

INTEGRYS ENERGY GROUP, INC.

Form 424B5

November 10, 2010

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CALCULATION OF REGISTRATION FEE

	Amount	Maximum	
Title of each Class of		Aggregate	Amount of
Securities to be Registered	to be	Offering Price	Registration
	Registered		Fee(1)
Senior Notes	\$250,000,000	\$250,000,000	\$17,825

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-158218

PROSPECTUS SUPPLEMENT

(To Prospectus Dated March 26, 2009)

\$250,000,000**INTEGRYS ENERGY GROUP, INC.****4.170% Senior Notes Due November 1, 2020**

We will pay interest on the Senior Notes Due November 1, 2020, at the rate of 4.170% per year on May 1 and November 1 of each year, beginning on May 1, 2011. We may redeem the notes in whole or in part at any time at a redemption price equal to the greater of (1) 100% of principal or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes we redeem, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury yield plus 0.250%, plus, in each case, accrued and unpaid interest to the redemption date, as set forth in this prospectus supplement. The notes constitute a series of our senior debt securities and are unsecured and unsubordinated. The notes will be effectively subordinated to creditors and preferred shareholders of our subsidiaries with respect to the assets and earnings of our subsidiaries. See Description of Debt Securities in the accompanying prospectus and Description of the Notes Ranking in this prospectus supplement.

See Risk Factors beginning on page 15 of our Annual Report on Form 10-K for the year ended December 31, 2009 for a discussion of certain risk factors that prospective investors should consider before investing in our notes.

	Per Note	Total
Public Offering Price(1)	99.937%	\$ 249,842,500
Underwriting Discounts and Commissions	0.650%	\$ 1,625,000
Proceeds to Integrys Energy Group, Inc.	99.287%	\$ 248,217,500

(1) Plus accrued interest, if any, from November 15, 2010, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect to deliver the notes to investors in registered book-entry form only through the facilities of The Depository Trust Company (DTC) on or about November 15, 2010. Beneficial interests in the notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC.

Joint Book-Running Managers

Citi

Mitsubishi UFJ Securities

Morgan Stanley

Co-Managers

Mizuho Securities USA Inc.

Scotia Capital

US Bancorp

The date of this prospectus supplement is November 9, 2010

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document has two parts. The first part is the prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which provides more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under **Summary Where You Can Find More Information** in the accompanying prospectus. In the event that the description of the offering in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus filed by us with the Securities and Exchange Commission (the "SEC"). We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different, additional or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus and any free writing prospectus filed by us with the SEC as well as the information we previously filed with the SEC that we incorporate by reference in this prospectus supplement or the accompanying prospectus, is accurate as of any date other than its respective date. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless we otherwise indicate or unless the context requires otherwise, all references in this prospectus supplement to **we**, **our**, **us** or similar references mean Integrys Energy Group, Inc. and its consolidated subsidiaries.

FORWARD-LOOKING STATEMENTS

In this prospectus supplement and accompanying prospectus, we and our subsidiaries make statements concerning expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended. Forward-looking statements are subject to assumptions and uncertainties; therefore, actual results may differ materially from those expressed or implied by such forward-looking statements. Although we and our subsidiaries believe that these forward-looking statements and the underlying assumptions are reasonable, we cannot provide assurance that such statements will prove correct.

Forward-looking statements include, among other things, statements concerning our management's expectations and projections regarding earnings, regulatory matters, fuel costs, sources of electric energy supply, coal and natural gas deliveries, remediation costs, environmental and other capital expenditures, liquidity and capital resources, trends, estimates, completion of construction projects, and other matters.

Forward-looking statements involve a number of risks and uncertainties. Some risks that could cause results to differ from any forward-looking statement include those described in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2009, as may be amended or supplemented in Part II, Item 1A of our subsequently filed Quarterly Reports on Form 10-Q. Other factors include:

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Resolution of pending and future rate cases and negotiations (including the recovery of deferred costs) and other regulatory decisions impacting our regulated businesses;

The individual and cumulative impact of recent and future federal and state regulatory changes, including legislative and regulatory initiatives regarding deregulation and restructuring of the electric and natural gas utility industries, financial reform, changes in environmental and other regulations, including but not limited to, greenhouse gas emissions, energy efficiency mandates, renewable energy standards, and reliability standards, and changes in tax and other laws and regulations to which we and our subsidiaries are subject;

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Current and future litigation and regulatory proceedings, enforcement actions or inquiries, including but not limited to, manufactured gas plant site cleanup, third-party intervention in permitting and licensing projects, compliance with Clean Air Act requirements at generation plants, and prudence and reconciliation of costs recovered in revenues through an automatic gas cost recovery mechanism;

The impacts of changing financial market conditions, credit ratings, and interest rates on the liquidity and financing efforts of us and our subsidiaries;

The risks related to executing the strategy change associated with our nonregulated energy services business, including the restructuring of its retail natural gas and retail electric marketing business;

The risks associated with changing commodity prices (particularly natural gas and electricity) and the available sources of fuel and purchased power, including their impact on margins;

Resolution of audits or other tax disputes with the Internal Revenue Service and various state, local, and Canadian revenue agencies;

The effects, extent, and timing of additional competition or regulation in the markets in which our subsidiaries operate;

The retention of market-based rate authority;

The risk associated with the value of goodwill or other intangibles and their possible impairment;

Investment performance of employee benefit plan assets and the related impact on future funding requirements;

Changes in technology, particularly with respect to new, developing, or alternative sources of generation;

Effects of and changes in political and legal developments, as well as economic conditions and the related impact on customer demand, including the ability to attract and retain customers in our nonregulated energy services business and to adequately forecast its energy usage for nonregulated customers;

Potential business strategies, including mergers, acquisitions, and construction or disposition of assets or businesses, which cannot be assured to be completed timely or within budgets;

The direct or indirect effects of terrorist incidents, natural disasters, or responses to such events;

The effectiveness of risk management strategies, the use of financial and derivative instruments, and the ability to recover costs from customers in rates associated with the use of those strategies and financial and derivative instruments;

The risk of financial loss, including increases in bad debt expense, associated with the inability of our and our subsidiaries counterparties, affiliates, and customers to meet their obligations;

Customer usage, weather, and other natural phenomena;

The utilization of tax credit and loss carryforwards;

Contributions to earnings by non-consolidated equity method and other investments, which may vary from projections;

The effect of accounting pronouncements issued periodically by standard-setting bodies; and

Other factors discussed elsewhere herein and in other reports filed by us from time to time with the SEC.

Except to the extent required by the federal securities laws, we and our subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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THE COMPANY

We are a diversified energy holding company with regulated electric and natural gas utility operations (serving, as of December 31, 2009, approximately 489,000 regulated electric utility customers in Wisconsin and the Upper Peninsula of Michigan and approximately 1,669,000 regulated natural gas utility customers in Illinois, Michigan, Minnesota and Wisconsin), nonregulated energy operations and an equity ownership interest in American Transmission Company LLC (a federally regulated electric transmission company operating in Wisconsin, Michigan, Minnesota and Illinois) of approximately 34% at September 30, 2010. We were incorporated in Wisconsin in 1993, our executive offices are located at 130 East Randolph Drive, Chicago IL 60601-6207 and our telephone number is (312) 228-5400.

Our seven major operating subsidiaries are as follows:

Wisconsin Public Service Corporation, a regulated electric and natural gas utility operating in an 11,000 square-mile service area in northeast and central Wisconsin and an adjacent portion of the Upper Peninsula of Michigan. Wisconsin Public Service provides electric and natural gas products and services to residential, farm, commercial and industrial customers, as well as provides electric power to wholesale customers.

The Peoples Gas Light and Coke Company, a regulated natural gas utility serving residential, commercial and industrial retail sales and transportation customers in the city of Chicago, Illinois.

Minnesota Energy Resources Corporation, a regulated natural gas utility serving retail sales customers in 165 communities throughout certain portions of Minnesota, including Eagan, Rosemount, Rochester, Fairmont, Bemidji, Cloquet and Dakota County.

Michigan Gas Utilities Corporation, a regulated natural gas utility serving retail sales customers in 147 communities in southern and western Michigan in and around Grand Haven, Otsego, Benton Harbor, Coldwater and Monroe.

North Shore Gas Company, a regulated natural gas utility serving residential, commercial, and industrial retail sales and transportation customers in 54 communities within the northern suburbs of Chicago, Illinois.

Upper Peninsula Power Company, a regulated electric utility serving retail and wholesale electric customers in 118 communities in a service territory covering 10 of the 15 counties in the Upper Peninsula of Michigan.

IntegrYS Energy Services, Inc., a nonregulated retail natural gas and electricity supply and services company that provides individualized natural gas and electricity supply solutions, structured products and strategies that allow customers to manage energy needs while capitalizing on opportunities resulting from deregulation. IntegrYS Energy Services also owns and operates various nonregulated electric generation facilities. As a result of its recent restructuring, IntegrYS Energy Services' focus is on selected retail markets in the United States and investments in energy assets with renewable attributes.

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DESCRIPTION OF THE NOTES

Please read the following information concerning the notes in conjunction with the statements under "Description of Debt Securities" in the accompanying prospectus. The following information supplements those statements and supersedes any statements in the accompanying prospectus which are inconsistent with it.

Issuer	IntegrYS Energy Group, Inc.
Notes Offered	\$250,000,000 principal amount of 4.170% Senior Notes Due November 1, 2020.
Maturity	November 1, 2020.
Interest Rate	The notes will bear interest from the date of issuance at the rate of 4.170% per year.
Interest Payment Dates	May 1 and November 1 (beginning on May 1, 2011).
Ranking	The notes will be unsecured general obligations and will rank on a parity with our other senior unsecured indebtedness.

Claims of creditors and any preferred shareholders of our subsidiaries generally will have priority over the claims of our creditors with respect to the assets and earnings of our subsidiaries. The notes, therefore, will in effect be subordinate to the claims of creditors, including holders of unsecured indebtedness, of our subsidiaries and the claims of preferred shareholders of our subsidiaries. Substantially all of the physical assets of Wisconsin Public Service Corporation, The Peoples Gas Light and Coke Company, North Shore Gas Company and Upper Peninsula Power Company secure outstanding debt securities of those corporations.

Since we are a holding company, our ability to pay debt service on the notes is largely dependent upon the ability of our subsidiaries to pay dividends and make debt service payments to us. The Wisconsin public utility holding company law prohibits Wisconsin public utility subsidiaries from making loans to, or pledging their credit for, nonutility members of a Wisconsin public utility holding company system, including the holding company. Orders of the Public Service Commission of Wisconsin limit the amount of ordinary dividends that Wisconsin Public Service Corporation may pay to us and require that the debt-to-equity ratio of Wisconsin Public Service Corporation remain within a specified range. The Articles of Incorporation of Wisconsin Public Service Corporation also limit the amount of dividends which it may pay on its common stock if its common stock and common stock surplus accounts are less than 25% of its total capitalization. Upper Peninsula Power Company's indentures relating to its first mortgage bonds contain certain limitations on the payment of cash dividends which may be paid to us. North Shore Gas Company's long-term debt obligations contain provisions and covenants restricting the payment of cash dividends on, and the purchase or redemption of, its capital stock, all of which is held

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and lowest reference treasury dealer quotations for the redemption date, or (2) if the senior trustee obtains fewer than four reference treasury dealer quotations, the average of all the quotations which the senior trustee obtains.

Reference treasury dealer quotations means, with respect to each reference treasury dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the comparable treasury issue, expressed in each case as a percentage of its principal amount, quoted in writing to us by the reference treasury dealer at 5:00 p.m. on the third business day preceding the redemption date.

Reference treasury dealer means Citigroup Global Markets Inc., Morgan Stanley & Co. Incorporated and any other primary U.S. Government securities dealers in New York City selected by us; provided, however, that if Citigroup Global Markets Inc. or Morgan Stanley & Co. Incorporated ceases to be a primary U.S. Government securities dealer, we shall substitute for it another primary U.S. Government securities dealer in New York City selected by us.

The senior trustee will not mail a notice of redemption during the continuance of any event of default under the senior indenture, except that (1) when notice of redemption of any notes has been mailed, we shall redeem those notes, but only if funds sufficient for that purpose have been, before the occurrence of the event of default, deposited with the senior trustee or a paying agent for that purpose and (2) notices of redemption of all outstanding senior debt securities may be given during the continuance of an event of default under the senior indenture.

Unless we have deposited with the senior trustee, at the time of mailing of any notice of redemption, an amount in cash sufficient to redeem all of the notes called for redemption, the notice will state that it is subject to the receipt of the redemption moneys by the senior trustee before the redemption date, and the notice will be of no effect unless the moneys are so received before that date.

Consent to Amend the Existing Replacement Capital Covenant The supplemental indenture creating the notes offered hereby will provide that the holders of the notes as of December 1, 2010, as holders of the then covered debt under our Replacement Capital Covenant, dated as of December 1, 2006 (the Existing RCC), irrevocably consent to certain amendments to the Existing RCC, effective as of December 1, 2010, the date on which the notes will become covered debt under the Existing RCC. The amendments are intended to facilitate our replacement of the Existing RCC with a new Replacement Capital Covenant to be entered into by us for the initial benefit of the holders of the notes. See Description of the Replacement Capital Covenant.

Governing Law

Wisconsin

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DESCRIPTION OF THE REPLACEMENT CAPITAL COVENANT

In connection with the issuance in December 2006 of our 6.11% Junior Subordinated Notes Due 2066 (the "Junior Subordinated Notes"), we entered into the Existing RCC, in which we covenanted for the benefit of holders of a designated series of our long-term indebtedness that ranks senior to the Junior Subordinated Notes, initially our 5.375% Senior Notes due 2012, that we would not redeem or repurchase the Junior Subordinated Notes on or before December 1, 2036 except in certain circumstances. Pursuant to the terms of the Existing RCC, the notes offered hereby will become the "covered debt" entitled to the benefits of the Existing RCC on December 1, 2010. Since the issuance of the Junior Subordinated Notes, rating agency criteria for equity content securities, such as the Junior Subordinated Notes, has evolved. Because of this evolution, we intend to enter into a new Replacement Capital Covenant around the time of the issuance of the notes offered hereby (the "New Replacement Capital Covenant"), which will initially run to the benefit of the holders of the notes, and to amend the Existing RCC to delete all of the covenants that currently restrict the ability of the Company to redeem or repurchase the Junior Subordinated Notes without issuance of certain replacement capital securities. For further clarity, the reason for the creation of the New Replacement Capital Covenant and the amendments to the Existing RCC is to conform more closely to current rating agency criteria for equity content securities, as it relates to the Junior Subordinated Notes.

By purchasing the notes offered hereby, holders of the notes, as holders of the "covered debt," are irrevocably consenting to the amendments to the Existing RCC on December 1, 2010. Each current and future holder of the notes shall be deemed to have consented to such amendments and such consent will be binding on all purchasers.

Summarized below are certain proposed terms of the New Replacement Capital Covenant that we intend to enter into around the time of the issuance of the notes offered hereby. As such, the proposed terms of the New Replacement Capital Covenant are subject to change. This summary is not a complete description of the New Replacement Capital Covenant and is qualified in its entirety by the terms and provisions of the New Replacement Capital Covenant. We intend to file the definitive version of the New Replacement Capital Covenant with the SEC after its execution as an exhibit to a Current Report on Form 8-K. In addition, we have filed a Current Report on Form 8-K with the SEC on November 9, 2010 that includes both the form of New Replacement Capital Covenant and the form of amendment to the Existing RCC.

We will covenant in the New Replacement Capital Covenant for the benefit of holders of a designated series of our long-term indebtedness that ranks senior to the Junior Subordinated Notes (which will initially be the notes offered hereby) that we will not redeem or repurchase the Junior Subordinated Notes on or before December 1, 2036 (or such earlier date that the New Replacement Capital Covenant terminates by its terms), unless, subject to certain limitations, during the 360 days prior to the date of that redemption or repurchase (the "Measurement Period") we have received a specified amount of proceeds from the sale of qualifying securities that have equity-like characteristics that are the same as, or more equity-like than, the applicable characteristics of the Junior Subordinated Notes. The length of the Measurement Period may be extended by the number of days in which there exist certain events that disrupt trading and/or settlement of securities, as described in the New Replacement Capital Covenant.

Our covenants in the New Replacement Capital Covenant will initially run to the benefit of the holders of the notes offered hereby, but such holders should not expect to be entitled to said benefits until maturity of the notes. The New Replacement Capital Covenant is not intended for the benefit of holders of the Junior Subordinated Notes and may not be enforced by them, and the New Replacement Capital Covenant is not a term of the Junior Subordinated Notes or the related subordinated indenture under which they were issued. The New Replacement Capital Covenant is also not a term of the notes offered hereby or the related senior indenture under which they will be issued; it is a separate contractual arrangement of ours.

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Our ability to raise proceeds from the sale of securities that qualify under the New Replacement Capital Covenant during the Measurement Period will depend on, among other things, market conditions at that time as well as the acceptability to prospective investors of the terms of those securities.

Upon the occurrence of certain events described therein, the New Replacement Capital Covenant will be of no force and effect. The New Replacement Capital Covenant will terminate on December 1, 2036, if not terminated earlier in accordance with its terms.

