HERTZ GLOBAL HOLDINGS INC
Form 10-Q
May 08, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-33139

HERTZ GLOBAL HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**20-3530539**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

225 Brae Boulevard
Park Ridge, New Jersey 07656-0713
(201) 307-2000
(Address, including Zip Code, and telephone number, including area code, of Registrant's principal executive offices)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý Accelerated filer o Smaller reporting company o

Non-accelerated filer o
(Do not check if a
smaller reporting
company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý

There were 323,784,935 shares of the Registrant's common stock, par value $0.01 per share, issued and outstanding as of May 7, 2009.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

ITEM l. Condensed Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Hertz Global Holdings, Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Hertz Global Holdings, Inc. and its subsidiaries as of March 31, 2009, and the related consolidated statements of operations for the three-month periods ended March 31, 2009 and March 31, 2008 and the consolidated statement of cash flows for the three month periods ended March 31, 2009 and March 31, 2008. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated balance sheet and the related consolidated interim statements of operations and of cash flows for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2008, the related consolidated statements of operations, of stockholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated March 3, 2009, we expressed an unqualified opinion on those consolidated financial statements. As discussed in Note 1 to the accompanying condensed consolidated balance sheet and the related consolidated interim statements of operations and of cash flows, the Company changed its method of accounting for noncontrolling interests in accordance with the provisions of Statement of Financial Accounting Standards No. 160. The accompanying December 31, 2008 condensed consolidated balance sheet reflects this change.

/s/ PricewaterhouseCoopers LLP
May 8, 2009

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars)

Unaudited

	March 31, 2009	December 31, 2008
ASSETS		
Cash and equivalents	$ 557,071	$ 594,266
Restricted cash	323,469	731,373
Receivables, less allowance for doubtful accounts of $20,539 and $16,378	1,069,172	1,911,084
Inventories, at lower of cost or market	93,118	96,187
Prepaid expenses and other assets	266,388	286,712
Revenue earning equipment, at cost:		
Cars	7,453,915	7,635,402
Less accumulated depreciation	(1,179,539)	(1,133,946)
Other equipment	2,503,952	2,708,254
Less accumulated depreciation	(494,878)	(518,172)
Total revenue earning equipment	8,283,450	8,691,538
Property and equipment, at cost:		
Land, buildings and leasehold improvements	1,031,025	1,033,098
Service equipment	744,622	751,925
	1,775,647	1,785,023
Less accumulated depreciation	(557,608)	(530,463)
Total property and equipment	1,218,039	1,254,560
Other intangible assets, net	2,612,708	2,621,586
Goodwill	262,451	264,061
Total assets	$ 14,685,866	$ 16,451,367
LIABILITIES AND EQUITY		
Accounts payable	$ 932,727	$ 931,336
Accrued liabilities	906,038	1,137,874
Accrued taxes	100,845	128,360
Debt	9,692,624	10,972,297
Public liability and property damage	287,743	311,352
Deferred taxes on income	1,457,808	1,481,866
Total liabilities	13,377,785	14,963,085
Commitments and contingencies		
Equity:		
Hertz Global Holdings Inc. and Subsidiaries stockholders' equity		
Common Stock, $0.01 par value, 2,000,000,000 shares authorized, 323,374,461 and 322,987,299 shares issued	3,234	3,230

Preferred Stock, $0.01 par value, 200,000,000 shares authorized, no shares issued		
Additional paid-in capital	2,513,095	2,503,819
Accumulated deficit	(1,099,805)	(936,296)
Accumulated other comprehensive loss	(126,396)	(100,135)
Total Hertz Global Holdings, Inc. and Subsidiaries stockholders' equity	1,290,128	1,470,618
Noncontrolling interest	17,953	17,664
Total equity	1,308,081	1,488,282
Total liabilities and equity	$ 14,685,866	$ 16,451,367

The accompanying notes are an integral part of these financial statements.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands of Dollars, except share and per share data)

Unaudited

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenues:		
Car rental	$ 1,260,902	$ 1,598,057
Equipment rental	279,332	410,850
Other	24,652	30,254
Total revenues	1,564,886	2,039,161
Expenses:		
Direct operating	955,320	1,171,530
Depreciation of revenue earning equipment	489,828	533,853
Selling, general and administrative	166,724	193,397
Interest, net of interest income of $2,021 and $10,051	163,088	196,201
Total expenses	1,774,960	2,094,981
Loss before income taxes	(210,074)	(55,820)
Benefit for taxes on income	49,654	2,950
Net loss	(160,420)	(52,870)
Less: Net income attributable to noncontrolling interest	(3,089)	(4,834)
Net loss attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders	$ (163,509)	$ (57,704)
Weighted average shares outstanding (in thousands)		
Basic	323,371	322,222
Diluted	323,371	322,222
Loss per share attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders		
Basic	$ (0.51)	$ (0.18)
Diluted	$ (0.51)	$ (0.18)

The accompanying notes are an integral part of these financial statements.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)

Unaudited

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Cash flows from operating activities:		
Net loss	$ (160,420)	$ (52,870)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation of revenue earning equipment	489,828	533,853
Depreciation of property and equipment	38,086	42,706
Amortization of other intangible assets	15,514	16,375
Amortization of deferred financing costs	11,693	8,047
Amortization of debt discount	5,823	4,160
Stock-based employee compensation charges	7,364	6,033
Unrealized loss on derivatives		5,976
Amortization and ineffectiveness of cash flow hedges	7,487	2,268
Provision for losses on doubtful accounts	8,317	6,033
Asset writedowns	3,130	
Deferred taxes on income	7,256	(12,774)
Gain on sale of property and equipment	(1,291)	(5,422)
Changes in assets and liabilities, net of effects of acquisition:		
Receivables	812,237	223,005
Inventories, prepaid expenses and other assets	8,460	(40,074)
Accounts payable	17,990	497,487
Accrued liabilities	(226,547)	(100,003)
Accrued taxes	(62,258)	9,302
Public liability and property damage	(16,456)	(15,908)
Net cash provided by operating activities	$ 966,213	$ 1,128,194

