established performance goals. The EICP provides target payout opportunities that are expressed as a percentage of a participant's fiscal year base salary, with actual payouts for 2016 ranging from 0% to 160% of target for various levels of performance. For participants in the SEBP, the Herc Compensation Committee applies negative discretion factors to reduce the maximum annual award under the SEBP (with the SEBP maximum being defined with reference to a percentage of Gross EBITDA, as defined in the SEBP).

To determine the EICP awards, the Herc Compensation Committee reviewed the Company's performance against the established performance criteria, reviewed individual performance and approved the EICP award payments for the NEOs. To arrive at the annual award, the NEO's target award (the NEO's salary multiplied by a specified percentage) was multiplied by a Corporate Performance Modifier, which was calculated based on the Company's Adjusted EBITDA and return on invested capital (ROIC) performance during 2016. The Herc Compensation Committee retained discretion to modify the calculated award payout based on individual performance and other subjective factors considered by the Herc Compensation Committee (Personal Performance Modifier).

The target award for each NEO for 2016 was a percentage of the NEO's 2016 base salary. The Hertz Holdings Compensation Committee generally considered the experience, responsibilities and historical performance of each particular NEO when determining target awards. For our NEOs, their 2016 target award opportunities, expressed as a percentage of base salary, remained unchanged from the levels established in connection with their employment negotiations.

Each NEO's 2016 target award as a percentage of base salary as of December 31, 2016 are set forth in the following tables.

Named Executive Officer	Salary as of	Target Award as a % of	
	December 31, 2016	Salary	Target Award
	(\$)	(%)	(\$)
Mr. Silber	800,000	100	800,000
Ms. Brasier	485,000	70	339,500
Mr. Cunningham	365,000	50	182,500
Mr. Dressel	500,000	75	375,000
Ms. Waryjas	400,000	65	260,000

In February 2016, the Hertz Holdings Compensation Committee selected Adjusted EBITDA and ROIC, weighted 75% and 25%, respectively, as the metrics to be used for the Corporate Performance Modifier. The performance goals were determined based on Herc's financial plan at the time. For purposes of the EICP, Adjusted EBITDA is calculated as earnings before interest, taxes, depreciation and amortization, plus the sum of merger and acquisition related costs, restructuring and restructuring related charges, Spin-Off costs, non-cash stock based compensation charges, loss on

extinguishment of debt, impairment charges, gain on the disposal of a business and certain other items. ROIC for purposes of the EICP is calculated as Adjusted EBIT less a 35% provision for tax, divided by average net assets. For purposes of the ROIC calculation, (i) Adjusted EBIT is earnings before interest and taxes plus the sum of merger and acquisition related costs, restructuring and restructuring related charges, Spin-Off costs, non-cash stock-based compensation charges, loss on extinguishment of debt, and impairment charges and (ii) net assets equals assets less cash less intangibles less current liabilities less deferred taxes. In approving the performance targets, the Hertz Holdings Compensation Committee approved the exclusion of the impact of costs and revenues associated with new business ventures as well as currency fluctuations if the currency fluctuations impacted financial results by more than 5%.

Table of Contents

As discussed above, in August 2016, the Herc Compensation Committee modified the Adjusted EBITDA and ROIC performance goals that were approved by the Hertz Holdings Compensation Committee.

The following table shows the Adjusted EBITDA and ROIC performance goals that were used to determine 2016 payouts under the EICP:

2016 Corporate Performance Measure Adjusted EBITDA (75% Weighting)

	Adjusted EBITDA		
	(in millions)⁽¹⁾		
	Adjusted EBITDA	Payout Percentage⁽²⁾	Adjusted EBITDA as % of Target
Threshold ⁽³⁾	\$ 495.0	50%	90%
Target	\$ 550.0	100%	100%
Maximum ⁽⁴⁾	\$ 616.0	160%	112%
Actual Performance	\$ 537.9	89.0%	97.8%

2016 Corporate Performance Measure ROIC (25% Weighting)

	ROIC⁽¹⁾	Payout Percentage⁽²⁾	ROIC as % of Target
Threshold ⁽³⁾	4.95%	50%	90 %
Target	5.50%	100%	100 %
Maximum ⁽⁴⁾	6.16%	160%	112 %
Actual Performance	5.20%	72.7%	94.5 %

(1) As noted above, in August 2016, the Herc Compensation Committee modified the Adjusted EBITDA and ROIC performance metrics to reflect the post Spin-Off objectives and expectations established by the Herc Compensation Committee.

(2) For the financial performance criteria, linear interpolation is used to determine the multiplier for results that are between the threshold and target and target and maximum performance levels.

(3) Any performance results that are below the threshold receive a 0% multiplier.

(4) Any performance results that equal or exceed the maximum performance level are capped at the 160% multiplier. The 2016 plan design for the EICP included a payout range for threshold, target and maximum of 50%, 100% and 160%, respectively. Based on 2016 Adjusted EBITDA and ROIC performance, the Herc Compensation Committee approved award payouts for each of the NEOs that were calculated based on the Corporate Performance Modifier and, in the case of Mr. Silber and Ms. Brasier, Personal Performance Modifiers of 90% and 85%, respectively. Each NEO's 2016 EICP award is reflected as Non-Equity Incentive Plan Compensation in the 2016 Summary Compensation Table.

Long-Term Equity Incentives

Long-term equity incentive compensation composes a significant portion of the total compensation paid to our senior executives and in 2016 was awarded under the Hertz Global Holdings, Inc. (renamed Herc Holdings Inc. in connection with the Spin-Off) 2008 Omnibus Incentive Plan (the 2008 Omnibus Plan). Under the 2008 Omnibus Plan, the Herc Compensation Committee has the flexibility to make equity awards based on our common stock, including time- and performance-based awards of stock options, stock appreciation rights, restricted stock, RSUs, PSUs and deferred stock units.