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The summary consolidated financial information below was selected or derived from our consolidated financial statements. The unaudited interim period financial information, in the opinion of our management, includes all normal and recurring adjustments that are considered necessary for a fair presentation of the results for such interim periods. Results for the nine months ended September 30, 2010 are not necessarily indicative of results to be expected for the full fiscal year. The information set forth below is qualified in its entirety by, and should be read in conjunction with, our Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended December 31, 2009 and our quarterly report on Form 10-Q for the period ended September 30, 2010 incorporated by reference into this prospectus supplement and the accompanying prospectus. See the section entitled "Summary Where You Can Find More Information" in the accompanying prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
	2007	2008	2009	2009	2010
					(Unaudited)
	(In millions)				
Income Statement Data:					
Total revenues	\$ 10,292.4	\$ 14,047.8	\$ 7,499.8	\$ 5,926.2	\$ 3,916.1
Operating income	367.4	246.7	87.4	21.1	294.5
Net income (loss) from continuing operations	181.0	124.7	(71.6)	(95.4)	150.5
Net income (loss)	254.3	129.4	(68.8)	(92.8)	150.6
Net income (loss) attributed to common shareholders	251.3	126.4	(70.9)	(94.4)	148.6

	As of December 31,		As of September 30,
	2008	2009	2010
			(Unaudited)
	(In millions)		
Balance Sheet Data:			
Cash and cash equivalents	\$ 254.1	\$ 44.5	\$ 165.3
Total assets	14,272.5	11,847.9	9,430.6
Long-term debt (excluding current portion)	2,285.7	2,394.7	1,912.7
Total common shareholders' equity	3,099.6	2,858.6	2,858.3

Ratios of Earnings to Fixed Charges (Unaudited)

The ratios of earnings to fixed charges for each of the periods indicated are as follows:

Year Ended December 31,

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						Nine Months Ended September 30,	
	2005	2006	2007	2008	2009	2009	2010
Ratio of earnings to fixed charges(a)	3.7	2.9	2.5	1.9	(b)	(c)	3.0

- (a) In computing the ratios, earnings represent income (loss) from continuing operations before interest expense, amortization of debt discount, premium and expense, federal and state income taxes, and the allowance for borrowed funds used during construction and the estimated interest component of rentals less undistributed earnings of less than 50% owned affiliates and preferred stock dividends of a subsidiary. Fixed charges represent interest expense, amortization of debt discount, premium and expense, the estimated interest component of rentals and preferred stock dividends of a subsidiary.
- (b) For the 12 months ended December 31, 2009, earnings were inadequate to cover fixed charges by \$4.2 million, driven by a pre-tax non-cash goodwill impairment loss of \$291.1 million.
- (c) For the nine months ended September 30, 2009, earnings were inadequate to cover fixed charges by \$49.2 million, driven by a pre-tax non-cash goodwill impairment loss of \$291.1 million.

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We estimate that we will receive net proceeds from this offering of approximately \$247.77 million, after deducting the underwriting discounts and commissions and offering expenses payable by us. We intend to use approximately \$32.45 million of the net proceeds from this offering to repay existing short-term indebtedness, approximately \$150.0 million to fund a portion of the repayment by our subsidiary, Peoples Energy Corporation, of its 6.9% unsecured senior notes maturing in January 2011 and the remainder for general corporate purposes. On November 8, 2010, we had approximately \$32.45 million of commercial paper borrowings, which had maturities up to November 9, 2010 and had a weighted average annual interest rate of 0.38%.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of September 30, 2010:

on an actual basis; and

as adjusted to give effect to this offering.

You should read this table in conjunction with our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of September 30, 2010	
	Actual	As Adjusted for this Offering
	(unaudited)	
	(In millions)	
Cash and cash equivalents	\$ 165.3	\$ 230.6
Short-term debt	\$ 59.5	\$ 27.1
Long-term debt (including current portion)	2,390.6	2,240.6
Notes offered hereby		250.0
Total debt	2,450.1	2,517.7
Common stock	77.5	77.5
Additional paid-in capital	2,524.7	2,524.7
Retained earnings	339.8	339.8
Accumulated other comprehensive loss	(67.2)	(67.2)
Treasury stock and shares in deferred compensation trust	(16.5)	(16.5)

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Total common shareholders equity	2,858.3	2,858.3
Total capitalization	\$ 5,308.4	\$ 5,376.0

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BOOK-ENTRY ISSUANCE THE DEPOSITORY TRUST COMPANY

DTC, which we refer to along with its successors in this capacity as the depository, will act as securities depository for the notes. The notes will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee. One or more fully registered global security certificates, representing the total aggregate principal amount of the notes, will be issued and will be deposited with the depository or its custodian.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the notes so long as the notes are represented by global security certificates.

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the Exchange Act). The depository holds securities that its participants deposit with the depository. The depository also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The rules applicable to the depository and its participants are on file with the SEC.

We will issue the notes in definitive certificated form if the depository notifies us that it is unwilling or unable to continue as depository or the depository ceases to be a clearing agency registered under the Exchange Act and a successor depository is not appointed by us within 90 days or an event of default has occurred and is ongoing. If we determine at any time that the notes shall no longer be represented by global security certificates, we will inform the depository of such determination which will, in turn, notify participants of their right to withdraw their beneficial interest from the global security certificates, and if such participants elect to withdraw their beneficial interests, we will issue certificates in definitive form in exchange for such beneficial interests in the global security certificates. Any global note, or portion thereof, that is exchangeable pursuant to this paragraph will be exchangeable for note certificates, as the case may be, registered in the names directed by the depository. We expect that these instructions will be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in the global security certificates.

As long as the depository or its nominee is the registered owner of the global security certificates, the depository or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all notes represented by these certificates for all purposes under the notes and the indenture. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

will not be entitled to have the notes represented by these global security certificates registered in their names, and

will not be considered to be owners or holders of the global security certificates or any notes represented by these certificates for any purpose under the notes or the indenture.

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All payments on the notes represented by the global security certificates and all transfers and deliveries of related notes will be made to the depositary or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depositary or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those

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ownership interests will be effected only through, records maintained by the depositary or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depositary from time to time. Neither we nor the trustee will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depositary's records or any participant's records relating to these beneficial ownership interests.

Although the depositary has agreed to the foregoing procedures in order to facilitate transfers of interests in the global security certificates among participants, the depositary is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

Initial settlement for the notes will be made in immediately available funds. Secondary market trading between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but neither we, the indenture trustee nor any underwriter takes any responsibility for the accuracy of the information.

For additional information relating to DTC and the book-entry issuance system, see "Description of Debt Securities - Book-Entry Securities" in the accompanying prospectus.

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Citigroup Global Markets Inc., Mitsubishi UFJ Securities (USA), Inc. and Morgan Stanley & Co. Incorporated are acting as joint book-running managers of the offering and as representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of notes set forth opposite the underwriter's name.

<u>Underwriter</u>	<u>Principal Amount of Senior Notes</u>
Citigroup Global Markets Inc.	\$ 70,834,000
Mitsubishi UFJ Securities (USA), Inc.	70,833,000
Morgan Stanley & Co. Incorporated	70,833,000
Mizuho Securities USA Inc.	12,500,000
Scotia Capital (USA) Inc.	12,500,000
U.S. Bancorp Investments, Inc.	12,500,000
Total	\$ 250,000,000

The underwriting agreement provides that the obligations of the underwriters to purchase the notes included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the notes if they purchase any of the notes.

Notes sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any notes sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not to exceed 0.400% of the principal amount of the notes. Any such securities dealers may resell any notes purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price not to exceed 0.230% of the principal amount of the notes. If all the notes are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

We estimate that our total expenses for this offering will be \$450,000. This estimate includes expenses related to printing, rating agency fees, trustee's fees, auditing and accounting fees, legal fees and other expenses.

In connection with the offering, the underwriters may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

Short sales involve secondary market sales by the underwriters of a greater number of notes than they are required to purchase in the offering.

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Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions.

Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

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The underwriters have performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The underwriters may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In addition, affiliates of some of the underwriters are lenders, and in some cases agents or managers for the lenders, under our credit facilities.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

LEGAL MATTERS

Our counsel, Foley & Lardner LLP, Milwaukee, Wisconsin, will issue its opinion as to the validity of the notes being issued. Schiff Hardin LLP, Washington, D.C., will issue an opinion for the underwriters as to certain matters relating to the offering of the notes.

EXPERTS

The consolidated financial statements, and the related financial statement schedules, incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2009 and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference (which reports (1) express an unqualified opinion on those consolidated financial statements and financial statement schedules and include an explanatory paragraph regarding the adoption of a new accounting standard and (2) express an unqualified opinion on the effectiveness of internal control over financial reporting). Such consolidated financial statements and financial statement schedules have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The financial statements of American Transmission Company LLC incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2009 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference and has been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

INTEGRYS ENERGY GROUP, INC.

DEBT SECURITIES

COMMON STOCK

STOCK PURCHASE CONTRACTS

STOCK PURCHASE UNITS

WARRANTS TO PURCHASE COMMON STOCK

WARRANTS TO PURCHASE DEBT SECURITIES

TRUST PREFERRED SECURITIES OF CERTAIN TRUSTS

GUARANTEES

We may offer these securities, and the trusts, which we may form in the future, may offer trust preferred securities, in amounts, at prices and on terms determined at the time of offering. Each time securities are sold using this prospectus, we will provide a supplement to this prospectus and possibly other offering material containing specific information about the offering and the terms of the securities being sold. The supplement or other offering material may add, update or change information contained in this prospectus. Our common stock is traded on the New York Stock Exchange under the symbol TEG .

We may offer and sell these securities to or through underwriters, dealers or agents, or directly to investors, on a continued or a delayed basis. The supplements to this prospectus will provide the specific terms of the plan of distribution.

You should read this prospectus and any supplement carefully before you invest.

See Risk Factors in the accompanying prospectus supplement or in such other document we refer you to in the accompanying prospectus supplement for a discussion of certain risks that prospective investors should consider before investing in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is March 26, 2009.

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This prospectus is a part of the registration statement that we filed with the Securities and Exchange Commission. You should read this prospectus together with the more detailed information regarding our company, our securities and our financial statements and notes to those statements that appear elsewhere in this prospectus or that we incorporate in this prospectus by reference.

You should rely on the information contained in, or incorporated by reference in, this prospectus and in any accompanying prospectus supplement and/or other offering material. We have not authorized anyone to provide you with information different from that contained in, or incorporated by reference in, this prospectus, any prospectus supplement or any other offering material. You should not assume that the information in this prospectus, any prospectus supplement or any other offering material is accurate as of any date other than the date on the front of the prospectus, prospectus supplement or other offering material, as applicable.

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SUMMARY

This summary highlights selected information from this prospectus and may not contain all of the information that is important to you. You should carefully read this prospectus together with any accompanying prospectus supplement and/or other offering material to understand the terms of our securities or the trusts' securities. Together these documents will give the specific terms of the securities we or the trusts are offering. You should also read the documents we have incorporated by reference into this prospectus or any accompanying prospectus supplement and/or other offering material for information on us and our financial statements.

Securities to be Offered

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission utilizing a shelf registration process. Under this shelf registration process, we and the trusts may offer and sell from time to time securities in one or more offerings. We may offer and sell the following securities: debt securities, common stock, stock purchase contracts, stock purchase units, warrants to purchase common stock or debt securities and guarantees. This prospectus provides you with a general description of these securities.

The trusts may offer their preferred securities, which we will refer to in this prospectus as trust securities. We will guarantee the trusts obligations under the trust securities, as described in the applicable prospectus supplement and/or other offering material.

Each time we or the trusts offer securities, we will provide you with a prospectus supplement and possibly other offering material that will describe the specific amounts, prices and terms of the securities being offered. The prospectus supplement or other offering material may also add, update or change information contained in this prospectus.

Debt Securities

We may offer unsecured general obligations of our company, which may be senior or subordinated. We will refer to the senior debt securities and the subordinated debt securities together in this prospectus as the debt securities. The senior debt securities will have the same rank as all of our other unsecured, unsubordinated debt. The subordinated debt securities will have the same rank as all of our other unsecured, subordinated debt, and will be entitled to payment only after payment on our senior indebtedness. Senior indebtedness includes all indebtedness for money borrowed by us, except for the outstanding \$300,000,000 principal amount 6.11% Junior Subordinated Notes due 2066 and any indebtedness issued in the future that is stated to be not superior to, or to have the same rank as, the subordinated debt securities.

Claims of creditors and any preferred shareholders of each of our subsidiaries will have priority with respect to the assets and earnings of such subsidiaries over the claims of our creditors. All of the debt securities therefore will be effectively subordinated to creditors, including holders of secured indebtedness, and preferred shareholders of our subsidiaries.

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The senior debt securities will be issued under an indenture between us and U.S. Bank National Association, formerly known as Firststar Bank, National Association. The subordinated debt securities will be issued under an indenture between us and U.S. Bank National Association. We may amend or supplement the indentures from time to time. We encourage you to read the indentures, which are exhibits to this registration statement (as incorporated by reference), and our recent periodic and current reports that we file with the Securities and Exchange Commission.

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Summary of Material Indenture Provisions that Apply to Senior and Subordinated Debt Securities

Neither indenture limits the amount of debt that we may incur. In addition, neither indenture provides holders with any protection should there be a recapitalization or restructuring involving our company.

The indentures allow us to merge or consolidate with another company, or to sell all or most of our assets to another company. If these events occur, the other company will be required to assume our responsibilities relating to the debt securities, and we will be released from all liabilities and obligations relating to the debt securities.

The indentures provide that holders of a majority of the outstanding principal amount of any series of debt securities generally may vote to change our obligations or your rights concerning that series. However, to change the amount or timing of payments of principal or interest or other payments for a series of debt securities, every holder in the series must consent.

We may discharge our obligations under either indenture by depositing with the trustee sufficient funds or government obligations to pay the senior or subordinated debt securities, as applicable, when due.

EVENTS OF DEFAULT. Each indenture provides that the following are events of default:

If we do not pay interest for 30 days after its due date.

If we do not pay principal or premium when due.

If we continue to breach a covenant in the debt securities of the series or in the applicable indenture respecting that series for 60 days after notice.

If we enter bankruptcy or become insolvent.

If an event of default occurs with respect to any series of debt securities, the trustee or holders of 25% of the outstanding principal amount of that series may declare the principal amount of the series immediately payable. However, holders of a majority of the principal amount may rescind this action. If the event of default is due to our bankruptcy or insolvency, the outstanding principal amount of all the debt securities will become immediately payable, without any action on the part of the trustees or the holders of the debt securities.

Summary of Material Indenture Provisions that Apply Only to Senior Debt Securities

Under the senior indenture, our failure to pay when due, subject to any applicable grace period, any principal of, or interest on, any indebtedness for borrowed money incurred or guaranteed by us in the aggregate principal amount of at least \$50,000,000 constitutes an event of default.

The senior indenture requires us, so long as any senior debt securities are outstanding:

to own all of the outstanding shares of voting common stock of Wisconsin Public Service Corporation unless we transfer the shares pursuant to our merger or consolidation or sale of substantially all of our properties.

not to pledge or grant a security interest or permit any pledge, security interest or other lien upon any common stock of any of our subsidiaries owned directly or indirectly by us to secure indebtedness for money borrowed without securing the senior debt securities equally and ratably with the other secured indebtedness except for:

pledges, security interests or encumbrances created to secure the purchase price of the common stock of our subsidiaries,

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liens and security interests existing at the time of our acquisition of the shares or

any extension or renewal of any permitted pledge, security interest or encumbrance.

Summary of Material Indenture Provisions that Apply Only to Subordinated Debt Securities

The subordinated debt securities will be subordinated to all senior indebtedness.

Common Stock

We may offer shares of our common stock, par value \$1.00 per share. Holders of our common stock are entitled to receive dividends when and if declared by our Board of Directors. Each holder of our common stock is entitled to one vote per share. The holders of our common stock have no preemptive rights or cumulative voting rights. Our restated articles of incorporation do not presently authorize our company to issue preferred stock or other stock having rights prior to those of the holders of our common stock.

Stock Purchase Contracts and Stock Purchase Units

We may issue stock purchase contracts that obligate you to purchase from us, and obligate us to sell to you, a specified or varying number of shares of common stock at a future date or dates. Alternatively, the stock purchase contracts may obligate us to purchase from you, and obligate you to sell to us, a specified or varying number of shares of common stock at a future date or dates. The price per share of common stock may be fixed at the time the stock purchase contracts are entered into or may be determined by reference to a specific formula set forth in the stock purchase contracts. Any stock purchase contract may include anti-dilution provisions to adjust the number of shares to be delivered pursuant to the stock purchase contract upon the occurrence of specified events.

The stock purchase contracts may be entered into separately or as a part of stock purchase units consisting of a stock purchase contract and, as security for your obligations to purchase or sell the shares of common stock under the stock purchase contracts, either:

common stock;

debt securities; or

debt obligations of third parties, including U.S. Treasury securities.

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The applicable prospectus supplement and/or other offering material will describe the specific terms of any stock purchase contracts or stock purchase units and, if applicable, prepaid stock purchase contracts.

Warrants to Purchase Common Stock and Debt Securities

We may issue warrants to purchase common stock or debt securities. We may issue any of these warrants independently or together with other securities offered by this prospectus and attached to or separate from the other securities. If we issue warrants, we will issue them under warrant agreements between us and a bank or trust company, as agent, all of which will be described in the applicable prospectus supplement and/or other offering material relating to the warrants.

Each warrant will entitle the holder to purchase for cash the principal amount of shares of common stock or debt securities at the applicable exercise price set forth in, or determined as described in, the applicable prospectus supplement and/or other offering material. Warrants may be exercised at any time up to the close of business on the expiration date set forth in the applicable prospectus supplement and/or other offering material. After the close of business on the expiration date, unexercised warrants will become void.

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Warrants may be exercised by delivering to the warrant agent (a) the warrant certificate properly completed and duly executed and (b) payment of the amount due upon exercise. As soon as practicable following exercise, the shares of common stock or debt securities purchasable upon exercise will be forwarded to you. If less than all of the warrants represented by a warrant certificate are exercised, a new warrant certificate will be issued for the remaining warrants.

The exercise price payable and the number of shares of common stock purchasable upon the exercise of each stock warrant, and the number of stock warrants outstanding, will be subject to adjustment if specified events occur, including the issuance of a stock dividend to holders of common stock or the subdivision or reclassification of common stock. Holders of stock warrants, by virtue of being such holders, will not be entitled to vote, consent, receive dividends, receive notice as shareholders with respect to any meeting of shareholders for the election of directors of Integrys Energy Group or any other matter, or to exercise any rights whatsoever as shareholders of Integrys Energy Group.

Trust Securities and Guarantees

We may form Delaware statutory trusts, each pursuant to a declaration of trust or similar instrument to be executed by us as sponsor for each trust and their respective trustees. The trusts will issue and sell their preferred securities.

Unless an applicable prospectus supplement or other offering material provides otherwise, each trust will exist solely to:

issue and sell preferred securities, which we refer to as trust securities. The proceeds from the sale of the trust securities will be invested in a specified series of our debt securities;

issue and sell common securities to us in exchange for cash. The proceeds from the sale of the common securities will be invested in additional series of our debt securities; and

engage in other activities only as are necessary, convenient or incidental to the above two purposes.