The accompanying notes are an integral part of these financial statements.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(In Thousands of Dollars)

Unaudited

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Cash flows from investing activities:		
Net change in restricted cash	$ 401,225	$ 526,558
Revenue earning equipment expenditures	(1,516,663)	(2,880,336)
Proceeds from disposal of revenue earning equipment	1,353,195	1,748,362
Property and equipment expenditures	(21,700)	(40,798)
Proceeds from disposal of property and equipment	8,441	11,723
Acquisitions, net of cash acquired	(10,153)	(48,620)
Other investing activities	844	(447)
Net cash provided by (used in) investing activities	215,189	(683,558)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,286	10,923
Repayment of long-term debt	(470,523)	(87,847)
Short-term borrowings:		
Proceeds	69,339	126,975
Repayments	(108,062)	(224,201)
Ninety day term or less, net	(690,025)	(278,270)
Distributions to noncontrolling interest	(2,800)	
Exercise of stock options	926	4,747
Proceeds from employee stock purchase plan	725	
Proceeds from disgorgement of stockholder short-swing profits	9	133
Payment of financing costs	(1,504)	(4,502)
Net cash used in financing activities	(1,200,629)	(452,042)
Effect of foreign exchange rate changes on cash and equivalents	(17,968)	6,072
Net decrease in cash and equivalents during the period	(37,195)	(1,334)
Cash and equivalents at beginning of period	594,266	730,203
Cash and equivalents at end of period	$ 557,071	$ 728,869
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest (net of amounts capitalized)	$ 204,101	$ 239,900
Income taxes	7,823	8,915

The accompanying notes are an integral part of these financial statements.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Unaudited

Note 1 Background, Basis of Presentation and Liquidity

Background

Hertz Global Holdings, Inc., or "Hertz Holdings," is our top-level holding company. The Hertz Corporation, or "Hertz," is our primary operating company and a direct wholly-owned subsidiary of Hertz Investors, Inc., which is wholly- owned by Hertz Holdings. "We," "us" and "our" mean Hertz Holdings and its consolidated subsidiaries, including Hertz.

We are a successor to corporations that have been engaged in the car and truck rental and leasing business since 1918 and the equipment rental business since 1965. Hertz was incorporated in Delaware in 1967. Ford Motor Company, or "Ford," acquired an ownership interest in Hertz in 1987. Prior to this, Hertz was a subsidiary of UAL Corporation (formerly Allegis Corporation), which acquired Hertz's outstanding capital stock from RCA Corporation in 1985. Hertz Holdings was incorporated in Delaware in 2005 and had no operations prior to the Acquisition (as defined below).

On December 21, 2005, or the "Closing Date," investment funds associated with or designated by Clayton, Dubilier & Rice, Inc., or "CD&R," The Carlyle Group, or "Carlyle," and Merrill Lynch Global Private Equity, or "MLGPE," or collectively the "Sponsors," through CCMG Acquisition Corporation, a wholly-owned subsidiary of Hertz Holdings (previously known as CCMG Holdings, Inc.) acquired all of Hertz's common stock from Ford Holdings LLC for aggregate consideration of $4,379 million in cash, debt refinanced or assumed of $10,116 million and transaction fees and expenses of $447 million.

We refer to the acquisition of all of Hertz's common stock through CCMG Acquisition Corporation as the "Acquisition." We refer to the Acquisition, together with related transactions entered into to finance the cash consideration for the Acquisition, to refinance certain of our existing indebtedness and to pay related transaction fees and expenses, as the "Transactions."

In November 2006, we completed our initial public offering of 88,235,000 shares of our common stock at a per share price of $15.00, with proceeds to us before underwriting discounts and offering expenses of approximately $1.3 billion. The proceeds were used to repay borrowings that were outstanding under a $1.0 billion loan facility entered into by Hertz Holdings, or the "Hertz Holdings Loan Facility," and to pay related transaction fees and expenses. The Hertz Holdings Loan Facility was used primarily to pay a special cash dividend of $4.32 per share to our common stockholders on June 30, 2006. The proceeds of the offering were also used to pay special cash dividends of $1.12 per share on November 21, 2006 to stockholders of record of Hertz Holdings immediately prior to the initial public offering.

In June 2007, the Sponsors completed a secondary public offering of 51,750,000 shares of their Hertz Holdings common stock at a per share price of $22.25. We did not receive any of the proceeds from the sale of these shares. We paid all of the expenses of the offering, excluding underwriting discounts and commissions of the selling stockholders, pursuant to a registration rights agreement we entered into at the time of the Acquisition. These expenses aggregated to approximately $2.0 million. Immediately following the secondary public offering, the Sponsors' ownership percentage in us decreased to approximately 55%.