Table of Contents

Treatment of Outstanding Equity Upon Spin-Off

In order to maintain the value of outstanding equity as a result of the Spin-Off, the number of unvested PSUs and RSUs allocated to each NEO was adjusted to convert the equity awards from awards with respect to common stock of pre-Spin-Off Hertz Holdings into awards with respect to common stock of the Company. The adjustments were made based on the closing price of the common stock of pre-Spin-Off Hertz Holdings on the final day of trading prior to the Spin-Off and the closing price of the Company's common stock on the first day of trading following the effective date of the Spin-Off.

Summary of 2016 Annual Award Structure

For 2016, the Hertz Holdings' Compensation Committee reviewed the structure of the long-term equity incentive plan and concluded that the annual equity awards for employees, including those who would remain with the Company following the Spin-Off, would be delivered in the form of 60% PSUs vesting based on three-year Adjusted EBITDA performance and 40% service-based RSUs. For more information about the 2016 PSU and RSU awards, see 2016 Grants of Plan-Based Awards table below.

2016 Adjusted EBITDA PSUs

The Hertz Holdings' Compensation Committee chose Adjusted EBITDA as a performance metric because it is one of the primary metrics used to facilitate the analysis of investment decisions, profitability and performance trends. For purposes of the PSUs, the Hertz Holdings' Compensation Committee approved a multi-year design for earning the PSUs in order to drive Adjusted EBITDA performance over a multi-year period. At the beginning of 2016, the Hertz Holdings' Compensation Committee set Adjusted EBITDA goals for 2016, 2017 and 2018. Under the terms of the 2016 PSUs, the vesting of the PSUs will depend on three years of cumulative Adjusted EBITDA performance, with the ability to lock-in up to 25% or 50% of the total award based on one-year and two-year cumulative performance, respectively.

As discussed above, in August 2016, the Herc Compensation Committee modified the Adjusted EBITDA performance goals that were approved by the Hertz Holdings' Compensation Committee to reflect the post Spin-Off objectives and expectations established by the Herc Compensation Committee.

To be eligible to earn the target number of PSUs based on the first tranche of the award, the Company needed to achieve 2016 Adjusted EBITDA performance of \$550 million. The Herc Compensation Committee established the performance goals for the remaining two tranches of the 2016 PSUs to encourage strong, focused performance. Given the economic and market conditions at the time the targets were set, the target payout level was designed to be achievable with strong management performance, while payout at the maximum level was designed to be very difficult to achieve.

The structure determined by Hertz Holdings' Compensation Committee was preserved, including a lock-in feature, which provides that in the first year (2016), a lock-in of up to 25% of target PSUs based on one year of performance, in the second year (2017), a lock-in of up to 50% of target PSUs based on two-year cumulative performance, and in the third year (2018), participants can earn up to the maximum of 150% of the target PSUs based on actual performance against the three-year cumulative Adjusted EBITDA target. Awards are not paid out until the conclusion of the three-year performance period.

For 2016 performance, Adjusted EBITDA was \$537.9 million against the 2016 target of \$550 million, resulting in participants earning 89.0% of target on 25% of the award or 22.3% (i.e., 89.0% x 25%). These shares will not vest

until the third anniversary of the date of grant, subject to the participant's continued service through the vesting date.

Table of Contents

The following table shows the target PSUs granted and the portion of such PSUs earned based on 2016 performance, reported on an adjusted basis to reflect to the Spin-Off:

Named Executive Officer	Target Granted PSUs (#)	2016 Tranche - PSUs Earned (#)
Mr. Silber	20,238	4,513
Ms. Brasier	14,166	3,159
Mr. Cunningham	7,386	1,647
Mr. Dressel	10,119	2,257
Ms. Waryjas	7,589	1,692

RSUs

At the beginning of 2016, our NEOs received service-based RSUs as the remaining 40% of their 2016 equity awards. These service-based RSUs will cliff vest after three years.

2015 Adjusted EBITDA PSUs

In 2015, Hertz Holdings' Compensation Committee set Adjusted EBITDA goals for 2015, 2016 and 2017. One-third of the award granted in 2015 vests based on achievement of 2015 Adjusted EBITDA goals, 1/3 of such award vests based on achievement of 2016 Adjusted EBITDA goals and the remaining 1/3 of such award vests based on the achievement of 2017 Adjusted EBITDA goals.

Hertz Holdings' Compensation Committee determined that the PSUs granted in 2015 would vest on an all-or-nothing basis based on each year's Adjusted EBITDA performance hurdle, which was set at 90% of the Adjusted EBITDA goal for 2015. Hertz Holdings' Compensation Committee believed that using the all-or-nothing approach would drive achievement of Adjusted EBITDA performance that was challenging, but achievable.

Consistent with the Herc Compensation Committee's approach to the 2016 PSUs, the Herc Compensation Committee, in its subjective discretion, modified the Adjusted EBITDA performance goals that were approved by the Hertz Holdings' Compensation Committee so that the NEOs could earn PSUs based on 2016 Adjusted EBITDA performance of \$550 million. The Herc Compensation Committee also modified the design of the prior program from an all-or-nothing approach to a more traditional long-term incentive design that allows shares to vest proportionately beginning with 90% attainment of the Adjusted EBITDA goal, with a corresponding threshold payout of 50% of target. Linear interpolation would be used for performance between threshold and target, and payout would be capped at target, to maintain the original maximum payout level for these a