We will irrevocably and unconditionally agree, to the extent described in the trust guarantees, to pay in full, to the trust securities holders of each trust, the trust guarantee payments, except to the extent paid by the trust, as and when due, regardless of any defense, right of set-off or counterclaim which the trust may have or assert. Our obligation to make a trust guarantee payment may be satisfied by direct payment of the required amounts by us to the trust securities holders or by causing the applicable trust to pay the required amounts to the holders.

Where You Can Find More Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. We also filed a Registration Statement on Form S-3, including exhibits, under the Securities Act of 1933 with respect to the securities offered by this prospectus. This prospectus is a part of that registration statement, but does not contain all of the information included in the registration

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statement or the exhibits to the registration statement. You may read and copy the registration statement and any other document we file at the Commission's public reference room at 100 F Street, N.E., Washington, D.C., 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. Our Securities and Exchange Commission filings are also available to the public at the Commission's web site at <http://www.sec.gov> or on our website located at <http://www.integrysgroup.com>.

The Securities and Exchange Commission allows us to incorporate by reference into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later

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information that we file with the Commission will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the Securities and Exchange Commission under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until our offering is completed:

- i. Annual Report on Form 10-K for the year ended December 31, 2008, which was filed on February 26, 2009, as amended by a 10-K/A filed on March 2, 2009;
- ii. Current Report on Form 8-K dated February 12, 2009, which was filed on February 19, 2009; and
- iii. Description of Common Stock contained in Registration Statement on Form 8-B filed on June 1, 1994.

You may request a copy of these filings, at no cost, by writing to or telephoning us at our principal executive offices:

Integrys Energy Group, Inc.

Attn: Secretary

130 East Randolph Drive

Chicago, Illinois 60601

(312) 240-3864

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement and/or other offering material. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or any prospectus supplement or other offering material is accurate as of any date other than the date on the front of the prospectus, the prospectus supplement or other offering material.

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THE COMPANY

We are a diversified energy holding company with regulated electric and natural gas utility operations (serving approximately 2.2 million customers in Illinois, Michigan, Minnesota and Wisconsin), nonregulated energy operations, and an equity ownership interest in American Transmission Company LLC (a federally regulated electric transmission company operating in Wisconsin, Michigan, Minnesota and Illinois) of approximately 34% at December 31, 2008. Our wholly owned utility subsidiaries include Wisconsin Public Service Corporation, The Peoples Gas and Light Coke Company, Michigan Gas Utilities Corporation, Minnesota Energy Resources Corporation, North Shore Gas Company and Upper Peninsula Power Company, and our nonregulated energy supply and services company is Integrys Energy Services, Inc. See our 2008 Annual Report on Form 10-K, as such may be updated in our subsequently filed periodic and/or current reports, for a discussion of the revised strategy for Integrys Energy Services going forward.

THE TRUSTS

We may form Delaware statutory trusts, each pursuant to a declaration of trust or similar instrument to be executed by us as sponsor for each trust and their respective trustees. We refer to the trusts, whether one or more, collectively, as the trusts. The declaration of trust for each of the trusts, substantially in the form incorporated by reference as an exhibit to the registration statement of which this prospectus is a part, sets forth the terms and conditions under which the trusts will issue and sell their preferred securities.

Unless an applicable prospectus supplement provides otherwise, each trust exists solely to:

issue and sell preferred securities, which we refer to as trust securities. The proceeds from the sale of the trust securities will be invested in a specified series of our debt securities;

issue and sell common securities to us in exchange for cash. The proceeds from the sale of the common securities will be invested in additional series of our debt securities; and

engage in other activities only as are necessary, convenient or incidental to the above two purposes.

None of the trusts will borrow money, issue debt, reinvest proceeds derived from investments, pledge any of its assets, nor otherwise undertake or permit to be undertaken any activity that would cause it to not be classified as a grantor trust for United States federal income tax purposes.

We will own all of the common securities of the trusts. As the holder of the common securities of the trusts, we will receive payments that will be made on a ratable basis with the trust securities. However, our right to payment in respect of distributions and payments upon liquidation, redemption or otherwise will be subordinated to the right of the trust securities holders if there is a continuing event of default under the declaration of trust. We will acquire common securities of the trusts having an aggregate liquidation amount equal to the percentage set forth in the applicable prospectus supplement of the total capital of each trust.

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Each trust will have a set term, but may end earlier if its declaration of trust so provides. We will pay all fees and expenses related to each trust and the offering of the trust securities by each trust. The principal place of business of each trust is c/o Integrys Energy Group, Inc., 700 North Adams Street, Green Bay, Wisconsin 54307-9001. The telephone number is (920) 433-1727.

The trustees of each trust will conduct the business and affairs of their respective trusts. The trustees' duties and obligations will be governed by the declaration of trust of their respective trust. As the holder of common securities of the trusts, we will be entitled to appoint, remove, replace, or change the number of trustees for each trust.

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Each trust will include the following trustees:

at least one regular trustee, which is a person who is an employee or officer of or who is affiliated with us;

at least one property trustee, which is a financial institution that is not affiliated with us and which will act as property trustee and indenture trustee for the purposes of the Trust Indenture Act of 1939, as amended, pursuant to the terms described in an applicable prospectus supplement; and

at least one Delaware trustee, which is an individual resident of, or a legal entity with a principal place of business in, the State of Delaware, unless the trust's property trustee maintains a principal place of business in the State of Delaware and otherwise meets the requirements of applicable law.

The trustees of each trust are collectively referred to as the trustees.

USE OF PROCEEDS

We intend to use the net proceeds from the sales of the securities as set forth in the applicable prospectus supplement and/or other offering material. The trusts will use all proceeds from the sale of trust securities to purchase our debt securities, unless otherwise indicated in an applicable prospectus supplement and/or other offering material.

DESCRIPTION OF DEBT SECURITIES

The following description of the material terms of the debt securities sets forth general terms that may apply to the debt securities. The particular terms of any series of debt securities will be described in the applicable prospectus supplement and/or other offering material relating to those debt securities.

The debt securities will be either our senior debt securities or our subordinated debt securities. The senior debt securities will be issued under an indenture dated as of October 1, 1999 between us and U.S. Bank National Association (*f/k/a* Firststar Bank, National Association), as trustee. This indenture is referred to as the senior indenture. The subordinated debt securities will be issued under an indenture dated as of November 13, 2006 between us and U.S. Bank National Association, as trustee. This indenture is referred to as the subordinated indenture. This prospectus refers to the senior indenture and the subordinated indenture together as the indentures.

The following is a summary of all of the material terms of the indentures. Copies of the entire indentures are filed as exhibits to the registration statement of which this prospectus is a part. Section references below are to the section in the applicable indenture. The referenced sections of the indentures are incorporated by reference.

General

Neither indenture limits the amount of debt securities that we may issue. Each indenture provides that debt securities may be issued up to the principal amount authorized by us from time to time. The senior debt securities will be unsecured and will have the same rank as all of our other unsecured and unsubordinated debt. The subordinated debt securities will be unsecured, will be subordinated and junior to all senior indebtedness and will have the same rank as all of our other unsecured and subordinated debt.

The debt securities may be issued in one or more separate series of senior debt securities or subordinated debt securities. The prospectus supplement and/or other offering material relating to the particular series of debt securities being offered will specify the particular amounts, prices and terms of those debt securities. These terms may include:

the title of the debt securities;

any limit on the aggregate principal amount of the debt securities of the series;

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the date on which the debt securities will mature;

the interest rate or rates, or the method of determining those rates;

the date from which interest will accrue or the method for determining such date;

the interest payment dates and the regular record dates;

the places where payments may be made;

any mandatory or optional redemption provisions;

any sinking fund or analogous provisions;

the portion of principal amount of the debt security payable upon acceleration of maturity if other than the full principal amount;

any additions to the events of default or covenants included in the indenture under which the debt securities are issued, as described in this prospectus;

if other than U.S. dollars, the currency or currencies, or units based on or related to currencies, in which payments on the debt securities will be payable;

whether the debt securities will be issued in the form of a global security; and

any other specific terms of the debt securities.

The debt securities will be registered debt securities and, unless otherwise specified in the prospectus supplement and/or other offering material, will be issued and payable in U.S. dollars in denominations of \$1,000 or an integral multiple of \$1,000. (Section 3.02)

Some of the debt securities may be issued as original issue discount debt securities. Original issue discount securities bear no interest or bear interest at below-market rates and will be sold at a discount below their stated principal amount. The accompanying prospectus supplement and/or other offering material will also contain any special tax, accounting or other information relating to original issue discount securities or to other kinds of debt securities that may be offered, including debt securities linked to an index or payable in currencies other than U.S. dollars.

Exchange, Registration and Transfer

Debt securities may be transferred or exchanged at the corporate trust office of the security registrar or at any other office or agency maintained by us for those purposes. Except as otherwise described in a prospectus supplement and/or other offering material, no service charge will be payable upon the transfer or exchange of debt securities, except for any applicable tax or governmental charge. (Section 3.05) The designated security registrar for the senior debt securities and the subordinated debt securities is U.S. Bank National Association, Corporate Trust Services, 60 Livingston Avenue, Saint Paul, MN 55107.

In the event of any redemption of any series of debt securities, we will not be required to:

1. issue, register the transfer of, or exchange debt securities of any series between the opening of business 15 business days before the date of the mailing of the notice of redemption of the debt securities of that series to be redeemed and the close of business on the date of mailing of the relevant notice of redemption; or
2. register the transfer of, or exchange, any debt security selected for redemption, in whole or in part, except the unredeemed portion of any debt security being redeemed in part. (Section 3.05)

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Payment And Paying Agent

We will pay principal, interest and any premium on debt securities which are not global securities at the office of the paying agent. We will make payment of interest on the debt securities which are not global securities by check mailed to the persons in whose names the debt securities are registered on days specified in the indentures or the accompanying prospectus supplement and/or other offering material. We will also make payments on debt securities that are not global securities by wire transfer to a U.S. bank designated by a holder of debt securities in an aggregate principal amount of at least \$10,000,000, all of which have the same interest payment dates, upon receipt of a written request from the holder, on or before the record date for the payment, designating the account to which the payment is to be made. (Section 2.05)

If any amount payable on any debt security remains unclaimed at the end of two years after the amount became due and payable, the paying agent will release any unclaimed amounts to us, and the holder of the debt security will look only to us for payment. (Section 10.07)

The paying agent for the senior debt securities and the subordinated debt securities is U.S. Bank National Association, Corporate Trust Services, 60 Livingston Avenue, Saint Paul, MN 55107.

Book-Entry Securities

We may initially issue the debt securities of any series in the form of one or more global securities under a book-entry only system operated by a securities depository. Unless otherwise specified in the accompanying prospectus supplement and/or other offering material, The Depository Trust Company (DTC), New York, New York, will act as securities depository for each series of debt securities that are issued as fully-registered securities. The indenture trustee will register in the name of Cede & Co. (DTC's partnership nominee) (or such other nominee as may be requested by an authorized representative of DTC) those securities for which DTC is acting as depository. Individual purchases of book-entry interests in any of the debt securities will be made in book-entry form. So long as Cede & Co., as nominee of DTC, or another nominee of DTC is the securityholder, references in this prospectus to holders of the debt securities or registered owners will mean Cede & Co. or another nominee of DTC, rather than the owners of beneficial ownership interests in the debt securities.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The DTC rules applicable to its participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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Purchases of debt securities under the DTC system must be made by or through direct participants, which will receive a credit for the debt securities on DTC's records. The ownership interest of each actual purchaser of each debt security, the beneficial owner, is in turn to be recorded on the records of direct and indirect participants. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners should, however, receive written confirmations providing details of the transaction, as well as periodic

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statements of their holdings, from the direct or indirect participant through which they entered into the transaction. Transfers of ownership interests in the debt securities are accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in debt securities, except in the event that use of the book-entry system for the debt securities is discontinued.

To facilitate subsequent transfers, all debt securities deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as an authorized representative of DTC may request. The deposit of debt securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the debt securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to debt securities unless authorized by the direct participants. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts debt securities are credited on the record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, principal payments and interest, premium, if any, or other payments on the debt securities will be made to Cede & Co., as DTC's nominee, or to such other nominee as an authorized representative of DTC may request. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us or our paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of such participant and not of DTC, the indenture trustees, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal payments and interest, premium, if any, or other payments to Cede & Co. (or such other nominee as an authorized representative of DTC may request) is the responsibility of us or our paying agent, if any, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner shall give notice to elect to have its debt securities purchased or tendered, through its participant, to the tender agent and shall effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the debt securities, on DTC's records, to the tender agent. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of the tendered debt securities to the tender agent's DTC account.

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DTC may discontinue providing its services as debt securities depository with respect to the debt securities at any time by giving reasonable notice to us or the indenture trustees. Under these circumstances, in the event that a successor securities depository is not obtained, debt security certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, we will cause debt security certificates to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable. A portion of the PSUs included in this column were previously reported as earned based on 2016 performance under the terms of the 2016 PSUs. The incremental number of PSUs earned for cumulative 2016-2017 performance was 4,432 for Mr. Silber, 3,102 for Ms. Brasier, 1,618 for Mr. Cunningham, 2,216 for Mr. Dressel and 1,662 for Ms. Waryjas. These PSUs will vest in March 2019, subject to the participant's continued service through such date.

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 was forfeited based on the lack of achievement of 2015 Adjusted EBITDA goals, one-third of such award vested based on achievement of 2016 Adjusted EBITDA goals and the remaining one-third of such award vested based on the achievement of 2017 Adjusted EBITDA goals.

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For 2017 performance, Adjusted EBITDA was \$585.4 million against a target of \$600 million, resulting in the earning of 87.8% of target.

The three NEOs who had received PSUs in 2015 earned their 2015 PSU awards based on 2016 and 2017 performance as set forth in the table below:

Named Executive Officer(1)	2015 Total PSUs Granted	2015 Tranche	2016 Tranche	2017
		Actual PSUs Earned (0% of target)	Actual PSUs Earned (89.0% of target)	Tranche Actual PSUs Earned (87.8% of target)
Mr. Silber	8,509	0	2,524	2,491
Mr. Cunningham	2,462	0	730	721
Mr. Dressel	4,763	0	1,413	1,394

(1) Ms. Brasier and Ms. Waryjas did not receive PSUs in 2015 due to their respective hire dates.

Other Compensation Elements*Retirement Programs*

In connection with the Spin-Off, we established a new tax-qualified defined benefit pension plan (the Herc Holdings Retirement Plan), and the assets and liabilities attributable to Herc Holdings employees and former employees whose last place of employment was with the equipment rental business were transferred from The Hertz Corporation (Hertz) Account Balance Defined Benefit Pension Plan (the Hertz Retirement Plan), a tax-qualified cash balance pension plan, to the Herc Holdings Retirement Plan. In connection with the Spin-Off, we also established a new defined contribution plan. In addition, we established non-qualified retirement plans similar to those that were in place prior to the Spin-Off. The liabilities (and where applicable, the related assets) of the Hertz non-qualified plans attributable to Herc Holdings employees and former employees whose last place of employment was with the equipment rental business were transferred to our non-qualified plans. As of December 31, 2017, certain of our NEOs participated in Herc Rentals Supplemental Income Savings Plan, a non-qualified deferred compensation plan that we adopted in connection with the Spin-Off, and none of our NEOs participated in the Herc Holdings Retirement Plan.

Perquisite Policy

We provide perquisites and other personal benefits to our senior management that the Compensation Committee believes are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. These perquisites consist of a Company-provided vehicle, tax and financial planning with a value of up to \$7,500 annually and executive medical benefits providing for a comprehensive physical examination and related services with value of up to \$6,000 annually.

We use leased corporate aircraft for the purpose of encouraging and facilitating business travel by our senior executives (primarily our CEO and Chief Operating Officer) and directors, generally for travel in the United States and, less frequently, Canada. In addition, the Compensation Committee has authorized our CEO to use our leased corporate aircraft for personal air travel, up to a maximum annual value of \$100,000. The Compensation Committee periodically reviews our perquisite policies.

Severance and Change in Control Policy

Our severance and change in control policy (the *Severance Policy*) provides senior executives of the Company, including the NEOs, with the following severance and change in control benefits: (i) for an involuntary termination of employment, the CEO will be entitled to severance calculated as two times the CEO's base salary and target bonus, and each of our other NEOs will be entitled to severance equal to the NEO's base salary and target bonus, and (ii) upon a change in control and a qualifying termination of employment (a *double trigger* provision), the CEO will be entitled to severance calculated as two-and-one-half times the CEO's base salary and target bonus, and each of our other NEOs will be entitled to severance calculated as two times the NEO's base salary and target bonus. Health and welfare benefits will be provided for the number of years equivalent to the multiples indicated, on the same basis as active employees.

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In adopting the Severance Policy, it was the intention of the Compensation Committee to provide senior executives with severance arrangements that they would view as appropriate in light of their existing arrangements, while at the same time considering the terms of arrangements provided by peer companies. The Severance Policy and the treatment of equity awards upon a termination of employment or a change in control are described below under Potential Payments Upon a Termination or a Change in Control.

Policies and Practices for Recovering Bonuses in the Event of a Restatement

We maintain a clawback policy to promote responsible risk management and to help ensure that the incentives of management are aligned with those of our stockholders. The clawback policy applies to all of our employees who are at the director level and above, including the NEOs, and covers:

all annual incentives;

long-term incentives;

equity-based awards (including awards granted under the 2008 Omnibus Plan); and

other performance-based compensation arrangements.

The policy provides that a repayment obligation is triggered if the Compensation Committee determines that the employee's gross negligence, fraud or willful misconduct caused or contributed to the need for a restatement of our financial statements within three years of the issuance of such financial statements.

In addition, our equity award agreements include clawback provisions. Our clawback policy and any related plans or award agreements will be further revised, to the extent necessary, to comply with any rules promulgated by the SEC pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Stock Ownership Guidelines and Hedging Policy

Stock Ownership Guidelines

The Company has stock ownership guidelines for senior executives and non-employee directors. The guidelines establish the following target ownership levels:

Equity equal to five times base salary for our CEO;

Equity equal to three times base salary for our CFO and senior vice presidents;

Equity equal to one times base salary for our other senior executives (who are designated as officers under Section 16 of the Securities Exchange Act of 1934, as amended (the Exchange Act)); and

Equity equal to five times the annual cash retainer for non-employee directors.

Senior executives and non-employee directors have five years to reach the target ownership levels. Senior executives subject to the guidelines are permitted to count toward the target ownership levels shares owned outright, the value of unvested RSUs and the value of unvested PSUs (at target), even if the service requirement has not been met.