In September 2008, Bank of America Corporation, or "Bank of America," announced it was acquiring Merrill Lynch & Co., the parent company of MLGPE. This transaction closed on January 1, 2009. Accordingly, Bank of America is now an indirect beneficial owner of our common stock held by MLGPE and certain of its affiliates.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

Basis of Presentation

The significant accounting policies summarized in Note 1 to our audited consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the United States Securities and Exchange Commission, or "SEC," on March 3, 2009, or the "Form 10-K," have been followed in preparing the accompanying condensed consolidated financial statements, except for the adoption of Statement of Financial Accounting Standards, or "SFAS" No. 160, "Noncontrolling Interests in Consolidated Financial Statements an amendment of ARB No. 51," or "SFAS No. 160," SFAS No. 141(R), "Business Combinations," or "SFAS No. 141(R)," and SFAS No. 157, "Fair Value Measurements," or "SFAS No. 157."

The December 31, 2008 condensed consolidated balance sheet data was derived from our audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America, or "GAAP."

In our opinion, all adjustments (which include only normal recurring adjustments) necessary for a fair statement of the results of operations for the interim periods have been made. Results for interim periods are not necessarily indicative of results for a full year.

Certain prior period amounts have been reclassified to conform with current reporting, including those relating to noncontrolling interests which conform with the provisions of SFAS No. 160, which became effective for us in January 2009.

Liquidity

The car and equipment rental industries are significantly influenced by general economic conditions. In the final three months of 2008 and continuing in the three months ended March 31, 2009, both the car and equipment rental markets experienced unprecedented declines due to the precipitous slowdown in consumer spending as well as significantly reduced demand for industrial and construction equipment. The car rental industry is also significantly influenced by developments in the travel industry, and, particularly, in airline passenger traffic while the equipment rental segment is being impacted by the difficult economic and business environment as investment in commercial construction and the industrial markets slow. The United States and international markets are currently experiencing a significant decline in economic activities, including a tightening of the credit markets, reduced airline passenger traffic, reduced consumer spending and volatile fuel prices. These conditions are expected to continue through 2009. During 2008 and the three months ended March 31, 2009, this resulted in a rapid decline in the volume of car rental and equipment rental transactions, an increase in depreciation and fleet related costs as a percentage of revenue, lower industry pricing and lower residual values for the non-program cars and equipment that we sold. "Non-program cars" mean cars not purchased under repurchase or guaranteed depreciation programs for which the car rental company is exposed to residual risk.

We are highly leveraged and a substantial portion of our liquidity needs arise from debt service on indebtedness incurred in connection with the Transactions and from the funding of our costs of operations, working capital and capital expenditures. Based on March 31, 2009 availability and our 2009 business plan, we believe we have sufficient liquidity in our existing fleet facilities to meet our 2009 debt maturities. We are beginning discussions with banks and lenders to review refinancing options for the indebtedness maturing in 2010. The agreements governing our indebtedness require us to comply with two key covenants based on (1) a consolidated leverage ratio and (2) a consolidated interest expense

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

coverage ratio. Our failure to comply with the obligations contained in any agreements governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt becoming immediately due and payable and could further result in a cross default or cross acceleration of our debt issued under other instruments.

In response to the economic downturn, in 2008 we implemented aggressive strategic actions to reduce costs and improve liquidity. These actions included reducing wage and benefit costs through significant headcount reductions, accelerating fleet deletions and delaying additions to right-size the fleet to current demand levels and rationalizing our location footprint by closing a number of locations. We have developed additional plans for 2009 in an effort to mitigate the impact of continued revenue declines on our results of operations, including further reducing costs through the additional headcount reductions that we announced in January 2009, continuing to right-size our car and equipment rental fleet in response to the economic conditions, continued reengineering of our processes to reduce costs, increasing pricing and continuing to reduce the cost of acquiring our car and equipment rental fleet, among other actions.

As a result of these past and planned actions, we believe that we will remain in compliance with our debt covenants and that cash generated from operations, together with amounts available under various liquidity facilities will be adequate to permit us to meet our debt service obligations, ongoing costs of operations, working capital needs and capital expenditure requirements for 2009. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with covenants and restrictions contained in our debt agreements will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

As of April 29, 2009, less than 1% of our fleet was made up of Chrysler LLC vehicles, so its recent bankruptcy filing should not have a material impact on our business, financial condition or results of operations.

As of March 31, 2009, approximately 21% of our worldwide fleet consisted of cars purchased from Ford, of which approximately 28% were cars purchased under repurchase or guaranteed depreciation programs with car manufacturers, or "program cars," and approximately 26% of our worldwide fleet consisted of cars purchased from General Motors, of which approximately 32% were program cars. In the past several years, Ford and General Motors have experienced deterioration in their operating results and significant declines in their credit ratings. In the event of a bankruptcy of a car manufacturer, including Ford or General Motors, our liquidity would be impacted by several factors including reductions in fleet residual values, and the risk that we would be unable to collect outstanding receivables due to us from such bankrupt manufacturer. In addition, under the current terms of our asset-backed financing facilities, we may be required to materially increase the credit enhancement levels related to the financing of the fleet vehicles provided by such bankrupt manufacturer. If we were required to provide this additional enhancement, we would use a combination of our available cash, our availability under our Senior ABL Facility or any existing over-enhancement that we may then have under our fleet financing facilities. However, such use would materially reduce our liquidity available for operations or the refinancing of maturing debt, which, in the case of Ford or General Motors would have a material impact on our liquidity. See Note 7 Debt, for the amounts we have available under our Senior ABL Facility and our fleet financing facilities.