Non-employee directors subject to the guidelines are permitted to count towards the target ownership levels shares owned outright and the value of phantom shares. Shares owned indirectly by a trust or family members are also permitted to count toward target ownership levels. As of March 19, 2018, each NEO has met his or her respective ownership guideline.

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Pledging and Hedging Policy

The Company's policy regarding trading in Company securities prohibits employees and directors from entering into any type of arrangement, contract or transaction that has the effect of hedging the value of our common stock. Under the policy, directors and officers subject to Section 16 of the Exchange Act are also prohibited from pledging the shares they hold in the Company, and other employees are strongly discouraged from doing so.

Tax and Accounting Considerations

Section 162(m) of the Code operates to disallow public companies from taking a federal tax deduction for compensation in excess of \$1 million paid to certain of its executive officers. Historically, there was an exemption for performance-based compensation that met certain requirements mandated by the statute and related tax regulations. With the enactment of tax reform in December 2017, the performance-based compensation exemption has been repealed except with respect to certain grandfathered arrangements. As part of its role, the Compensation Committee historically reviewed and considered compliance with the performance-based compensation exemption under Section 162(m) of the Code. The Compensation Committee, however, retained discretion to approve compensation that did not meet the requirements for deductibility under Section 162(m) of the Code in order to attract and retain qualified senior executives and to provide total compensation for the Company's senior executives consistent with the policies described above.

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COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this proxy statement and, based on such review and discussion, recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

THE COMPENSATION COMMITTEE

Mary Pat Salomone (Chair)
Herbert L. Henkel
Michael A. Kelly
Louis J. Pastor

Table of Contents**EXECUTIVE COMPENSATION****2017 SUMMARY COMPENSATION TABLE**

The following table provides information concerning compensation earned by our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers (collectively, the Named Executive Officers or NEOs) for fiscal year 2017 and, to the extent required by SEC executive compensation disclosure rules, fiscal years 2016 and 2015.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (1) (\$)	Option	Non-Equity	All	Total (\$)
					Awards (2) (\$)	Incentive Plan Compensation (\$)	Other Compensation (\$)	
Lawrence H. Silber <i>Chief Executive Officer</i>	2017	840,384		2,300,024		924,800	112,606	4,177,814
	2016	701,923		2,096,564	1,000,008	611,280	40,045	4,449,820
	2015	395,000	100,616	393,307	500,003		159,744	1,548,670
Barbara L. Brasier <i>Chief Financial Officer</i>	2017	485,000		700,012		295,501	88,205	1,568,718
	2016	485,000		1,040,071	425,006	245,000	20,725	2,215,802
	2015	65,288	418,000	500,004				983,292
Christian J. Cunningham <i>Chief Human Resources Officer</i>	2017	365,000		365,037		274,013	35,164	1,039,214
	2016	365,000		650,886	225,004	154,943	10,600	1,406,433
	2015	365,000	75,000	155,001	155,007		105,547	855,555
James Bruce Dressel <i>Chief Operating Officer</i>	2017	500,000		749,985		530,400	32,741	1,813,126
	2016	500,000		1,183,087	625,005	318,375	80,736	2,707,203
	2015	259,616	75,000	250,005	250,000		47,617	882,238
Maryann A. Waryjas <i>Chief Legal Officer</i>	2017	400,000		400,027		339,456	41,268	1,180,751
	2016	400,000		665,574	287,508	220,740	63,861	1,637,683

- (1) The amounts reported in this column represent (i) the grant date fair value of RSUs and PSUs granted in the applicable year and (ii) in 2016, for Messrs. Silber, Cunningham and Dressel, the incremental cost associated with the 2016 modifications of the 2015 PSUs, in each case, calculated in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation (FASB ASC Topic 718). The 2016 amounts include RSUs granted in connection with the Spin-Off. The amounts included in 2017 for the PSUs are calculated based on the closing stock price and the probable satisfaction of the performance conditions for such awards as of the date of grant. Assuming the highest level of performance is achieved for the 2017 PSUs, calculated as 200% of target, the maximum value of these awards at the grant date would be as follows: Mr. Silber \$3,220,034; Ms. Brasier \$980,036; Mr. Cunningham \$511,042; Mr. Dressel \$1,050,018; and Ms. Waryjas \$560,048. See Note 12 to the Audited Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 (the Audited Financial Statements) for a discussion of the relevant assumptions used in calculating these amounts.
- (2) The amounts reported in this column represent the grant date fair value of stock option awards granted in the applicable year, calculated in accordance with FASB ASC Topic 718. The 2016 amounts represent stock options granted in connection with the Spin-Off. See Note 12 to the Audited Financial Statements for a discussion of the relevant assumptions used in calculating these amounts.

- (3) The amounts reported for 2017 represent the NEOs' 2017 EICP awards. Please see the Compensation Discussion and Analysis for further information regarding the 2017 EICP.

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(4) Includes the following for 2017:

Name	Company 401(k) Matching Contribution and						Personal Aircraft Usage (\$) ^(d)	Total Perquisites and Other Compensation (\$)
	Personal Use of Car (\$) ^(a)	Life Insurance Premiums (\$)	Executive Health Premiums (\$) ^(b)	Deferred Contributions (\$)	Relocation (\$) ^(c)	Tax/Financial Planning (\$)		
Mr. Silber	18,659	1,148	6,000	58,143		7,500	21,156	112,606
Ms. Brasier	10,086	1,342	6,000	25,723	37,554	7,500	N/A	88,205
Mr. Cunningham	8,250	678	6,000	20,236			N/A	35,164
Mr. Dressel	10,750	391	6,000	8,100		7,500	N/A	32,741
Ms. Waryjas	11,250	1,748	6,000	14,770		7,500	N/A	41,268

- (a) This amount reflects the cost of depreciation and interest, if applicable, for company-provided cars.
- (b) Our NEOs are eligible to receive \$6,000 per year for executive medical benefits, including Company-paid physicals. For healthcare privacy reasons, we have assigned the maximum benefit to each NEO even if such NEO did not utilize such benefits during 2017.
- (c) This amount represents the incremental costs to the Company for relocation assistance. The incremental cost of relocation benefits was calculated based on the amount reimbursed directly to Ms. Brasier or the service provider, as applicable.
- (d) Only the CEO is eligible for personal use of corporate aircraft. Occasionally, a spouse or other guest may accompany the CEO on corporate aircraft when the aircraft is already scheduled for business purposes and can accommodate additional passengers. In those cases, there is no aggregate incremental cost to the Company, and as a result, no amount is included in this column for those flights.

Table of Contents**2017 GRANTS OF PLAN-BASED AWARDS**

The following table sets forth, for each NEO, possible payouts under all non-equity incentive plan awards granted in 2017, all grants of PSUs and RSUs in 2017 and the grant date fair value of all such awards.

Name	Grant Date	Estimated possible payouts under non-equity incentive plan awards			Estimated future payouts under equity incentive plan awards			All Other Stock Awards (#)	All Other Stock Awards Price of Exercise (\$/Sh.)	Grant Date Fair Value of Stock Awards ⁽¹⁾ (\$)
		Threshold (\$)	Target (\$)	Max (\$)	Threshold (#)	Target (#)	Max (#)			
Lawrence H. Silber										
EICP ⁽²⁾		425,000	850,000	1,700,000						
RSUs ⁽³⁾	3/16/17							14,277	690,007	
PSUs ⁽⁴⁾	3/16/17				16,657	33,313	66,626		1,610,017	
Barbara L. Brasier										
EICP ⁽²⁾		169,750	339,500	679,000						
RSUs ⁽³⁾	3/16/17							4,345	209,994	
PSUs ⁽⁴⁾	3/16/17				5,070	10,139	20,278		490,018	
Christian J. Cunningham										
EICP ⁽²⁾		109,500	219,000	438,000						
RSUs ⁽³⁾	3/16/17							2,266	109,516	
PSUs ⁽⁴⁾	3/16/17				2,644	5,287	10,574		255,521	
James Bruce Dressel										
EICP ⁽²⁾		187,500	375,000	750,000						
RSUs ⁽³⁾	3/16/17							4,655	224,976	
PSUs ⁽⁴⁾	3/16/17				5,432	10,863	21,726		525,009	
Maryann A. Waryjas										
EICP ⁽²⁾		130,000	260,000	520,000						
RSUs ⁽³⁾	3/16/17							2,483	120,003	
PSUs ⁽⁴⁾	3/16/17				2,897	5,794	11,588		280,024	

- (1) The amounts reported represent the grant date fair value associated with the 2017 grants of RSUs and PSUs, as computed in accordance with FASB ASC Topic 718. In the case of the PSUs, the grant date fair value is calculated based on the closing stock price on the date of grant and the probable satisfaction of the performance conditions for such awards as of the date of grant. See Note 12 to the Audited Financial Statements for a discussion of the relevant assumptions used in calculating these amounts.
- (2) These amounts represent threshold, target and maximum cash award levels set in 2017 under the EICP. The amount actually earned by each NEO is reported as Non-Equity Incentive Plan Compensation in the 2017 Summary Compensation Table.
- (3) Represents RSUs granted under the 2008 Omnibus Plan. For actively employed executives, these RSUs vest on March 16, 2020.
- (4) Represents the threshold, target and maximum PSUs granted under the 2008 Omnibus Plan. For actively employed executives, these PSUs are scheduled to vest on March 16, 2020, subject to the achievement of the threshold performance goals relating to Average ROIC over the three-year performance period ending

December 31, 2019. Please see the Compensation Discussion and Analysis for further information regarding this award.

Table of Contents**2017 OUTSTANDING EQUITY AWARDS AT YEAR-END**

Name	Option Awards				Number of shares or units of stock that have not vested (#)	Stock Awards		Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (1) (\$)
	Number of securities underlying unexercised options Exercisable (#)	Number of securities underlying unexercised options Inexercisable (#)	Option exercise price (\$)	Option expiration date		Market value of shares or units of stock that have not vested (1) (\$)	Equity incentive plan awards: number of shares, units or other rights that have not vested (#)	
Lawrence H. Silber	13,356	13,358 (2)	58.76	6/1/2020	5,015 (4)	313,989		
	17,544	52,632 (3)	33.19	8/18/2023	8,945 (5)	560,046	11,293 (5)	707,055
					13,492 (7)	844,734	33,313 (6)	2,085,727
					14,277 (8)	893,883		
					30,130 (9)	1,886,439		
Barbara L. Brasier	7,456	22,369 (3)	33.19	8/18/2023	6,261 (5)	392,001	7,905 (5)	494,932
					9,444 (7)	591,289	10,139 (6)	634,803
					4,345 (8)	272,040		
					12,806 (9)	801,784		
					3,606 (10)	225,772		
Christian J. Cunningham	3,303	3,304 (2)	70.14	2/17/2020	1,451 (4)	90,847		
	4,473	13,422 (3)	33.19	8/18/2023	3,265 (5)	204,422	4,121 (5)	258,016
					4,924 (7)	308,292	5,287 (6)	331,019
					2,266 (8)	141,874		
					7,684 (9)	481,095		
James Bruce Dressel	7,676	7,677 (2)	52.49	7/1/2020	2,807 (4)	175,746		
	10,965	32,895 (3)	33.19	8/18/2023	4,473 (5)	280,055	5,646 (5)	353,496
					6,746 (7)	422,367	10,863 (6)	680,132
					4,655 (8)	291,450		
					18,831 (9)	1,179,009		
Maryann A. Waryjas	5,044	15,132 (3)	33.19	8/18/2023	3,354 (5)	209,994	4,235 (5)	265,153

			5,794 (6)	362,762
	5,059 (7)	316,744		
	2,483 (8)	155,461		
	8,663 (9)	542,390		
	1,082 (11)	67,744		

- (1) These values are based on the closing market price of the Company's common stock on December 29, 2017 of \$62.61.
- (2) These options were awarded in 2015 and vest 25% on each anniversary of the date of grant, subject to continued employment.

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- (3) Represents stock options granted in connection with the Spin-Off under the 2008 Omnibus Plan. These options vest 25% on each anniversary of the date of grant, subject to continued employment.
- (4) The awards reported in the Number of shares or units of stock that have not vested column represent the portion of the 2015 PSUs that was earned based on 2016 and 2017 Adjusted EBITDA performance and which remains subject to service-based vesting requirements. Mr. Silber's award vests on May 20, 2018, and Mr. Cunningham's award and Mr. Dressel's award each vest on April 29, 2018.
- (5) The awards reported in the Number of shares or units of stock that have not vested column represent the portion of the 2016 PSUs that was earned based on 2016-2017 Adjusted EBITDA performance and which remains subject to service-based vesting requirements through March 4, 2019, or, for Mr. Silber, March 3, 2019, while the awards reported in the Equity incentive plan awards: number of unearned shares, units or other rights that have not vested column represent the portion of the 2016 PSU award (reported at target) that may be earned based on performance during 2018 (which could result in a payout of up to 150% of target).
- (6) Represents PSUs that are scheduled to vest on March 16, 2020 based on the Company's Average ROIC performance over the 2017-2019 performance period. In accordance with the SEC executive compensation disclosure rules, the amounts reported in this column are based on achieving target vesting levels.
- (7) Represents RSUs granted under the 2008 Omnibus Plan. For actively employed executives, these RSUs vest on March 4, 2019 or, for Mr. Silber, March 3, 2019.
- (8) Represents RSUs granted under the 2008 Omnibus Plan. For actively employed executives, these RSUs vest on March 16, 2020.
- (9) Represents RSUs granted in connection with the Spin-Off under the 2008 Omnibus Plan. For actively employed executives, these RSUs vest on August 18, 2019.
- (10) In connection with the hiring of Ms. Brasier, Ms. Brasier was provided with a one-time grant of 10,818 RSUs. The RSUs vest 1/3 on each anniversary of the December 1, 2015 grant date, if Ms. Brasier remains an employee on each respective vesting date.
- (11) In connection with the hiring of Ms. Waryjas, Ms. Waryjas was provided with a one-time grant of 3,245 RSUs. The RSUs vest 1/3 on each anniversary of the December 1, 2015 grant date, if Ms. Waryjas remains an employee on each respective vesting date.

Table of Contents**2017 OPTION EXERCISES AND STOCK VESTED**

The following table sets forth the details of any stock awards that vested in 2017. During 2017, none of our NEOs exercised any stock options.

Name	Option Awards		Stock Awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting ⁽¹⁾ (#)	Value realized on vesting (\$)
Lawrence H. Silber				
Barbara L. Brasier			3,606	215,098
Christian J. Cunningham			1,022	46,859
James Bruce Dressel				
Maryann A. Waryjas			1,082	64,541

- (1) Represents gross number of shares that vested, although the Company withholds a portion of these vested shares to cover the executive's tax withholding due upon the vesting of the RSUs.

2017 NONQUALIFIED DEFERRED COMPENSATION TABLE

The following table sets forth the details of a nonqualified deferred compensation plan in which certain of our NEOs participated during 2017.

Name	Registrant Contributions		Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at FYE (\$)
	Executive Contributions in Last FY (\$)	in Last FY (\$)			
Lawrence H. Silber	59,179	47,343	6,758		152,433 ⁽¹⁾
Barbara L. Brasier	18,654	14,923	2,305		35,882
Christian J. Cunningham	12,497	9,998	1,301		23,796
James Bruce Dressel					
Maryann A. Waryjas	15,384	12,308	1,793		29,485

- (1) Of the aggregate balance shown, \$39,153 was previously reported as compensation to Mr. Silber in the 2016 Summary Compensation Table.

We offer our employees, including the NEOs, participation in a defined contribution plan. Under the Company's qualified 401(k) savings plan (the "401(k) Plan") participants are eligible to receive a matching employer contribution to their 401(k) Plan account equal to (i) 100% of employee contributions (up to 3% of compensation) made by such participant and (ii) 50% of employee contributions (up to the next 2% of compensation), with the total amount of such matching employer contribution to be completely vested, subject to applicable limits under the Code on compensation that may be taken into account.

We also maintain a deferred compensation plan, the Herc Rentals Supplemental Income Savings Plan (Supplemental Plan). The Supplemental Plan allows eligible employees, including the NEOs, to defer part of their compensation. The Supplemental Plan is a deferred compensation plan that provides benefits that cannot be provided in the 401(k) Plan due to Code limitations on compensation. For any deferral elections, the Company will match an amount generally equal to (i) 100% of employee contributions (up to 3% of the compensation that cannot be taken into account under the 401(k) Plan) made by such participant and (ii) 50% of employee contributions (up to the next 2% of compensation that cannot be taken into account under the 401(k) Plan). The match under the Supplemental Plan is in addition to the match under the 401(k) Plan. The total match that any participant may receive under the 401(k) Plan and the Supplemental Plan (other than with respect to transition credits) may not exceed the maximum 4% match. Accounts under the Supplemental Plan may be invested in a variety of mutual funds and are distributed upon a separation from service.

Table of Contents**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL***Severance Policy*

We maintain a severance and change in control policy (the *Severance Policy*) that provides senior executives of the Company, including the NEOs, with the following severance and change in control benefits: (i) for an involuntary termination of employment, the Chief Executive Officer will be entitled to severance calculated as two times the Chief Executive Officer's base salary and target bonus and each other NEO will be entitled to severance equal to the NEO's base salary and target bonus, and (ii) upon a change in control and a qualifying termination of employment (a *double trigger* provision), the Chief Executive Officer will be entitled to severance calculated as two-and-one-half times the Chief Executive Officer's base salary and target bonus and each other NEO will be entitled to severance calculated as two times the NEO's base salary and target bonus. Health and welfare benefits will be provided for the number of years equivalent to the multiples indicated, on the same basis as active employees. The *Severance Policy* does not contain tax gross-up provisions on any golden parachute excise taxes. These severance payments and benefits under the *Severance Policy* are in lieu of any severance payments or benefits otherwise due in these circumstances under any previous agreement, offer letter or policy.

Equity Awards

The Company's equity awards provide for accelerated or pro rata vesting upon a termination due to death or disability and pro rata vesting upon a termination due to retirement or involuntary termination without cause. The equity awards also provide that, if the awards are not honored or assumed or new rights submitted therefore in connection with a change in control of the Company, then certain of the awards will vest upon the change in control and others will vest upon a termination after the change in control, with the PSUs vesting at target.