Approximately $3.7 billion of our U.S. fleet debt at March 31, 2009 is guaranteed by third party insurance companies, MBIA Insurance Corporation, or "MBIA," and Ambac Assurance Corporation, or "Ambac". MBIA and Ambac are facing financial instability and have been downgraded and are on review for further credit downgrade or under developing outlook by one or more credit agencies. An event of bankruptcy with respect to MBIA or Ambac would result in an amortization event under the portion of the debt guaranteed by the affected insurer. In addition, if an amortization event continues for 30 days or longer, the noteholders of the affected series of notes would have the right to require liquidation of a portion of the fleet sufficient to repay such notes, provided that the exercise of the right was exercised by a majority of the affected noteholders. Based on current public information we do not currently believe that there is a near-term risk of bankruptcy of MBIA or Ambac, nor do we expect the noteholders to exercise their liquidation right in the event of a bankruptcy. However, in the event of a bankruptcy of either MBIA or Ambac and subsequent vote by the noteholders to liquidate that portion of our fleet, we would expect to use the portion of our $825.0 million asset-backed facility that is not insured by MBIA or Ambac that is then available, together with our corporate liquidity, and possibly other funding sources, including car and equipment sales, to repay the affected series of notes.

Certain events, such as a bankruptcy of one of the third-party insurance companies providing financial guarantees with respect to our asset-backed notes or a manufacturer of a significant number of cars in our fleet, or a continuing deterioration in the economic environment could lead to a deterioration in our financial condition and liquidity position. In addition, in the case of the combination of a bankruptcy of General Motors, Ford, MBIA or Ambac, if our available cash and other funding sources were not sufficient to satisfy the consequences as described above, we would be required to renegotiate with our lenders or raise additional funds and there is no assurance that we would be successful in such renegotiation or the raising of such funds.

Note 2 Recent Accounting Pronouncements

In January 2009, the Financial Accounting Standards Board, or "FASB," issued FASB Staff Position, or "FSP," No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets." The FSP contains amendments to FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits," that are intended to enhance the transparency surrounding the types of assets and associated risks in an employer's defined benefit pension or other postretirement plan. The provisions of this FSP will become effective for us beginning with our annual report for the period ended December 31, 2009.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." This FSP amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments," to require disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. This FSP also amends APB Opinion No. 28, "Interim Financial Reporting," to require those disclosures in summarized financial information at interim reporting periods. The provisions of this FSP will become effective for us beginning with our quarterly report for the period ended June 30, 2009.

Note 3 Cash and Equivalents and Restricted Cash

We consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash includes cash and equivalents that are not readily available for our normal disbursements. Restricted cash and equivalents are restricted for the purchase of revenue earning vehicles and other specified uses under our Fleet Debt facilities (as defined in Note 7 Debt), for our like-kind exchange programs and to satisfy certain of our self-insurance regulatory reserve

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

requirements. As of March 31, 2009 and December 31, 2008, the portion of total restricted cash that was associated with our Fleet Debt facilities was $233.4 million and $557.2 million, respectively. The decrease in restricted cash associated with our Fleet Debt of $323.8 million from December 31, 2008 to March 31, 2009, primarily related to payments to reduce fleet debt and the timing of purchases and sales of revenue earning vehicles.

Note 4 Goodwill and Other Intangible Assets

We account for our goodwill and indefinite-lived intangible assets under SFAS No. 142, "Goodwill and Other Intangible Assets," or "SFAS No. 142." Under SFAS No. 142, goodwill and indefinite-lived intangible assets must be tested for impairment at least annually.

The following summarizes the changes in our goodwill, which entirely relates to our car rental segment, for the period presented (in thousands of dollars):

	Total
Balance as of December 31, 2008	$264,061
Other changes[(1)]	(1,610)
Balance as of March 31, 2009	$262,451

(1) Consists of changes resulting from the translation of foreign currencies at different exchange rates from the beginning of the period to the end of the period.

Other intangible assets, net, consisted of the following major classes (in thousands of dollars):

	March 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:			
Customer-related	$ 603,101	$ (202,709)	$ 400,392
Other	12,223	(5,239)	6,984
Total	615,324	(207,948)	407,376
Indefinite-lived intangible assets:			
Trade name	2,190,000		2,190,000
Other	15,332		15,332
Total	2,205,332		2,205,332
Total other intangible assets, net	$2,820,656	$ (207,948)	$ 2,612,708

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

	December 31, 2008			
	Gross Carrying Amount	Accumulated Amortization	Impairment Charge	Net Carrying Value
Amortizable intangible assets:				
Customer-related	$ 620,217	$ (187,885)	$ (17,000)	$ 415,332
Other	10,885	(4,549)		6,336
Total	631,102	(192,434)	(17,000)	421,668
Indefinite-lived intangible assets:				
Trade name	2,624,000		(434,000)	2,190,000
Other	9,918			9,918
Total	2,633,918		(434,000)	2,199,918
Total other intangible assets, net	$ 3,265,020	$ (192,434)	$ (451,000)	$ 2,621,586

Amortization of other intangible assets for the three months ended March 31, 2009 and 2008, was approximately $15.5 million and $16.4 million, respectively. Based on our amortizable intangible assets as of March 31, 2009, we expect amortization expense to be approximately $49.4 million for the remainder of 2009 and range from $59.5 million to $63.0 million for each of the next five fiscal years.

During the three months ended March 31, 2009, we added 15 locations by acquiring former franchisees in our domestic and international car rental operations. Total cash paid for intangible assets during the three months ended March 31, 2009 was $6.9 million. We recognized $1.5 million in amortizable intangible assets and $5.4 million in indefinite-lived intangible assets during the three months ended March 31, 2009. Each of these transactions has been accounted for using the acquisition method of accounting in accordance with SFAS No. 141(R) and operating results of the acquired entities from the dates of acquisition are included in our consolidated statements of operations. The allocation of the purchase price to the tangible and intangible net assets acquired is preliminary and subject to finalization. These acquisitions are not material, individually or collectively, to the consolidated amounts presented within our statement of operations for the three months ended March 31, 2009. See Note 17 Subsequent Events.