The following tables outline the value of payments and benefits that each NEO would receive under the various termination scenarios described as if (i) the termination occurred on December 31, 2017; (ii) all stock awards that vest were paid out at \$62.61, the closing price of the Company's common stock on December 29, 2017; (iii) for the applicable change in control, the termination occurred following the change in control (*double trigger*); and (iv) the Compensation Committee took no further actions for any given award except as set forth under the applicable plan. In addition, the participant's 401(k) Plan and Supplemental Plan amounts are excluded from the tables below. Although the tables below reflect vesting of certain equity upon a change in control, beginning with the 2017 grants, equity awards are subject to *double trigger* provisions.

Lawrence H. Silber

Benefit	Termination		Termination		Termination following a Change in Control (\$)	Change in Control (\$)
	for Cause (\$)	Without Cause (\$)	by reason of Retirement (\$)	by reason of Death, Disability (\$)		
Severance Payment	\$	\$ 3,400,000	\$	\$	\$ 4,250,000	\$
Continued Benefits ⁽¹⁾		22,198			28,752	
Outplacement		25,000			25,000	
Life Insurance Payment ⁽²⁾				300,000		

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Payment for Outstanding Stock Options ⁽³⁾	187,051	1,599,862	(4)	1,599,862
Payment for Outstanding RSUs ⁽³⁾	1,554,607	3,625,056	893,883 ⁽⁴⁾	2,731,173
Payment for Outstanding PSUs ⁽³⁾	1,540,331	1,574,579	2,085,727 ⁽⁴⁾	1,602,753
Total	\$ 6,729,187	\$ 7,099,497	\$ 7,283,362	\$ 5,933,788

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- (1) Under the terms of the Severance Policy, health and welfare benefit continuation will be provided for two years for a termination by the Company without cause and 30 months for a qualifying termination of employment following a change in control.
- (2) Life insurance payment payable only upon death.
- (3) Represents the incremental vesting value of outstanding awards which vest in the event of the specified termination event in accordance with the terms of Mr. Silber's offer letter with respect to a termination without cause and in accordance with the equity award agreements with respect to the other termination scenarios, with PSUs vesting at target in the change in control scenarios.
- (4) Accelerated vesting of equity awards granted prior to 2017 has been excluded from this column because the terms of the outstanding award agreements provide that the equity awards will accelerate upon a change in control if they are not honored or assumed or new rights substituted therefore by an alternative award. Accordingly, this column includes the 2017 equity awards which contain double trigger vesting provisions.

Barbara L. Brasier*

Benefit	Termination					
	Termination for Cause (\$)	Termination Without Cause / With Good Reason ⁽¹⁾ (\$)	Termination by reason of Retirement (\$)	Termination by reason of Death, Disability (\$)	Termination following a Change in Control (\$)	Change in Control (\$)
Severance Payment	\$	\$ 824,500	\$	\$	\$ 1,649,000	\$
Continued Benefits ⁽²⁾		8,410			17,655	
Outplacement		25,000			25,000	
Life Insurance Payment ⁽³⁾				485,000		
Payment for Outstanding Stock Options ⁽⁴⁾		73,138		658,096	⁽⁵⁾	658,096
Payment for Outstanding RSUs ⁽⁴⁾		781,122		1,683,646	272,040 ⁽⁵⁾	1,618,845
Payment for Outstanding PSUs ⁽⁴⁾		665,544		665,544	634,803 ⁽⁵⁾	886,933
Total	\$	\$ 2,377,714	\$	\$ 3,492,286	\$ 2,598,498	\$ 3,163,874

* Ms. Brasier has announced her retirement effective April 30, 2018, in connection with which she entered into a Retirement and Separation Agreement with the Company, pursuant to which she will receive: (i) a cash separation benefit of \$824,500, which is equal to her 2017 annual base salary and target annual performance bonus; (ii) an additional cash benefit of \$113,167, which is equal to her prorated 2018 target annual performance bonus; (iii) employer subsidization of COBRA costs for up to 12 months; (iv) up to \$25,000 for professional transition services retained in connection with her retirement; and (v) prorata vesting of outstanding stock options, RSUs and PSUs held by Ms. Brasier.

- (1) Ms. Brasier is eligible for cash severance and equity acceleration under the terms of her offer letter if she terminates her employment with the Company due to good reason, as defined in her offer letter.
- (2)

Under the terms of the Severance Policy, health and welfare benefit continuation will be provided for one year for a termination by the Company without cause and two years for a qualifying termination of employment following a change in control.

- (3) Life insurance payment payable only upon death.
- (4) Represents the incremental vesting value of outstanding awards which vest in the event of the specified termination event in accordance with the terms of Ms. Brasier's offer letter with respect to a termination without cause or for good reason and in accordance with the equity award agreements with respect to the other termination scenarios, with PSUs vesting at target in the change in control scenarios.
- (5) Accelerated vesting of equity awards granted prior to 2017 has been excluded from this column because the terms of the outstanding award agreements provide that the equity awards will accelerate upon a change in control if they are not honored or assumed or new rights substituted therefore by an alternative award. Accordingly, this column includes the 2017 equity awards which contain double trigger vesting provisions.

Table of Contents**Christian J. Cunningham**

Benefit	Termination					
	Termination for Cause (\$)	Termination Without Cause (\$)	Termination by reason of Retirement (\$)	Termination by reason of Death, Disability (\$)	Termination following a Change in Control (\$)	Change in Control (\$)
Severance Payment ⁽¹⁾	\$	\$ 876,000	\$	\$	\$ 1,168,000	\$
Continued Benefits ⁽¹⁾		10,909			22,950	
Outplacement		25,000			25,000	
Life Insurance Payment ⁽²⁾				300,000		
Payment for Outstanding Stock Options ⁽³⁾				394,875	⁽⁴⁾	394,875
Payment for Outstanding RSUs ⁽³⁾		429,129		931,261	141,874 ⁽⁴⁾	789,387
Payment for Outstanding PSUs ⁽³⁾		82,770		443,404	331,019 ⁽⁴⁾	559,545
Total	\$	\$ 1,423,808	\$	\$ 2,069,540	\$ 1,688,843	\$ 1,743,807

- (1) Under the terms of the Severance Policy, health and welfare benefit continuation will be provided for one year for a termination by the Company without cause and two years for a qualifying termination of employment following a change in control. Under the terms of Mr. Cunningham's offer letter, Mr. Cunningham is eligible for severance equal to 18 months of base pay and his average bonus in the event of a termination without cause.
- (2) Life insurance payment payable only upon death.
- (3) Represents the incremental vesting value of outstanding awards which vest in the event of the specified termination event in accordance with the terms of Mr. Cunningham's equity award agreements, with PSUs vesting at target in the change in control scenarios.
- (4) Accelerated vesting of equity awards granted prior to 2017 has been excluded from this column because the terms of the outstanding award agreements provide that the equity awards will accelerate upon a change in control if they are not honored or assumed or new rights substituted therefore by an alternative award. Accordingly, this column includes the 2017 equity awards which contain double trigger vesting provisions.

James Bruce Dressel

Benefit	Termination					
	Termination for Cause (\$)	Termination Without Cause (\$)	Termination by reason of Retirement (\$)	Termination by reason of Death, Disability (\$)	Termination following a Change in Control (\$)	Change in Control (\$)
Severance Payment	\$	\$ 875,000	\$	\$	\$ 1,750,000	\$
Continued Benefits ⁽¹⁾		10,559			22,398	
Outplacement		25,000			25,000	
Life Insurance Payment ⁽²⁾				300,000		

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Payment for Outstanding Stock Options ⁽³⁾	126,961	1,045,462	(4)	1,045,462
Payment for Outstanding RSUs ⁽³⁾	843,231	1,892,826	291,450 ⁽⁴⁾	1,601,376
Payment for Outstanding PSUs ⁽³⁾	705,427	715,382	680,132 ⁽⁴⁾	821,444
Total	\$ 2,586,178	\$ 3,953,670	\$ 2,768,980	\$ 3,468,282

- (1) Under the terms of the Severance Policy, health and welfare benefit continuation will be provided for one year for a termination by the Company without cause and two years for a qualifying termination of employment following a change in control.
- (2) Life insurance payment payable only upon death.

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- (3) Represents the incremental vesting value of outstanding awards which vest in the event of the specified termination event in accordance with the terms of Mr. Dressel's offer letter with respect to a termination without cause and in accordance with the equity award agreements with respect to the other termination scenarios, with PSUs vesting at target in the change in control scenarios.
- (4) Accelerated vesting of equity awards granted prior to 2017 has been excluded from this column because the terms of the outstanding award agreements provide that the equity awards will accelerate upon a change in control if they are not honored or assumed or new rights substituted therefore by an alternative award. Accordingly, this column includes the 2017 equity awards which contain double trigger vesting provisions.

Maryann A. Waryjas

Benefit	Termination for Cause (\$)	Termination Without Cause (\$)	Termination by reason of Retirement (\$)	Termination by reason of Death, Disability (\$)	Termination following a Change in Control (\$)	Change in Control (\$)
Severance Payment	\$	\$ 660,000	\$	\$	\$ 1,320,000	\$
Continued Benefits ⁽¹⁾		8,384			17,713	
Outplacement		25,000			25,000	
Life Insurance Payment ⁽²⁾				300,000		
Payment for Outstanding Stock Options ⁽³⁾		49,455	105,247	445,184	⁽⁴⁾	445,184
Payment for Outstanding RSUs ⁽³⁾		532,436	464,691	1,020,167	155,461 ⁽⁴⁾	926,878
Payment for Outstanding PSUs ⁽³⁾		367,896	367,896 ⁽⁵⁾	367,896	362,762 ⁽⁴⁾	475,147
Total	\$	\$ 1,643,171	\$ 937,834	\$ 2,133,247	\$ 1,880,936	\$ 1,847,209

- (1) Under the terms of the Severance Policy, health and welfare benefit continuation will be provided for one year for a termination by the Company without cause and two years for a qualifying termination of employment following a change in control.
- (2) Life insurance payment payable only upon death.
- (3) Represents the incremental vesting value of outstanding awards which vest in the event of the specified termination event in accordance with the terms of Ms. Waryjas' offer letter with respect to a termination without cause and in accordance with the equity award agreements with respect to the other termination scenarios, with PSUs vesting at target in the change in control scenarios. Under the terms of her offer letter, the unvested portion of Ms. Waryjas' sign-on RSU award will vest in full upon her termination of employment without cause.
- (4) Accelerated vesting of equity awards granted prior to 2017 has been excluded from this column because the terms of the outstanding award agreements provide that the equity awards will accelerate upon a change in control if they are not honored or assumed or new rights substituted therefore by an alternative award. Accordingly, this column includes the 2017 equity awards which contain double trigger vesting provisions.
- (5) The PSUs that remain eligible for vesting in a retirement scenario remain subject to the achievement of the underlying performance conditions.

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PAY RATIO DISCLOSURE

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Company is providing the following disclosure about the relationship of the annual total compensation of its employees to the annual total compensation of Mr. Silber, our Chief Executive Officer. Consistent with our executive officer compensation program, our broad-based compensation program is designed to be competitive in terms of both the position and the geographic area in which the employee is located. Accordingly, our pay structures vary amongst employees based on position and geographic location, with significant consideration given to competitive market practices.

Ratio

For 2017,

The median of the annual total compensation of all of the Company's employees, other than Mr. Silber, was \$78,553.

Mr. Silber's annual total compensation was \$4,187,084, which is the amount reported in the Total column of the 2017 Summary Compensation Table with the addition of the Company's contributions to broad-based health and welfare programs.

Based on this information, the ratio of the annual total compensation of Mr. Silber to the median of the annual total compensation of all employees was 53 to 1.

Identification of Median Employee

We selected November 27, 2017 as the date on which to determine our median employee. As of that date, we had approximately 5,080 employees. The Company excluded all of its employees from Saudi Arabia (166) and the United Kingdom (14) under the *De Minimis* Exemption. The excluded population of employees totaled 3.5% of the Company's entire employee population. After taking into account the *De Minimis* Exemption, approximately 4,105 employees in the United States and 793 employees located outside of the United States were considered for identifying the median employee.

For purposes of identifying the median employee, we chose 2017 total earnings, as compiled from our payroll records, as our consistently applied compensation measure. Earnings were annualized only for employees who were hired in 2017. For purposes of this disclosure, any compensation paid in foreign currencies was converted to U.S. dollars based on a monthly average exchange rate for the relevant period.

Using this methodology, we determined that our median employee was a full-time employee working in the United States. In determining the annual total compensation of the median employee, such employee's compensation was calculated in accordance with Item 402(c)(2)(x) of Regulation S-K, as required pursuant to the SEC executive compensation disclosure rules. This calculation is the same calculation used to determine total compensation for purposes of the 2017 Summary Compensation Table with respect to each of the NEOs, with the addition of the Company's contribution to broad-based health and welfare programs.

Table of Contents**DIRECTOR COMPENSATION**

The Board believes that a significant portion of non-employee director compensation should align director interests with the interests of the Company's stockholders. The Board has approved the Herc Holdings Inc. Directors Compensation Policy, pursuant to which our non-employee directors are entitled to the following compensation:

Board/Committee	Non-Employee Director Compensation		
Board	Annual Cash Retainer:		\$ 70,000
	Annual RSU Grant:		\$ 100,000
Audit	Annual Chair		
	Fee:	\$ 20,000	Annual Member Fee: \$ 10,000
Compensation	Annual Chair		
	Fee:	\$ 15,000	Annual Member Fee: \$ 7,500
Nominating and Governance	Annual Chair		
	Fee:	\$ 10,000	Annual Member Fee: \$ 5,000
Finance	Annual Chair		
	Fee:	\$ 10,000	Annual Member Fee: \$ 5,000

The Chairman of the Board is entitled to receive an additional annual fee of \$130,000, payable in the form of shares of our common stock.

The RSUs are granted to directors after the Company's annual stockholder meeting and have a fair market value equivalent to the dollar amount noted above on the date of grant. Provided the director is still serving on our Board, these RSUs vest on the business day immediately preceding the Company's next annual meeting of stockholders. These RSUs also vest in full upon such director's death or disability or a change in control of the Company.

We reimburse directors for reasonable and necessary expenses they incur in performing their duties as directors.

Directors may elect to receive Company stock in lieu of cash. Also, directors may elect to defer their equity and cash compensation into phantom stock units that vest after the director leaves the Board (or earlier in the event of a change in control); provided that if a director's equity compensation is deferred, the vesting period otherwise applicable to the RSUs is not changed.

Our Nominating and Governance Committee is responsible for reviewing and determining the form and amount of our non-employee director compensation from time to time, which is then recommended to our Board for approval.

2017 Non-Employee Director Compensation Table

For the year ended December 31, 2017, our non-employee directors who served in this capacity on December 31, 2017 received the following compensation:

Name	Fees Earned or Paid in Cash⁽¹⁾ (\$)	Stock Awards⁽²⁾ (\$)	All Other Compensation (\$)	Total (\$)
Herbert L. Henkel	87,532	230,051		317,583
James H. Browning	95,000	100,024		195,024
Patrick D. Campbell	90,000	100,024		190,024
Jean K. Holley ⁽³⁾	35,417	75,003		110,420
Jacob M. Katz ⁽³⁾	35,417	75,003		110,420
Michael A. Kelly	82,500	100,024		182,524
Courtney Mather	80,848	100,024		180,872
Stephen A. Mongillo	85,000	100,024		185,024
Louis J. Pastor	82,500	100,024		182,524
Mary Pat Salomone	90,000	100,024		190,024

- (1) For Ms. Holley and Mr. Katz, who joined the Board in August of 2017, cash compensation has been prorated to reflect the period of service during 2017. Messrs. Henkel and Mather elected to defer their cash compensation into phantom stock units pursuant to the Directors Compensation Policy, as described above.

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- (2) In 2017, Board members were granted an award of RSUs that will vest on the day immediately preceding the 2018 annual meeting of stockholders. Each of Ms. Holley and Mr. Katz received a pro rata award of RSUs upon joining the Board, which will vest on the day immediately preceding the 2018 annual meeting of stockholders. Mr. Henkel and Ms. Salomone elected to defer their 2017 equity compensation into phantom stock units pursuant to the Directors Compensation Policy described above. The amounts reported in this column are valued based on the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 12 to the audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of the relevant assumptions used in calculating these amounts. As of December 31, 2017, each non-employee director had the following number of RSUs and phantom stock units outstanding with respect to the Company's equity: Mr. Henkel, 17,514 phantom stock units; Mr. Browning, 2,260 phantom stock units and 2,857 RSUs; Mr. Campbell, 2,857 RSUs; Ms. Holley, 2,042 RSUs; Mr. Katz, 2,042 RSUs; Mr. Kelly, 2,857 RSUs; Mr. Mather, 2,608 phantom stock units and 2,857 RSUs; Mr. Mongillo, 2,857 RSUs; Mr. Pastor, 2,857 RSUs; and Ms. Salomone, 5,117 phantom stock units.
- (3) Ms. Holley and Mr. Katz were appointed to our Board in August 2017.

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**PROPOSAL 2: APPROVAL, BY A NON-BINDING ADVISORY VOTE,
OF THE NAMED EXECUTIVE OFFICERS' COMPENSATION**

We are offering you a non-binding, advisory vote to approve the compensation of our named executive officers (NEOs), as disclosed in the Compensation Discussion and Analysis and the related narrative and tabular disclosures, as required by Section 14A of the Exchange Act. This is not a vote on the Company's general compensation policies or the compensation of the Board. This non-binding advisory vote, also known as the "Say on Pay" vote, is currently held on an annual basis.

As detailed in the Compensation Discussion and Analysis, we have designed our compensation programs, among other things, to: (i) properly incentivize our NEOs to accomplish our short- and long-term objectives, (ii) be in line with similar pay practices and overall compensation levels at other, similarly-situated companies, (iii) reward our NEOs for not only their individual performance, but the performance of the Company overall and (iv) hire and retain our NEOs. In addition, as further detailed in the Compensation Discussion and Analysis, we review and, when appropriate, revise our pay practices to be in line with market practices and compensation norms.

Accordingly, you may cast an advisory vote on the following resolution at the 2018 annual meeting:

RESOLVED, that the compensation paid to the named executive officers as disclosed in the Compensation Discussion and Analysis, Summary Compensation Table and related tabular and narrative disclosures in this proxy statement is hereby APPROVED.

Effect of Proposal

The effect of the Say on Pay vote is advisory only and non-binding. However, the Board and Compensation Committee will consider the results of the vote in making future decisions regarding our NEOs' compensation. The Board values the opinions of our stockholders and is committed to considering their opinions in making decisions. If any stockholder wishes to communicate with the Board regarding executive compensation, the Board can be contacted using the procedures outlined under the section "Stockholder Communications with the Board" set forth in this proxy statement.

Required Vote to Approve the Proposal

A majority of shares present and entitled to vote is required to approve the proposal. Under applicable Delaware law, abstentions are counted as shares entitled to vote at the annual meeting and therefore will have the same effect as a vote against this proposal. Broker non-votes will have no effect in determining the outcome of this proposal.

***The Board unanimously recommends a vote FOR approval, by a non-binding
advisory vote, of the named executive officers' compensation.***

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PROPOSAL 3: APPROVAL OF THE HERC HOLDINGS INC.

2018 OMNIBUS INCENTIVE PLAN

Background on Proposal

We are asking our stockholders to approve the Herc Holdings Inc. 2018 Omnibus Incentive Plan (the 2018 Omnibus Plan) in order to allow us to continue to grant equity-based compensation awards that incentivize and retain our key employees and other service providers. The 2018 Omnibus Plan will replace our 2008 Omnibus Incentive Plan (the 2008 Omnibus Plan), and no further awards may be granted under such plan once this 2018 Omnibus Plan is approved by our stockholders.

A description of the material terms of the 2018 Omnibus Plan is set forth below. The statements made in this Proposal 3 concerning the terms and provisions of the 2018 Omnibus Plan are summaries and do not purport to be a complete recitation of the 2018 Omnibus Plan provisions. These statements are qualified in their entirety by express reference to the full text of the 2018 Omnibus Plan, a copy of which is attached to this proxy statement as Annex A and is incorporated by reference herein.

If we do not obtain the approval of the 2018 Omnibus Plan, the plan will not take effect, and the 2008 Omnibus Plan will remain in effect in accordance with its terms until May 27, 2020, or until no shares are available for awards to be granted under such plan.

Highlights of the 2018 Omnibus Plan

The terms of the 2018 Omnibus Plan include the following features:

no repricing of options without stockholder approval;

material amendments require stockholder approval;

double-trigger change in control vesting;

administered by an independent committee of directors;

awards subject to clawback; and

minimum vesting requirements.

Summary of the 2018 Omnibus Plan

Administration and Eligibility

The 2018 Omnibus Plan is administered by the Compensation Committee or its delegate (including, without limitation, another committee of the Board or the full Board to which the Compensation Committee has delegated power pursuant to the provisions of the 2018 Omnibus Plan). Current employees, non-employee directors and natural persons who are consultants of the Company or any of its subsidiaries are eligible to receive awards of common stock, stock options, stock appreciation rights, performance stock units, other performance-based awards, restricted stock, restricted stock units or deferred stock units at the Compensation Committee's discretion. As of March 19, 2018, approximately 4,900 officers and employees and ten non-employee directors of the Company would be eligible to receive awards under the 2018 Omnibus Plan if selected by the Committee. However, participation in the predecessor incentive plan has historically been limited to certain of our executive officers, vice presidents, director-level and manager-level employees, and this group of participants included approximately 140 of our executive officers and other employees and all of our non-employee directors as of March 19, 2018. Subject to applicable law, the Compensation Committee may delegate to an officer or group of officers of the Company or a subsidiary some or all of its authority under the 2018 Omnibus Plan with respect to participants who are not our executive officers or directors.

Table of Contents***Shares Available for Issuance***

Upon approval of the 2018 Omnibus Plan by stockholders, 2,200,000 shares of common stock will be authorized for issuance under the 2018 Omnibus Plan. As of March 19, 2018, 397,241 shares remained available for awards under the 2008 Omnibus Plan, and these shares will no longer be available for any future awards granted under either the 2008 Omnibus Plan or the 2018 Omnibus Plan. Shares subject to awards granted under either the 2018 Omnibus Plan or the 2008 Omnibus Plan (other than replacement awards) that for any reason are canceled, terminated, forfeited, settled in cash or that are tendered or withheld to pay the exercise price of an option or to satisfy tax withholding obligations with respect to an award granted under the 2018 Omnibus Plan or the 2008 Omnibus Plan will be available again for awards under the 2018 Omnibus Plan, but such shares may not be issued pursuant to incentive stock options. In the event of a change in the number of outstanding shares by reason of any dividend payable in capital stock, stock split, share combination, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or transaction, exchange of shares or other corporate exchange, any equity restructuring or any distribution to stockholders other than regular cash dividends, or any similar transaction or event affecting the common stock, the Compensation Committee will adjust the shares available under the 2018 Omnibus Plan, including the number of shares subject to any outstanding awards and the related exercise price, and any applicable performance measures to reflect the event. Under the 2018 Omnibus Plan, the Compensation Committee is not permitted to (i) reduce the exercise price of outstanding options or the base price of outstanding stock appreciation rights, (ii) perform any other action that would be treated as repricing of an outstanding option or stock appreciation right under generally accepted accounting principles or (iii) grant any new award or cash payment in substitution or upon cancellation of options or stock appreciation rights when the exercise price or base price, as applicable, is greater than the fair market value of the underlying shares, unless the adjustment is approved by our stockholders or in accordance with the preceding sentence. As of March 19, 2018, the closing price on the NYSE of a share of our common stock was \$69.18.

Amendment or Termination

The Board or Compensation Committee may terminate, amend or suspend the 2018 Omnibus Plan at any time. Unless terminated earlier by the Board or the Compensation Committee, the 2018 Omnibus Plan will continue in effect until May 17, 2028. An amendment to the 2018 Omnibus Plan will be submitted for stockholder approval to the extent required by the Code or other applicable laws, rules or regulations or if the amendment will (i) materially increase the number of shares of our Company's common stock subject to the 2018 Omnibus Plan, other than for antidilutive purposes, (ii) modify the restrictions on repricing set forth in the 2018 Omnibus Plan or (iii) materially modify the requirements for participation in the 2018 Omnibus Plan.

Performance Goals

As described above, certain awards under the 2018 Omnibus Plan may be subject to performance objectives. Performance objectives applicable to awards may be based on the relative or comparative achievement of one or more performance criteria, whether in absolute terms or relative to the performance of one or more peer group companies or indices, or any combination thereof, including any of the following: net sales; revenue (gross or net); revenue growth or equipment rental revenue growth; operating income (before or after taxes); pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income (before or after taxes); net income per share of common stock; book value per share of common stock; return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of share price; market share; gross profits; earnings (including adjusted pre-tax earnings, earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization (EBITDA) or adjusted EBITDA); maintenance or improvement of profit margins or EBITDA or adjusted EBITDA margins; economic value-added models or equivalent metrics; comparisons with various stock market indices; expense management; total net cash flow; cash flow or cash flow per share (before

or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; capital expenditures or fleet capital expenditures (gross or net); improvement in or attainment of expense levels or working capital levels; operating margins, gross margins or cash margin; year-end cash; debt reductions; improvements in capital structure; shareholder equity; market share; regulatory achievements; implementation, completion or attainment of objectives

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with respect to customer satisfaction; merger, acquisition and divestiture projects; other projects; and recruiting and maintaining personnel. Performance objectives under the 2018 Omnibus Plan may be established on a company-wide basis or with respect to one or more business units or divisions (if applicable), subsidiaries or any combination of the foregoing.

The Compensation Committee may adjust either the performance objectives or the performance results to reflect any extraordinary or unforeseeable events, including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other, unusual, non-recurring or infrequently occurring items, and the cumulative effects of accounting changes.

Stock Options and Stock Appreciation Rights

Options granted under the 2018 Omnibus Plan may be incentive stock options (within the meaning of Section 422 of the Code) or non-qualified stock options. The grant date of options granted under the 2018 Omnibus Plan will be the date the options are awarded by the Compensation Committee or a future date determined by the Compensation Committee. Except in the case of replacement awards, options will have an exercise price per share that is not less than the fair market value (as defined in the 2018 Omnibus Plan) of a share of common stock on the option grant date.

Options under the 2018 Omnibus Plan will vest at such time and upon such terms and conditions as determined by the Compensation Committee, subject to minimum vesting requirements in the 2018 Omnibus Plan. No option will remain exercisable after the 10-year anniversary of its grant date.

Stock appreciation rights may be granted to participants in tandem with options or on their own. Unless otherwise determined by the Compensation Committee at or after the grant date, tandem stock appreciation rights will have substantially similar terms as the options with which they are granted. The grant date of stock appreciation rights will be the date the stock appreciation rights are awarded by the Compensation Committee or a future date determined by the Compensation Committee. No stock appreciation right will remain exercisable on or after the 10-year anniversary of its grant date.

All terms relating to the exercise, cancellation or other disposition of an option or a stock appreciation right (i) upon a participant's termination of employment with or service to the Company for any reason or (ii) during a paid or unpaid leave of absence, will be determined by the Compensation Committee and set forth in the applicable award agreement.

Performance Stock Units and Performance-Based Awards

A performance stock unit is a contractual right to receive a stated number of shares of common stock, or if provided by the Compensation Committee on or after the grant date, cash equal to the fair market value of such shares of common stock or any combination of shares of common stock and cash having an aggregate fair market value equal to such stated number of shares of common stock, which right is forfeitable until the achievement of predetermined performance conditions. The Compensation Committee may also grant other performance-based awards in shares of common stock or cash.

The grant date of any performance-based award granted under the 2018 Omnibus Plan will be the date on which such performance-based award is awarded by the Compensation Committee or on such other future date as the Compensation Committee shall determine. Performance stock units granted under the 2018 Omnibus Plan will vest based on the achievement of pre-determined performance goals over performance periods determined by the Compensation Committee or upon the occurrence of certain events, as determined by the Compensation Committee.

All terms relating to the satisfaction of performance objectives and the termination of the performance period relating to a performance stock unit or other performance-based award, or any forfeiture and cancellation of such award (i) upon the participant's termination of employment with or service to the Company for any reason or (ii) during a paid or unpaid leave of absence, will be determined by the Compensation Committee and set forth in the applicable award agreement.

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Restricted Stock, Restricted Stock Units and Share Awards

Restricted stock is common stock of the Company that is subject to forfeiture until vested. A restricted stock unit is a contractual right to receive a stated number of shares of common stock, or if provided by the Compensation Committee on or after the grant date, cash equal to the fair market value of such shares of common stock or any combination of shares of common stock and cash having an aggregate fair market value equal to such stated number of shares of common stock, that is subject to forfeiture until vested. Share awards are awards of unrestricted common stock.

The grant date of any restricted stock or restricted stock unit under the 2018 Omnibus Plan will be the date on which such restricted stock or restricted stock units are awarded by the Compensation Committee or on such other future date as the Compensation Committee shall determine. All terms relating to the termination of the restriction period relating to a restricted stock or restricted stock unit award, or any forfeiture and cancellation of such award (i) upon the participant's termination of employment with or service to the Company for any reason or (ii) during a paid or unpaid leave of absence will be determined by the Compensation Committee and set forth in the applicable award agreement.

Deferred Stock Units

Each deferred stock unit granted under the 2018 Omnibus Plan represents the contractual right to receive, on a specified future date, a stated number of shares of common stock or, if provided by the Compensation Committee on or after the grant date, cash equal to the fair market value of such shares of common stock or any combination of shares of common stock and cash having an aggregate fair market value equal to such stated number of shares of common stock. The grant date of any freestanding deferred stock units under the 2018 Omnibus Plan will be the date on which such freestanding deferred stock units are awarded by the Compensation Committee or on such other future date as the Compensation Committee shall determine. Deferred stock units may be granted by the Compensation Committee independent of other awards or compensation, or to the extent permitted by law and subject to the terms and conditions the Compensation Committee determines, they may be received at the participant's election instead of cash compensation. Generally, and except as otherwise provided by the Compensation Committee, upon a participant's termination of employment other than for cause, the Company will issue to the participant the shares of common stock underlying any of the participant's vested deferred stock units. If a participant's employment terminates for cause, any deferred stock units granted independently by the Compensation Committee will be immediately canceled.

Minimum Vesting Requirements

Awards granted under the 2018 Omnibus Plan may not become exercisable or vested prior to the one-year anniversary of the date of grant, except that this vesting restriction will not apply to awards that in the aggregate do not exceed 5% of the total number of shares initially available under the plan. This restriction also does not restrict the Compensation Committee's right to accelerate or continue vesting in certain circumstances, such as upon or after a change in control or a termination of employment.

Change in Control

Upon the occurrence of a change in control of the Company (as defined in the 2018 Omnibus Plan), unless outstanding awards are honored, assumed or substituted with alternative awards that provide substantially similar terms, conditions and economic value to the substituted awards, and that entitle the participant to accelerated vesting upon an involuntary termination without cause during the two-year period after the change in control, or unless otherwise determined by the Compensation Committee at or after the grant date, all awards will immediately become

exercisable, and any restrictions related to the awards will lapse. However, at the discretion of the Compensation Committee (as constituted immediately prior to the change in control), each option, stock appreciation right, restricted stock unit and/or deferred stock unit instead may be canceled in exchange for an amount of cash calculated pursuant to the 2018 Omnibus Plan. Notwithstanding the foregoing, the Compensation Committee may, in its discretion, instead terminate any outstanding options or stock appreciation rights if either (i) the Company provides participants holding such options and stock appreciation rights with reasonable advance notice to exercise their outstanding and unexercised options and stock appreciation rights, or (ii) the Compensation Committee reasonably determines that the change in control price (as defined in the 2018 Omnibus Plan) is equal to or less than the exercise price for such options or the base price for such stock appreciation rights.

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Forfeiture

Unless otherwise determined by the Compensation Committee at or after the grant date, participants will be subject to confidentiality, non-competition and non-solicitation covenants during the period commencing with a participant's employment and continuing until the one-year period following the later of the participant's termination of employment and the expiration of any post-termination exercise period. If the participant violates any of these covenants during the protected period, any unexercised options, stock appreciation rights, outstanding performance stock units, other performance-based awards, restricted stock or restricted stock units will be forfeited as of the date the violation occurred. The participant must also pay to the Company any financial gain on options or stock appreciation rights exercised; performance stock units, performance-based awards, restricted stock or restricted stock units vesting; or share awards granted in the 12-month period prior to the violation. In addition, all awards granted under the 2018 Omnibus Plan are subject to the Company's compensation recovery policy.

New Plan Benefits

The benefits or amounts that individuals will receive in the future under the 2018 Omnibus Plan are not determinable because the Compensation Committee has the discretion to grant awards.

Federal Income Tax Consequences

The following discussion summarizes certain federal income tax consequences of the issuance and receipt of 2018 Omnibus Plan awards under the law as in effect on the date of this proxy statement. The rules governing the tax treatment of such awards are complex, and the following discussion of tax consequences is necessarily general in nature. In addition, applicable statutory provisions and the interpretation of those provisions are subject to change, possibly with retroactive effect. This summary does not purport to cover all federal employment tax or other federal tax consequences associated with the 2018 Omnibus Plan, nor does it address state, local or non-U.S. taxes.

Options

The grant of an option under the 2018 Omnibus Plan will generally not give rise to any tax consequences for the participant or the Company. The exercise of options and the disposition of common stock received on exercise of options is discussed below.

Non-qualified Stock Options

Upon exercise of a non-qualified stock option, a participant generally will recognize ordinary income equal to the excess of the fair market value of the shares acquired over the exercise price. Upon a disposition of the shares acquired by the exercise of a non-qualified option, the participant generally will have taxable capital gain or loss, measured by the difference between the amount realized on the disposition and the tax basis of the shares of common stock (generally, the exercise price paid for the shares plus the amount treated as ordinary income at the time the option was exercised). The Company generally will be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with the exercise of a non-qualified option but will not be entitled to tax deduction relating to amounts that represent a capital gain to a participant on a disposition of shares. However, if the non-qualified option is exercised by a current or former employee who had been one of our top five executive officers, the Company's deduction will be limited under Section 162(m) of the Code to the first \$1 million of compensation paid to such person in that year (the "162(m) Limit").

Incentive Stock Options

A participant generally will have no taxable income upon exercise of an incentive stock option, except that the alternative minimum tax may apply. Subject to certain statutory restrictions, gain realized upon a disposition of the Company's common stock received pursuant to the exercise of an incentive stock option will generally be taxed as

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long-term capital gain if (1) the participant has held the shares for the longer of two years after the date of grant and one year after the date of exercise, and (2) at all times during the period beginning on the option grant date and ending on the day three months before the option is exercised, the participant remains our employee or an employee of any of our subsidiaries (the Holding Period Requirement). The Company will generally not be entitled to a deduction with respect to the exercise of an incentive stock option, except as discussed below. If the participant disposes of stock acquired by the exercise of an incentive stock option but has not satisfied the Holding Period Requirement described above, the participant will recognize ordinary income upon the disposition of the common stock equal to the excess of (a) the fair market value of the common stock at the time the option was exercised over (b) the exercise price (but not in excess of the gain, if any, realized on the sale). The balance of the realized gain, if any, will generally be capital gain. In such a case, the Company will generally be entitled to a deduction to the extent the participant recognizes ordinary income, subject to the 162(m) Limit.

Stock Appreciation Rights, Performance Stock Units, Performance-based Awards, Deferred Stock Units and Restricted Stock Units

The grant of stock appreciation rights, performance stock units, performance-based awards, deferred stock units and restricted stock units under the 2018 Omnibus Plan will generally not give rise to any tax consequences for the participant or the Company. When the participant exercises a stock appreciation right, or receives cash, vested common stock or both, with respect to a performance stock unit, performance-based award, deferred stock unit or restricted stock unit, the amount of cash and the fair market value of any shares of common stock received will be ordinary income to the participant and the Company will generally be entitled to a corresponding tax deduction equal to the amount recognized as ordinary income by the participant, subject to the 162(m) Limit.