Note 5 Taxes on Income

The effective tax rate for the three months ended March 31, 2009 was 23.6%, which reflected a higher tax benefit on increased losses before income taxes partly offset by the non-recognition of losses in certain non-U.S. jurisdictions. In accordance with inter-period accounting rules for income taxes, the 23.6% tax rate reflects a limitation on tax benefits for the period ended March 31, 2009 as compared with an estimated annual effective tax rate of 30.6%. The effective tax rate for the three months ended March 31, 2008 was 5.3%, which reflected the non-recognition of losses in certain non-U.S. jurisdictions in cumulative net loss positions and other discrete items.

We adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109," or "FIN 48," on January 1, 2007.

As of December 31, 2008, total unrecognized tax benefits were $21.7 million, of which $21.3 million, if recognized, would favorably impact the effective tax rate in future periods. The remaining balance of $0.4 million relates to temporary difference items. To the extent these items reverse in the future, the

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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temporary items will affect current and deferred income tax expense in continuing operations with no impact to the effective tax rate.

Net, after-tax interest and penalties related to the liabilities for unrecognized tax benefits are classified as a component of "Benefit for taxes on income" in our consolidated statement of operations. During the three months ended March 31, 2009, approximately $0.3 million in net, after-tax interest and penalties were recognized. Approximately $6.3 million of net, after-tax interest and penalties are accrued in our condensed consolidated balance sheet at March 31, 2009.

Note 6 Depreciation of Revenue Earning Equipment

Depreciation of revenue earning equipment includes the following (in thousands of dollars):

	Three Months Ended March 31,	
	2009	**2008**
Depreciation of revenue earning equipment	$427,489	$475,401
Adjustment of depreciation upon disposal of the equipment	46,934	32,519
Rents paid for vehicles leased	15,405	25,933
Total	$489,828	$533,853

The adjustment of depreciation upon disposal of revenue earning equipment for the three months ended March 31, 2009 and 2008, included net losses of $16.4 million and $30.2 million, respectively, on the disposal of vehicles used in our car rental operations and net losses of $30.5 million and $2.3 million, respectively, on the disposal of industrial and construction equipment used in our equipment rental operations.

Depreciation rates are reviewed on an ongoing basis based on management's routine review of present and estimated future market conditions and their effect on residual values at the time of disposal. During the three months ended March 31, 2009, depreciation rates being used to compute the provision for depreciation of revenue earning equipment were adjusted on certain vehicles in our car rental operations to reflect changes in the estimated residual values to be realized when revenue earning equipment is sold. These depreciation rate changes resulted in net increases of $6.6 million in depreciation expense for the three months ended March 31, 2009. During the three months ended March 31, 2009, depreciation rates in our equipment rental operations remained the same.

For the three months ended March 31, 2009 and 2008, our worldwide car rental operations sold approximately 25,800 and 42,400 non-program cars, respectively, a 39.2% year over year decrease primarily due to a lower average fleet size.

Note 7 Debt

Our "Senior Term Facility" is a secured term loan facility entered into by Hertz in connection with the Acquisition consisting of (a) a maximum borrowing capacity of $1,400.0 million, which included a delayed draw facility of $293.0 million and (b) a prefunded synthetic letter of credit facility in an aggregate principal amount of $250.0 million. This term loan facility and the synthetic letter of credit facility mature in December 2012. On March 31, 2009, Hertz entered into an amendment, or the "Term Loan Amendment," to the Senior Term Facility. The Term Loan Amendment became effective on March 31, 2009 after receipt of the consent of the necessary lenders. The Term Loan Amendment provides, in material part, that Hertz may tender for term loans under the credit agreement that governs the Senior Term Facility, or the "Credit Agreement," at a discount to their principal amount on up to four occasions for a period of one year after the date of the Term Loan Amendment. The aggregate par principal amount of all such term loans tendered and prepaid may not exceed $500.0 million. The discount applicable to any such prepayments will be determined through modified "Dutch auction" procedures and subject to the other terms and conditions described in the Term Loan Amendment. Hertz may make any such prepayment only if its unrestricted cash and cash equivalents plus available commitments under Hertz's senior asset-based loan facility equal or exceed $1.0 billion after giving effect to such prepayment. The Term Loan Amendment does not obligate Hertz to make any such prepayments. The Term Loan Amendment also makes certain technical and conforming changes to the terms of the Credit Agreement, including changes to clarify the manner in which Consolidated Vehicle Interest Expense (as defined in the Credit Agreement) is reflected in the calculation of Excess Cash Flow, which is at times used to determine Hertz's capacity to engage in certain transactions.

Our "Senior ABL Facility" is a senior asset-based revolving loan facility entered into by Hertz and certain of its U.S. and Canadian subsidiaries in connection with the Acquisition with a maximum borrowing capacity of $1,800.0 million. Up to $200.0 million of the revolving loan facility is available for the issuance of letters of credit. The Senior ABL Facility matures in February 2012. We refer to the Senior Term Facility and the Senior ABL Facility together as the "Senior Credit Facilities."

Our "Senior Dollar Notes" are the $1,800.0 million aggregate principal amount of 8.875% Senior Notes due January 2014 issued by Hertz in connection with the Acquisition. Our "Senior Euro Notes" are the €225 million aggregate principal amount of 7.875% Senior Notes due January 2014 issued by Hertz in connection with the Acquisition. We refer to the Senior Dollar Notes and the Senior Euro Notes together as the "Senior Notes."

Our "Senior Subordinated Notes" refer to the $600.0 million aggregate principal amount of 10.5% Senior Subordinated Notes due January 2016 issued by Hertz in connection with the Acquisition.

Our "Promissory Notes" consist of the outstanding untendered senior notes issued under three separate indentures existing prior to the Acquisition. These senior notes have maturities ranging from November 2009 to January 2028.

Our "U.S. Fleet Debt" consists of approximately $4,300.0 million of asset-backed securities issued on the Closing Date ($925.0 million of which have subsequently matured) by Hertz Vehicle Financing LLC, or "HVF," a special purpose entity wholly owned by us, backed by our U.S. car rental fleet, all of which we issued under our existing asset-backed notes program, or the "ABS Program." An additional $600.0 million of previously issued asset-backed medium term notes, or "Pre-Acquisition ABS Notes," maturing in May 2009 remained outstanding under the ABS Program following the Closing Date ($543.3 million of which have subsequently matured). We have also issued approximately $1,500.0 million of variable funding notes on the Closing Date in two series under these facilities, none of which were drawn on the Closing Date. As of March 31, 2009, the current capacity was $1,215.0 million and $247.8 million of these variable funding notes were outstanding. The U.S. Fleet Debt have maturities ranging from May 2009 to November 2010.

Our "Series 2008-1 Notes" refers to a new variable funding note facility entered into by HVF on September 12, 2008. The aggregate principal amount of the facility is not to exceed $825.0 million and is available to HVF on a revolving basis, subject to borrowing base availability. The Series 2008-1 Notes

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were not drawn on the closing date. The expected final maturity date of the Series 2008-1 Notes is August 2010.

Our "International Fleet Debt" consists of the aggregate borrowings of our foreign subsidiaries under asset-based revolving loan facilities entered into by Hertz International Ltd, or "HIL," a Delaware corporation organized as a foreign subsidiary holding company and a direct subsidiary of Hertz, and certain of its subsidiaries (all of which are organized outside the United States), together with certain bankruptcy-remote special purpose entities, subject to borrowing bases comprised of rental vehicles, rental equipment, and related assets of certain of our foreign subsidiaries (substantially all of which are organized outside of the United States) or one or more special purpose entities, as the case may be, and rental equipment and related assets of certain of our subsidiaries organized outside North America or one or more special purpose entities, as the case may be. The subsidiaries conducting the car rental business in certain European jurisdictions may, at their option, continue to engage in capital lease financings relating to revenue earning equipment outside the International Fleet Debt facilities. In 2007 and 2008, additional borrowers consented to the senior bridge facility agreement under the International Fleet Debt facilities in connection with the expected take-out of the interim facilities entered into at the time of the Acquisition. The International Fleet Debt matures in December 2010.

Our "International ABS Fleet Financing Facility" consists of a multi-jurisdictional fleet financing initially covering Australia, France and the Netherlands, or the "Relevant Jurisdictions." The maximum commitment under (i) the Euro denominated financing is €562.0 million (or $747.3 million, calculated using exchange rates in effect on March 31, 2009) and (ii) the Australian dollar denominated financing is A$269.0 million (or $186.5 million). The expected maturity date is in December 2010.

Our "Fleet Financing Facility" is a credit agreement entered into by Hertz and its subsidiary, Puerto Ricancars, Inc., or "PR Cars," in September 2006, which provides for a commitment of up to $275.0 million to finance the acquisition of Hertz's and/or PR Cars fleet in Hawaii, Kansas, Puerto Rico and St. Thomas, the U.S. Virgin Islands. The Fleet Financing Facility matures in December 2011, but Hertz and PR Cars may terminate or reduce the commitments of the lenders thereunder at any time.

Our "Brazilian Fleet Financing Facility" refers to the agreement dated April 4, 2007 amending and restating our Brazilian subsidiary's credit facility (which was originally included under the International Fleet Debt facilities) to, among other things, increase the facility to R$130 million (or $56.3 million) consisting of a R$70 million (or $30.3 million) term loan facility and a R$60 million (or $26.0 million) revolving credit facility. This facility matures in December 2010.

Our "Canadian Fleet Financing Facility" refers to a Note Purchase Agreement entered into by our indirect subsidiary, Hertz Canada Limited, and certain of its subsidiaries, on May 30, 2007, with CARE Trust, a third-party special purpose commercial paper conduit administered by Bank of Montreal, or "CARE Trust," which acts as conduit for the asset-backed borrowing facility, and certain related agreements and transactions, in order to establish an asset-backed borrowing facility to provide financing for our Canadian car rental fleet. The new facility refinanced the Canadian portion of the International Fleet Debt facilities. The maximum amount which may be borrowed under the new facility is CAN$400 million (or $318.2 million). The Canadian Fleet Facility matures in May 2012. Under the current terms of the Canadian Fleet Financing Facility we must have at least 50% of the Canadian car rental fleet that is financed under such facility be subject to manufacturer buyback programs and not more than 50% of the Canadian car rental fleet that is financed under such facility consist of cars and receivables of an individual manufacturer. In April 2009, our indirect subsidiary, Hertz Canada Limited, and certain of its subsidiaries, entered into waiver agreements with CARE Trust regarding both of these restrictions. The

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waivers expire upon the earlier of May 22, 2009 or at such time as program vehicles as a percentage of total vehicles falls below 20%. We are currently negotiating with CARE Trust to amend the Canadian Fleet Financing Facility, to among other things, (1) decrease or eliminate the 50% program car restriction and (2) modify the covenant pertaining to manufacturer limits. There is no assurance that a mutually acceptable amendment can be successfully negotiated. If this occurs, we may have to find other financing arrangements, which may be more costly, or finance these vehicles ourselves, which will impact our liquidity.