Restricted Stock Awards

Unless a participant makes an election to accelerate recognition of income to the date of grant as described below, the participant will not recognize income, and the Company will not be allowed a tax deduction, at the time a restricted stock award is granted. When the restrictions lapse and the award vests, the participant will recognize ordinary income equal to the fair market value of the common stock as of that date (less the amount, if any, paid for the stock), and the Company will be allowed a corresponding federal income tax deduction at that time, subject to the 162(m) Limit. If the participant files an election under Code Section 83(b) within 30 days after the date of grant, the participant will recognize ordinary income as of the date of grant equal to the fair market value of the stock as of that date (less the amount, if any, paid for the stock), and the Company will generally be allowed a corresponding tax deduction equal to the amount recognized as ordinary income by the participant, subject to the 162(m) Limit. In such case, any future appreciation in the stock will be taxable to the participant as capital gain and the Company will not be entitled to further tax deductions. However, if the award is later forfeited, the participant will not be able to recover the tax previously paid pursuant to the Code Section 83(b) election.

Share Awards

A participant will recognize ordinary income equal to the fair market value of common stock received as a share award (less the amount, if any, paid for the stock), and the Company will generally be allowed a corresponding tax deduction at that time, subject to the 162(m) Limit.

Code Section 409A

The 2018 Omnibus Plan is intended to be administered in a manner generally consistent with the requirements of Code Section 409A. If an award is subject to Code Section 409A (which relates to nonqualified deferred

compensation plans), and if the requirements of Section 409A are not met, the taxable events as described above could apply earlier than described and could result in the imposition of additional taxes and penalties to a participant.

The foregoing general tax discussion is intended for the information of stockholders who are considering how to vote with respect to this proposal and not as tax guidance to participants in the 2018 Omnibus Plan. Participants in the 2018 Omnibus Plan are strongly urged to consult their own tax advisors regarding the federal, state, local, foreign and other tax consequences to them of participating in the 2018 Omnibus Plan.

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Required Vote to Approve the Proposal

A majority of shares present and entitled to vote is required to approve the proposal. Under applicable Delaware law, abstentions are counted as shares entitled to vote at the annual meeting and therefore will have the same effect as a vote against this proposal. Broker non-votes will have no effect in determining the outcome of this proposal.

The Board unanimously recommends a vote FOR approval of the Herc Holdings Inc. 2018 Omnibus Plan.

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**PROPOSAL 4: APPROVAL OF THE AMENDED AND RESTATED
HERC HOLDINGS INC. EMPLOYEE STOCK PURCHASE PLAN**

On November 29, 2017, upon recommendation of the Compensation Committee, the Board adopted the amended and restated Herc Holdings Inc. Employee Stock Purchase Plan (the ESPP), subject to the approval of our stockholders. We are asking our stockholders to approve the amendment and restatement of the ESPP in order to increase the maximum number of shares that may be purchased under the ESPP from 533,333 to 933,333 and to extend the ESPP beyond its stated termination date of May 15, 2018. We believe the continued use of the ESPP aligns the interests of employees and stockholders and aids in the recruitment and retention of employees.

A description of the material provisions of the ESPP is set forth below. The statements made in this Proposal 4 concerning terms and provisions of the ESPP are summaries and are not a complete recitation of the ESPP provisions. You should read the entire ESPP for a complete understanding of its terms and provisions. For your convenience we have attached a copy of the ESPP to this proxy statement as Annex B, and the ESPP is incorporated by reference herein.

Administration and Eligibility

The ESPP is administered by the Compensation Committee or another committee selected by the Board to administer the ESPP. The Compensation Committee may establish sub-plans to provide benefits to foreign employees similar to those provided to U.S. employees under the ESPP in compliance with local law. Employees (including executive officers) of the Company and subsidiaries designated by the Compensation Committee from time to time who satisfy the eligibility criteria that may be established by the Compensation Committee will be eligible to participate in the ESPP. The Compensation Committee may set eligibility criteria based on (i) minimum length of continuous service (not exceeding two years prior to the date of commencement of the applicable offering period), (ii) minimum number of customarily scheduled hours of work per week (not exceeding 20 hours) and/or (iii) minimum number of months customarily worked per calendar year (not exceeding five months). As of March 19, 2018, approximately 4,600 employees are eligible to participate in the ESPP, including six executive officers.

Shares Available for Issuance and Potential Dilutive Impact

If the amendment and restatement of the ESPP is approved, the maximum number of shares of the Company's common stock that may be purchased under the ESPP will be 933,333, subject to adjustment in the case of any change in the shares of the Company, including by reason of a stock dividend, stock split, share combination, recapitalization, reorganization, merger, consolidation or change in corporate structure. As of March 19, 2018, the closing price a share of our common stock on the NYSE was \$69.18.

Purchase of Shares

The Compensation Committee has determined that an eligible employee may elect to participate in the ESPP each quarter through a payroll deduction. The maximum and minimum contributions which an eligible employee may make under the ESPP are determined by the Compensation Committee, provided that no employee is permitted to purchase stock with an aggregate fair market value, determined at the beginning of the applicable quarterly purchase period, greater than \$25,000 per year. At the end of the quarter, the total amount of each employee's payroll deduction will be used to purchase shares of the Company's common stock. The purchase price per share will not be less than 85% of the fair market value of our common stock on the date of purchase. The exact percentage for each offering period will be set in advance by the Compensation Committee and to date has been set at 85%.

Termination of Employment

When an employee terminates employment for any reason, the employee's payroll deductions immediately cease. The employee's payroll deductions that have not been used to purchase shares of the Company's common stock will be returned to the employee or the employee's representative no later than 30 days following the employee's termination of employment.

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Amendment or Termination of the ESPP

The Compensation Committee may terminate, amend or suspend the ESPP at any time and for any reason. An amendment to the plan will be submitted for stockholder approval to the extent required by the Code, any other applicable laws or the listing standards of the NYSE. The ESPP has no set termination date, but will continue until the number of shares approved by our stockholders have all been purchased.

Federal Income Tax Consequences

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

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

Under the applicable provisions of the Code, no income will be taxable to a participant until the shares purchased under the ESPP are sold or otherwise disposed of. Upon sale or other disposition of the shares, the participant will generally be subject to tax in an amount that depends upon the holding period.

If a participant disposes of shares purchased under the ESPP within two years after the beginning of the offering period during which the shares were purchased or within one year after the date of purchase, the participant will recognize ordinary income in the year the shares are disposed of equal to the amount by which the fair market value of the shares on the purchase date exceeded the purchase price for the shares. A participant will be considered to have disposed of a share if the participant sells, exchanges, makes a gift or transfers (except by death) the share. The Company will be entitled to a deduction at the same time and in the same amount as any ordinary income recognized by the employee, subject to any limitations under Section 162(m) of the Code. In addition, the difference between the initial purchase price, increased by any ordinary income recognized by the participant, and the selling price of the shares, will be capital gain or loss to the participant.

If a participant disposes of the purchased shares more than two years after the beginning of the offering period during which the shares were purchased and more than one year after the date of purchase, then the participant will recognize ordinary income in the year of disposition equal to the lesser of (i) the amount by which the fair market value of the shares on the date of disposition exceeded the purchase price and (ii) the excess of the fair market value of the shares on the first day of the offering period in which the shares were purchased over the purchase price, calculated as if the purchase price was determined on the first day of the offering period. In addition, the difference between the initial purchase price, increased by any ordinary income recognized by the participant, and the selling price of the shares, will be long-term capital gain or loss to the participant. The Company will not be entitled to a deduction with respect to shares disposed of in this time period.

New Plan Benefits

The amounts of future purchases under the ESPP are not determinable because participation is voluntary, participation depends on each eligible employee's actions and the restrictions of Code Section 423 and the ESPP, and the per-share purchase price depends on the future value of the Company's common stock. Our NEOs and directors have never participated in the ESPP. In 2017, all non-executive employees as a group purchased 36,559 shares under the ESPP.

Required Vote to Approve the Proposal

A majority of shares present and entitled to vote is required to approve the proposal. Under applicable Delaware law, abstentions are counted as shares entitled to vote at the annual meeting and therefore will have the same effect as a vote against this proposal. Broker non-votes will have no effect in determining the outcome of this proposal.

The Board unanimously recommends a vote FOR approval of the Amended and Restated

Herc Holdings Inc. Employee Stock Purchase Plan.

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**PROPOSAL 5: RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS
THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2018**

Our Audit Committee has appointed PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for 2018. Our Audit Committee believes that PricewaterhouseCoopers LLP is well-qualified.

We are asking our stockholders to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm as a matter of good corporate practice. The Audit Committee will consider, but is not obligated to abide by, the outcome of this vote in determining whether to engage PricewaterhouseCoopers LLP in 2019 or another independent registered public accounting firm without submitting the matter to our stockholders. Further, the Audit Committee may select a different independent registered public accounting firm at any time if, in the Audit Committee s sole discretion, the Audit Committee determines that such a change would be in the best interests of the Company and our stockholders.

A representative of PricewaterhouseCoopers LLP will be present at the annual meeting with the opportunity to make a statement if he or she so desires and to respond to appropriate questions.

Required Vote to Approve the Proposal

A majority of shares present and entitled to vote is required to approve the proposal. Under applicable Delaware law, abstentions are counted as shares entitled to vote at the annual meeting and therefore will have the same effect as a vote against this proposal. We do not expect there will be any broker non-votes with respect to this proposal.

The Board and the Audit Committee unanimously recommend

a vote FOR ratification of the selection of PricewaterhouseCoopers LLP as

the Company s independent registered public accounting firm for 2018.

Table of Contents**AUDITOR INFORMATION****Independent Registered Public Accounting Firm Fees**

The amounts in the table below reflect the amounts billed by PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, for services during 2017 and 2016 as well as, for 2017, certain additional estimated fees.

(in thousands)	2017	2016
Audit fees ⁽¹⁾	\$ 5,503	\$ 5,781
Audit-related fees		
Tax fees ⁽²⁾	126	85
All other fees ⁽³⁾	111	
Total	\$ 5,740	\$ 5,866

- (1) In 2017 and 2016, audit fees were for services rendered in connection with the audit of the Company's annual financial statements, reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q, attestation of the effectiveness of our internal controls over financial reporting, and providing comfort letters in connection with our financing transactions. The 2016 column of the table above does not reflect fees paid for services performed for Hertz Holdings prior to the Spin-Off (other than for the audit of the Company's standalone financial statements included in the information statement and providing comfort letters in connection with our financing transactions entered into in connection with the Spin-Off).
- (2) Fees related to our tax compliance.
- (3) Fees related to due diligence services provided in connection with strategic matters.

Audit Committee Pre-Approval Policy

Our Audit Committee's charter requires the Audit Committee to pre-approve all audit and permitted non-audit services to be performed by our independent registered public accounting firm; however, the Audit Committee has delegated pre-approval authority to the Chair of the Audit Committee (up to a limit of \$100,000 during the period between Audit Committee meetings), who must then provide a report to the full Audit Committee at its next scheduled meeting. All audit and non-audit services were pre-approved by the Audit Committee.

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AUDIT COMMITTEE REPORT

The Audit Committee has reviewed and discussed with management of the Company and PricewaterhouseCoopers LLP (PwC), the independent registered public accounting firm for the Company, the audited financial statements of the Company for the fiscal year ended December 31, 2017 (the Audited Financial Statements).

The Audit Committee has discussed with PwC the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC.

The Audit Committee has reviewed and discussed with management, PwC and the internal auditor, the effectiveness of the Company s internal control over financial reporting, management s assessment thereof, and PwC s report on the effectiveness of the Company s internal control over financial reporting.

The Audit Committee has: (i) considered whether non-audit services provided by PwC are compatible with its independence; (ii) received the written disclosures and the letter from PwC required by the applicable requirements of the Public Company Accounting Oversight Board regarding PwC s communications with the Audit Committee concerning independence; and (iii) discussed with PwC its independence.

Based on the reviews and discussions described above, the Audit Committee recommended to the Board that the Audited Financial Statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

THE AUDIT COMMITTEE

James H. Browning, Chair
Patrick D. Campbell
Jean K. Holley
Jacob M. Katz
Stephen A. Mongillo

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

The following table sets forth information as of March 19, 2018, unless another date is specified below, with respect to the ownership of our common stock by:

each person known by the Company to own beneficially more than 5% of our common stock;

each of the directors and director nominees of the Company;

each of the NEOs; and

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

The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which is the power to vote or direct the voting of such security, or investment power, which is the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest. As of March 19, 2018, there were 28,403,830 shares of our common stock outstanding.

Except as otherwise indicated in the footnotes to this table, each of the beneficial owners listed has, to the knowledge of the Company, sole voting and investment power with respect to the indicated shares of common stock.

Name and Address of Beneficial Owner	Shares Beneficially Owned	
	Number	Percent %
GAMCO Investors, Inc. ⁽¹⁾	4,825,189	17.0%
Carl C. Icahn ⁽²⁾	4,494,789	15.8%
The Vanguard Group ⁽³⁾	2,094,617	7.4%
Blackrock, Inc. ⁽⁴⁾	1,578,622	5.6%
Named Executive Officers⁽⁵⁾		
Lawrence H. Silber	30,900	*
Barbara L. Brasier	12,694	*
Christian J. Cunningham	12,509	*
James Bruce Dressel	28,948	*
Maryann A. Waryjas	6,574	*

Directors and Director Nominees (excluding Mr. Silber) ⁽⁶⁾		
Herbert L. Henkel		
James H. Browning	4,357	*
Patrick D. Campbell	5,117	*
Nicholas Graziano		
Jean K. Holley	3,442	*
Jacob M. Katz	2,042	*
Michael A. Kelly	5,117	*
Courtney Mather	5,117	*
Stephen A. Mongillo	5,117	*
Louis J. Pastor	5,117	*
Mary Pat Salomone ⁽⁷⁾	132	*
All directors and executive officers as a group (16 persons)	127,183	*

* Less than 1%

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- (1) Based on Amendment No. 10 to Schedule 13D filed on July 10, 2017 by GAMCO Investors, Inc., which disclosed that Mario J. Gabelli and various entities which he directly or indirectly controls or for which he acts as chief investment officer beneficially owned 4,825,189 shares of common stock as of July 10, 2017, as follows: (i) GAMCO Asset Management Inc. beneficially owned 3,531,862 shares of common stock; (ii) Gabelli Funds, LLC beneficially owned 1,250,309 shares of common stock; (iii) Mario J. Gabelli beneficially owned 21,533 shares of common stock; (iv) Teton Advisors, Inc. beneficially owned 14,000 shares of common stock; (v) GGCP, Inc. beneficially owned 3,000 shares of common stock; (vi) Gabelli & Company Investment Advisers, Inc. beneficially owned 2,625 shares of common stock; (vii) Gabelli Foundation, Inc. beneficially owned 1,000 shares of common stock; (viii) MJG Associates, Inc. beneficially owned 600 shares of common stock; and (ix) GAMCO Investors, Inc. beneficially owned 260 shares of common stock. Each of the reporting persons disclosed has the sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the shares reported for it, either for its own benefit or for the benefit of its investment clients or its partners, as the case may be, except that (i) GAMCO Asset Management Inc. does not have the authority to vote 215,800 of the reported shares; (ii) Gabelli Funds, LLC has sole dispositive and voting power with respect to the shares held by certain funds it advises so long as the aggregate voting interest of all reporting persons does not exceed 25% of their total voting interest in the Company, and, in that event, the proxy voting committee of each fund shall respectively vote that fund's shares; (iii) at any time, the proxy voting committee of each such fund may take and exercise in its sole discretion the entire voting power with respect to the shares held by such fund under special circumstances such as regulatory considerations; and (iv) the power of Mario Gabelli, GAMCO Investors, Inc. and GGCP, Inc. is indirect with respect to shares beneficially owned directly by other reporting persons. The principal business address of (i) GAMCO Asset Management Inc., Gabelli Funds, LLC, Gabelli & Company Investment Advisers, Inc., GAMCO Investors, Inc. and Teton Advisors, Inc. is One Corporate Center, Rye, NY 10580; (ii) Gabelli Foundation, Inc. is 165 West Liberty Street, Reno, NV 89501; and (iii) GGCP, Inc. and MJG Associates, Inc. is 140 Greenwich Avenue, Greenwich, CT 06830.
- (2) Based on Amendment No. 10 to Schedule 13D filed on August 15, 2017 by Carl C. Icahn, which disclosed that Carl C. Icahn and various entities associated with Carl C. Icahn beneficially owned 4,494,789 shares of common stock as of August 15, 2017, as follows: (i) Icahn Partners LP had sole voting and dispositive power over 2,133,096 shares of common stock; (ii) Icahn Partners Master Fund LP had sole voting and dispositive power over 1,462,736 shares of common stock; and (iii) High River Limited Partnership had sole voting and dispositive power over 898,957 shares of common stock. Mr. Icahn is in a position indirectly to determine the investment and voting decisions made by each of the reporting persons because he is the sole stockholder of (i) Barberry Corp., which is the sole member of Hopper Investments LLC, which is the general partner of High River Limited Partnership and (ii) Beckton Corp., which is the sole stockholder of Icahn Enterprises G.P. Inc., which is the general partner of Icahn Enterprises Holdings L.P., which is the sole member of IPH GP LLC, which is the general partner of Icahn Capital LP, which is the general partner of Icahn Offshore LP and Icahn Onshore LP. Icahn Offshore LP is the general partner of Icahn Partners Master Fund LP and Icahn Onshore LP is the general partner of Icahn Partners LP. Each of the foregoing persons, other than the reporting persons, disclaims beneficial ownership of such shares of common stock. The principal business address of (i) Mr. Icahn is c/o Icahn Associates Holding LLC, is 767 Fifth Avenue, 47th Floor, New York, NY 1015, and (ii) each of the entities noted above is White Plains Plaza, 445 Hamilton Avenue Suite 1210, White Plains, NY 10601.
- (3) Based on Amendment No. 4 to Schedule 13G filed on February 9, 2018 by The Vanguard Group, which disclosed that The Vanguard Group beneficially owned 2,094,617 shares of common stock as of December 31, 2017, and had (i) sole voting power over 48,437 shares of common stock, (ii) shared voting power over 2,626 shares of common stock, (iii) sole dispositive power over 2,045,537 shares of common stock and (iv) shared dispositive power over 49,080 shares of common stock. The principal business address of The Vanguard Group is 100 Vanguard Blvd., Malvern, PA 19355.
- (4) Based on the Schedule 13G filed on February 1, 2018 by Blackrock, Inc., which disclosed that Blackrock, Inc. beneficially owned 1,578,622 shares of common stock as of December 31, 2017, and had (i) sole voting power

over 1,525,962 shares of common stock and (ii) sole dispositive power over 1,578,622 shares of common stock. The principal business address of BlackRock Inc. is 55 East 52nd Street, New York, NY 10055.