Our "Belgian Fleet Financing Facility" consists of a secured revolving credit facility entered into by our Belgian subsidiary, Hertz Belgium BVBA on June 21, 2007, with varying facility limits of up to €27.4 million (or $36.4 million) maturing in December 2010. This facility refinanced the Belgian portion of our International Fleet Debt facilities.

Our "U.K. Leveraged Financing" consists of an agreement for a sale and leaseback facility entered into with a financial institution in the United Kingdom, or the "U.K.," by our subsidiary in the U.K., Hertz (U.K.) Limited on December 21, 2007, under which we may sell and lease back fleet up to the value of £175.0 million (or $250.3 million). The amount available under this facility increases over the term of the facility. The facility is scheduled to mature in December 2013. This facility refinanced the U.K. portion of the International Fleet Debt facilities.

See Note 17 Subsequent Events.

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Our debt consists of the following (in thousands of dollars):

	March 31, 2009	December 31, 2008
Corporate Debt		
Senior Term Facility, average interest rate: 2009, 2.3%; 2008, 3.3% (effective average interest rate: 2009, 2.3%; 2008, 3.4%); net of unamortized discount: 2009, $17,464; 2008, $18,641	$ 1,351,349	$ 1,353,603
Senior ABL Facility, average interest rate: 2009, 2.3%; 2008, 0.0% (effective average interest rate: 2009, 2.9%; 2008, 0.0%); net of unamortized discount: 2009, $12,153; 2008, $13,339	43,540	(13,339)
Senior Notes, average interest rate: 2009, 8.7%; 2008, 8.7%	2,099,202	2,113,589
Senior Subordinated Notes, average interest rate: 2009, 10.5%; 2008, 10.5%	600,000	600,000
Promissory Notes, average interest rate: 2009, 7.3%; 2008, 7.2% (effective average interest rate: 2009, 7.4%; 2008, 7.3%); net of unamortized discount: 2009, $3,716; 2008, $3,957	394,586	461,381
Notes payable, average interest rate: 2009, 6.0%; 2008, 5.5%	6,458	9,754
Foreign subsidiaries' debt denominated in foreign currencies:		
Short-term bank borrowings, average interest rate: 2009, 13.0%; 2008, 4.5%	2,369	54,927
Other borrowings, average interest rate: 2009, 3.4%; 2008, 5.1%	3,309	5,621
Total Corporate Debt	4,500,813	4,585,536
Fleet Debt		
U.S. Fleet Debt and pre-Acquisition ABS Notes, average interest rate: 2009, 4.3%; 2008, 4.3% (effective average interest rate: 2009, 4.3%; 2008, 4.3%); net of unamortized discount: 2009, $5,873; 2008, $7,536	3,679,474	4,254,504
International Fleet Debt, average interest rate: 2009, 3.4%; 2008, 5.0% (effective average interest rate: 2009, 3.5%; 2008, 5.1%); net of unamortized discount: 2009, $5,469; 2008, $6,544	613,745	1,027,090
International ABS Fleet Financing Facility, average interest rate: 2009, 3.5%; 2008, 7.1%; (effective average interest rate: 2009, 3.6%; 2008, 7.3%); net of unamortized discount: 2009, $8,781; 2008, $10,348	443,634	591,143
Fleet Financing Facility, average interest rate: 2009, 1.8%; 2008, 2.0% (effective average interest rate: 2009, 1.8%; 2008, 2.1%); net of unamortized discount: 2009, $1,094; 2008, $1,203	159,406	149,297
Brazilian Fleet Financing Facility, average interest rate: 2009, 16.0%; 2008, 16.3%	53,101	54,111
Canadian Fleet Financing Facility, average interest rate: 2009, 2.7%; 2008, 3.8%	72,682	111,638
Belgian Fleet Financing Facility, average interest rate: 2009, 2.6%; 2008, 4.7%	31,117	31,220
U.K. Leveraged Financing, average interest rate: 2009, 5.5%; 2008, 6.4%	138,652	167,758
Total Fleet Debt	5,191,811	6,386,761
Total Debt	$ 9,692,624	$ 10,972,297

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The aggregate amounts of maturities of debt for each of the twelve-month periods ending March 31 (in millions of dollars) are as follows: 2010, $2,492.0 (including $1,675.5 of other short-term borrowings); 2011, $2,827.9; 2012, $134.1; 2013, $1,545.0; 2014, $0.1; after 2014, $2,748.2.

Our short-term borrowings as of March 31, 2009 include, among other items, the amounts outstanding under our Senior ABL Facility, International Fleet Debt facility, International ABS Fleet Financing Facility, Fleet Financing Facility, Brazilian Fleet Financing Facility, Canadian Fleet Financing Facility, Belgian Fleet Financing Facility and our U.K. Leveraged Financing facility. These amounts are considered short-term in nature since they have maturity dates of three months or less; however these facilities are revolving in nature and do not expire at the time of the short-term debt maturity. In addition, we include certain scheduled payments of principal under our ABS Program as short-term borrowings.

As of March 31, 2009, there were outstanding standby letters of credit totaling $471.8 million. Of this amount, $234.0 million has been issued for the benefit of the ABS Program ($200.0 million of which was issued by Ford and $34.0 million of which was used under the Senior Credit Facilities) and the remainder is primarily to support self-insurance programs (including insurance policies with respect to which we have indemnified the issuers for any losses) in the United States, Canada and Europe and to support airport concession obligations in the United States and Canada. As of March 31, 2009, none of these letters of credit have been drawn upon.

As of March 31, 2009, the aggregate principal amount of $56.7 million of pre-Acquisition ABS Notes were outstanding and the average interest rate was 3.2%.

As of March 31, 2009, there were $11.2 million of capital lease financings outstanding. These capital lease financings are included in the International ABS Fleet Financing Facility total and have maturities ranging from May 2009 to August 2009.

Guarantees and Security

Hertz's obligations under the Senior Term Facility and the Senior ABL Facility are guaranteed by Hertz Investors, Inc., its immediate parent and most of its direct and indirect domestic subsidiaries (subject to certain exceptions, including for subsidiaries involved in the U.S. Fleet Debt facility and similar special purpose financings), though Hertz Equipment Rental Corporation, or "HERC," does not guarantee Hertz's obligations under the Senior ABL Facility because it is a borrower under that facility. In addition, the obligations of the Canadian borrowers under the Senior ABL Facility are guaranteed by their respective subsidiaries, if any, subject to limited exceptions. The lenders under each of the Senior Term Facility and the Senior ABL Facility have received a security interest in substantially all of the tangible and intangible assets of the borrowers and guarantors under those facilities, including pledges of the stock of certain of their respective subsidiaries, subject in each case to certain exceptions (including in respect of the U.S. Fleet Debt, the International Fleet Debt and, certain other secured fleet financing). Consequently, these assets will not be available to satisfy the claims of Hertz's general creditors.

Hertz's obligations under the Senior Notes and Senior Subordinated Notes are guaranteed by each of its direct and indirect domestic subsidiaries that is a guarantor under the Senior Term Facility.

MBIA and Ambac provide credit enhancements in the form of financial guarantees for our U.S. Fleet Debt, with each providing guarantees for approximately half of the $3.7 billion in principal amount of the notes that was outstanding as of March 31, 2009 under our ABS Program. Under these arrangements, either MBIA or Ambac will guarantee the timely payment of interest on and ultimate payment of principal of such notes.

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The obligations of the borrowers under the International Fleet Debt facilities are guaranteed by HIL, and by the other borrowers and certain related entities under the applicable tranche, in each case subject to certain legal, tax, cost and other structuring considerations. The obligations and the guarantees of the obligations of the Tranche A borrowers under the Tranche A2 loans are subordinated to the obligations and the guarantees of the obligations of such borrowers under the Tranche A1 loans. Subject to legal, tax, cost and other structuring considerations and to certain exceptions, the International Fleet Debt facilities are secured by a material part of the assets of each borrower, certain related entities and each guarantor, including pledges of the capital stock of each borrower and certain related entities. The obligations of the Tranche A borrowers under the Tranche A2 loans and the guarantees thereof are secured on a junior second priority basis by any assets securing the obligations of the Tranche A borrowers under the Tranche A1 loans and the guarantees thereof. The assets that collateralize the International Fleet Debt facilities will not be available to satisfy the claims of Hertz's general creditors.

The International ABS Fleet Financing Facility is secured by our fleet in each of the Relevant Jurisdictions. Each of the Fleetcos' portion of the facility is guaranteed by its respective Hertz vehicle rental company in each of the Relevant Jurisdictions. In certain cases, the International ABS Fleet Financing Facility is guaranteed by HIL or its subsidiary Hertz Europe Limited.

The obligations of each of the borrowers under the Fleet Financing Facility are guaranteed by each of Hertz's direct and indirect domestic subsidiaries (other than subsidiaries whose only material assets consist of securities and debt of foreign subsidiaries and related assets, subsidiaries involved in the ABS Program or other similar special purpose financings, subsidiaries with minority ownership positions, certain subsidiaries of foreign subsidiaries and certain immaterial subsidiaries). In addition, the obligations of PR Cars are guaranteed by Hertz. The obligations of Hertz under the Fleet Financing Facility and the other loan documents, including, without limitation, its guarantee of PR Cars' obligations under the Fleet Financing Facility, are secured by security interests in Hertz's rental car fleet in Hawaii and by certain assets related to Hertz's rental car fleet in Hawaii and Kansas, including, without limitation, manufacturer repurchase program agreements. PR Cars' obligations under the Fleet Financing Facility and the other loan documents are secured by security interests in PR Cars' rental car fleet in Puerto Rico and St. Thomas, the U.S. Virgin Islands and by certain assets related thereto.

The Brazilian Fleet Financing Facility is secured by our Brazilian subsidiary's fleet of vehicles and backed by a $63.5 million Hertz guarantee. That guarantee is secured equally and ratably with borrowings under the Senior Term Facility.

The Canadian Fleet Financing Facility is secured by the fleet vehicles used in the Canadian operations.

The Belgian Fleet Financing Facility is guaranteed by HIL and the fleet assets used in the Belgian operations are pledged as collateral.

The U.K. Leveraged Financing facility is guaranteed by HIL.

Also, substantially all of our revenue earning equipment and certain related assets are owned by special purpose entities, or are subject to liens in favor of our lenders under the Senior ABL Facility, the ABS Program, the International Fleet Debt facilities, the Fleet Financing Facility, the Brazil Fleet Financing Facility, the Canadian Fleet Financing Facility, the Belgian Fleet Financing Facility, the U.K. Leveraged Financing and the International ABS Fleet Financing Facility. Substantially all our other assets in the United States are also subject to liens in favor of our lenders under the Senior Credit Facilities, and substantially all of our other assets outside the United States are (with certain limited exceptions) subject to liens in favor of our lenders under the International Fleet Debt facilities or (in the case of our Canadian