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- (5) Shares shown as beneficially owned by the executive officers include (i) shares underlying stock options which are exercisable or may be exercised within 60 days as follows: 30,900 shares for Mr. Silber; 7,456 shares for Ms. Brasier; 9,428 shares for Mr. Cunningham; 18,641 shares for Mr. Dressel; and 5,044 shares for Ms. Waryjas, and (ii) shares underlying performance stock options which have been earned and are scheduled to vest within 60 days as follows: 1,451 shares for Mr. Cunningham, and 2,807 shares for Mr. Dressel.
- (6) Directors may elect to defer their compensation into phantom stock units that vest after the director leaves the Board. Because of the vesting term, the shares that those directors will receive upon vesting are not considered to be beneficially owned. Directors hold the following phantom stock units: 2,260 units for Mr. Browning, 17,874 units for Mr. Henkel, 2,916 units for Mr. Mather, and 5,117 units for Ms. Salomone.
- (7) Of the shares indicated, 66 shares are held indirectly by a trust established for Ms. Salomone's estate planning purposes.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based on a review of reports filed by the Company's directors, executive officers and beneficial holders of 10% or more of our outstanding common stock, and upon representations from certain of those persons, we believe that all Section 16(a) filing requirements applicable to these reporting persons were timely met during the year ended December 31, 2017, except that a Form 4 filed by Mr. Richard Marani, our former chief information officer, reported one late transaction due to an administrative error by the Company.

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CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Procedures for Approval of Related Person Transactions

Our Board has adopted a written policy requiring the Nominating and Governance Committee to review certain transactions involving the Company in which any director, director nominee, executive officer, beneficial owner of greater than 5% of our common stock or any of their immediate family members (collectively, related persons) has a direct or indirect material interest, as determined by the Nominating and Governance Committee. This policy covers, without limitation, financial transactions, arrangements or relationships, indebtedness and guarantees of indebtedness and transactions involving employment (with certain exceptions) and similar relationships, but excludes certain transactions deemed not to involve a material interest on the part of the related person. The policy requires directors, director nominees and executive officers to promptly notify the Chief Legal Officer, the Compliance Officer or the Chief Financial Officer in writing of any transaction involving the Company and a related person so that it can be reviewed by the Nominating and Governance Committee to determine whether the related person has a direct or indirect material interest in the transaction. If the Nominating and Governance Committee so determines, it considers all relevant information to assess whether the transaction is in, or not inconsistent with, the best interests of the Company and its stockholders. Prior to any renewal of a previously approved related person transaction, the Nominating and Governance Committee will again review the transaction to determine whether it should be renewed.

The Board has also adopted the written Directors Code of Business Conduct and Ethics (the Directors Code) applicable to the Board and the Company has adopted the written Code of Ethics, which require all employees, officers and directors to avoid conflicts of interests.

The Directors Code is applicable to all Board members and provides guidance for handling unforeseen situations which may arise, including conflicts of interest. Pursuant to the Directors Code, a conflict of interest may arise when a Board member s private interest interferes in any way or even appears to interfere with the interests of the Company as a whole. The Directors Code specifies that a conflict of interest may include, among other things, the following:

when a Board member or a member of his or her family takes actions or has interests that may make it difficult for the Board member to make decisions on behalf of the Company objectively and effectively;

where a Board member or a member of his or her family has a financial interest in, or is engaged, directly or indirectly, in the management of an organization that deals with the Company as a supplier, contractor, purchaser or distributor of the Company s products or services, or is a competitor; and

where a Board member renders services to another organization or individual as an employee, agent, consultant or director if the organization or individual is doing or seeking to do business with the Company or is a competitor.

Pursuant to the Directors Code, any member of our Board who believes he or she has an actual or potential conflict of interest with the Company should notify the Chair of the Nominating and Governance Committee as promptly as practicable. That member should not participate in any decision by our Board, or any committee of our Board, that in any way relates to the matter that gives rise to the conflict or potential conflict of interest until the issue has been resolved to the satisfaction of the Nominating and Governance Committee or the Board.

The Code of Ethics is applicable to all employees and officers of the Company and its subsidiaries. The Code of Ethics generally prohibits employees from maintaining outside business or financial interests or engaging in outside business or financial activity that conflicts with the interests of the Company.

The following is a description of certain relationships and transactions that existed or that the Company has engaged in with directors, executive officers, major stockholders and certain other related persons, in each case since January 1, 2017.

Table of Contents**Agreements with Carl C. Icahn**

The Company is subject to the Nomination and Standstill Agreement, dated September 15, 2014 (the "Nomination and Standstill Agreement"), with Carl C. Icahn, High River Limited Partnership, Hopper Investments LLC, Barberry Corp., Icahn Partners LP, Icahn Partners Master Fund LP, Icahn Enterprises G.P. Inc., Icahn Enterprises Holdings L.P., IPH GP LLC, Icahn Capital LP, Icahn Onshore LP, Icahn Offshore LP, Beckton Corp., Vincent J. Intrieri, Samuel Merksamer and Daniel A. Ninivaggi (collectively, the "Original Icahn Group"). In connection with their appointments to the Board, each of Courtney Mather, Louis J. Pastor and Stephen A. Mongillo (collectively, the "Icahn Designees," and, together with the Original Icahn Group, the "Icahn Group") executed a Joinder Agreement agreeing to become bound as a party to the terms and conditions of the Nomination and Standstill Agreement (such Joinder Agreements, together with the Nomination and Standstill Agreement, are collectively referred to herein as the "Icahn Agreements").

Pursuant to the Icahn Agreements, the Icahn Designees were appointed to our Board effective June 30, 2016. Pursuant to the Icahn Agreements, so long as an Icahn Designee is a member of our Board, the Board will not be expanded beyond its current size of 11 members without approval from the Icahn Designees then on the Board. In addition, pursuant to the Icahn Agreements, subject to certain restrictions and requirements, the Icahn Group will have certain replacement rights in the event an Icahn Designee resigns or is otherwise unable to serve as a director (other than as a result of not being nominated by the Company for an annual meeting). Effective upon Nicholas Graziano's election to the Board, Mr. Graziano will be deemed an Icahn Designee and Mr. Mongillo will no longer be deemed an Icahn Designee.

In addition, until the date that no Icahn Designee is a member of the Board (or otherwise deemed to be on the Board pursuant to the terms of the Icahn Agreements), the Icahn Group agrees to vote all of its shares of the Company's common stock in favor of the election of all of the Company's director nominees at each annual or special meeting of the Company's stockholders and, subject to limited exceptions, the Icahn Group further agrees to (i) adhere to certain standstill obligations, including the obligation to not solicit proxies or consents or influence others with respect to the same, and (ii) not acquire or otherwise beneficially own more than 20% of the Company's outstanding voting securities.

Pursuant to the Icahn Agreements, the Company will not create a separate executive committee of the Board so long as an Icahn Designee is a member of the Board.

Under the Icahn Agreements, if the Icahn Group ceases to hold a net long position, as defined in the Nomination and Standstill Agreement, in at least (A) 1,900,000 shares of our common stock, the Icahn Group will cause one Icahn Designee to promptly resign from the Board; (B) 1,520,000 shares of our common stock, the Icahn Group will cause two Icahn Designees to promptly resign from the Board; and (C) 1,266,667 shares of our common stock, the Icahn Group will cause all of the Icahn Designees to promptly resign from the Board and the Company's obligations under the Icahn Agreements will terminate.

In addition, pursuant to the Icahn Agreements, the Company entered into a registration rights agreement, effective June 30, 2016 (the "Registration Rights Agreement"), with High River Limited Partnership, Icahn Partners LP and Icahn Partners Master Fund LP, on behalf of any person who is a member of the Icahn group (as such term is defined therein) who owns applicable securities at the relevant time and is or has become a party to the Registration Rights Agreement. The Registration Rights Agreement provides for customary demand and piggyback registration rights and obligations.

Indemnification Agreements

The Company is a party to indemnification agreements with each of its directors. The indemnification agreements provide the directors with contractual rights to the indemnification and expense advancement rights provided under the Company's By-laws, as well as contractual rights to additional indemnification regarding expenses as provided in the indemnification agreements.

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Other Relationships

In connection with our equipment rental businesses, we enter into millions of rental transactions every year involving hundreds of thousands of customers. In order to conduct that business, we also procure goods and services from thousands of vendors. Some of those customers and vendors may be affiliated with members of our Board or management team. We believe that all such rental and procurement transactions have been conducted on an arms length basis and involved terms no less favorable to us than those that we believe we would have obtained in the absence of such affiliation.

OTHER BUSINESS

Our Board is not aware of any other matters to be presented at the annual meeting. If any other matter proper for action at the meeting is properly presented, the holders of the accompanying proxy will have discretion to vote the shares represented by the proxy on such matter in accordance with their best judgment. If any matter not proper for action at the meeting should be presented, the holders of the proxy will vote against consideration of the matter or the proposed action.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

We have sent or are sending the Notice, which indicates that that our proxy materials and annual report to stockholders for 2017 will be made available on the Internet at www.proxyvote.com. If you wish to receive paper or e-mail copies of any of these materials, please follow the instructions on your Notice.

STOCKHOLDER PROPOSALS FOR 2019 ANNUAL MEETING

The Company will review for inclusion in next year's proxy statement stockholder proposals received by December 3, 2018. Proposals should be sent, along with proof of ownership of our common stock in accordance with Exchange Act Rule 14a-8(b)(2), to the Senior Vice President, Chief Legal Officer and Secretary of the Company at 27500 Riverview Center Blvd., Bonita Springs, Florida 34134. We strongly encourage any stockholder interested in submitting a proposal to contact our Chief Legal Officer in advance of this deadline to discuss the proposal. Stockholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a proposal does not guarantee that we will include it in our proxy statement.

Stockholder proposals, including nominations for directors, not included in next year's proxy statement may be brought before the 2019 annual meeting of stockholders by a stockholder of the Company who is entitled to vote at the meeting, who has given a written notice to the Senior Vice President, Chief Legal Officer and Secretary of the Company containing certain information specified in our By-laws and who was a stockholder of record at the time such notice was given. Such notice must be delivered to or mailed and received at the address in the preceding paragraph no earlier than January 17, 2019 and no later than February 16, 2019, except that if the 2019 annual meeting of stockholders is held before April 17, 2019 or after July 26, 2019, such notice must be delivered at the address in the preceding paragraph no earlier than 120 days prior to the date of such annual meeting and not later than the close of business on the later of (i) the 90th day prior to the date of such annual meeting or (ii) the tenth day following the day on which a public announcement of the date of such annual meeting is first made.

Our By-laws require that stockholder recommendations for nominees to the Board must include the name of the nominee or nominees, information regarding the nominee or nominees that would be required to be included in a

proxy statement for the election of directors and a consent signed by the nominee or nominees evidencing consent to be named in the proxy statement and willingness to serve on the Board, if elected.

ANNUAL REPORT FOR 2017

The Company's annual report to stockholders for the year 2017 is being made available on or about April 2, 2018 to persons who were stockholders of record as of March 19, 2018, the record date for the annual meeting.

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ANNEX A

HERC HOLDINGS INC.

2018 OMNIBUS INCENTIVE PLAN

ARTICLE I

PURPOSES

The purposes of this Plan are to foster and promote the long-term financial success of the Company and its Subsidiaries by (a) motivating superior performance by Participants, (b) providing Participants with an ownership interest in the Company, and (c) enabling the Company and the Subsidiaries to attract and retain the services of outstanding employees, officers, directors and consultants upon whose judgment, interest and special effort the successful conduct of its operations is largely dependent.

ARTICLE II

DEFINITIONS

2.1 Certain Definitions. Capitalized terms used herein without definition shall have the respective meanings set forth below:

Adjustment Event means any change in the number of outstanding Shares after the Effective Date by reason of any dividend payable in capital stock, stock split, share combination, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination or transaction, exchange of shares or other corporate exchange, any equity restructuring (as defined under Financial Accounting Standards Board Accounting Standards Codification 718) or any distribution to stockholders other than regular cash dividends, or any similar transaction or event affecting the Common Stock.

Affiliate means, with respect to any Person, any other Person controlled by, controlling or under common control with such Person.

Alternative Award has the meaning given in Section 9.2.

Award means any Option, Stock Appreciation Right, Performance Stock Unit, Restricted Stock, Restricted Stock Unit, Deferred Stock Unit or Performance-Based Award granted pursuant to this Plan, including an Award combining two or more types in a single grant.

Award Agreement means any written agreement, contract, or other instrument or document evidencing any Award granted by the Committee pursuant to this Plan. The terms of any plan or guideline adopted by the Committee and applicable to an Award shall be deemed incorporated in and part of the related Award Agreement. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements and means for the Participant's acceptance of, or actions under, an Award Agreement. In the event of any inconsistency or conflict between the terms of this Plan and an Award Agreement, the terms of this Plan shall govern.

Business has the meaning given in Section 4.6.

Board means the Board of Directors of the Company.

Cause means, except as otherwise defined in an Award Agreement, with respect to any Participant (as determined by the Committee) (i) willful and continued failure to perform substantially the Participant's material duties with the Company (other than any such failure resulting from the Participant's incapacity as a result of physical or mental illness) after a written demand for substantial performance specifying the manner in which the Participant has not performed such duties is delivered to the Participant by the Person that supervises or manages the Participant, (ii) engaging in willful and serious misconduct that is injurious to the Company or any of its Subsidiaries, (iii) one or more acts of fraud or personal dishonesty resulting in or intended to result in personal enrichment at the expense of the Company or any of its Subsidiaries, (iv) substantial abusive use of alcohol, drugs or

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similar substances that, in the sole judgment of the Company, impairs the Participant's job performance, (v) material violation of any Company policy that results in harm to the Company or any of its Subsidiaries or (vi) indictment for or conviction of (or plea of guilty or *nolo contendere*) to a felony or of any crime (whether or not a felony) involving moral turpitude. A Termination for Cause, shall include a determination by the Committee following a Participant's termination of employment for any other reason that, prior to such termination of employment, circumstances constituting Cause existed with respect to such Participant.

Change in Control means the first occurrence of any of the following events after the Effective Date:

- (a) any Person or Group, other than the Company, the Subsidiaries, or any employee benefit plan of the Company or the Subsidiaries, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 30% of the total voting power of the voting stock of the Company (or any entity which controls the Company) within a 12 month period, including by way of merger, consolidation, tender or exchange offer;
- (b) within any 12-month period, the Incumbent Directors shall cease for any reason to constitute at least a majority of the Board or the board of directors of any successor to the Company; provided that any director elected to the Board, or nominated for election, by a majority of the Incumbent Directors then still in office (or whose election or nomination for election was previously approved as set forth in this proviso) shall be deemed to be an Incumbent Director for purposes of this clause (b);
- (c) the consummation of a reorganization, recapitalization, merger or consolidation (a *Corporate Transaction*) involving the Company, unless securities representing 50% or more of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the Company or the corporation resulting from such Corporate Transaction (or the parent of such corporation) are held subsequent to such transaction by the Person or Persons who were the beneficial owners of the outstanding voting securities entitled to vote generally in the election of directors of the Company immediately prior to such Corporate Transaction, in substantially the same proportions as their ownership immediately prior to such Corporate Transaction;
- (d) the approval by the Company's shareholders of the liquidation or dissolution of the Company other than a liquidation of the Company into any Subsidiary or a liquidation a result of which Persons who were stockholders of the Company immediately prior to such liquidation own, directly or indirectly, more than 50% of the combined voting power entitled to vote generally in the election of directors of the entity that holds substantially all of the assets of the Company following such event; and
- (e) the sale, transfer or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any Person or Group other than the Company, the Subsidiaries, or any employee benefit plan of the Company or the Subsidiaries.

Change in Control Price means the price per share on a fully diluted basis offered in conjunction with any transaction resulting in a Change in Control, as determined in good faith by the Committee as constituted before the Change in Control, if any part of the offered price is payable other than in cash.

Code means the Internal Revenue Code of 1986, as amended, or any successor thereto and the regulations and guidance promulgated thereunder.

Committee means the Compensation Committee of the Board or, if applicable, the delegate of the Compensation Committee of the Board as permitted or required herein, or such other committee of the Board (including, without

limitation, the full Board) to which the Board has delegated power to act under or pursuant to the provisions of this Plan.

Common Stock means the common stock, par value \$0.01 per share, of the Company and any other securities into which the Common Stock is changed or for which the Common Stock is exchanged.

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Company means Herc Holdings Inc., a Delaware corporation, and any successor thereto.

Covered Period has the meaning given in Section 4.6.

Deferred Annual Amount has the meaning given in Section 8.1.

Deferred Stock Unit means a Participant's contractual right to receive a stated number of Shares or, if provided by the Committee on or after the grant date, cash equal to the Fair Market Value of such Shares or any combination of Shares and cash, under this Plan at the end of a specified period of time.

Disability means, unless otherwise provided in an Award Agreement, a physical or mental disability or infirmity that prevents or is reasonably expected to prevent the performance of a Participant's employment-related duties for a period of six months or longer and, within 30 days after the Company notifies the Participant in writing that it intends to terminate his employment, the Participant shall not have returned to the performance of his employment-related duties on a full-time basis; provided, that (i) for purposes of Section 5.1(e) in respect of ISOs, the term *Disability* shall have the meaning assigned to the term *Permanent and Total Disability* by section 22(e)(3) of the Code (i.e., physical or mental disability or infirmity lasting not less than 12 months), and (ii) with respect to any Award that constitutes deferred compensation subject to section 409A of the Code, *Disability* shall have the meaning set forth in section 409A(a)(2)(c) of the Code. The Committee's reasoned and good faith judgment of *Disability* shall be final, binding and conclusive, and shall be based on such competent medical evidence as shall be presented to it by such Participant and/or by any physician or group of physicians or other competent medical expert employed by the Participant or the Company to advise the Committee. Notwithstanding the foregoing (but except in the case of ISOs and awards subject to section 409A of the Code), with respect to any Participant who is a party to an employment agreement with the Company or any Subsidiary, *Disability* shall have the meaning, if any, specified in such Participant's employment agreement.

Dividend Equivalents means an amount equal to any dividends and distributions paid by the Company with respect to the number of Shares subject to an Award; provided that, subject to Section 4.3, (i) Dividend Equivalents shall not be payable with respect to Options or Stock Appreciation Rights, and (ii) any Dividend Equivalents payable on other Awards shall be subject to the same Restriction Period and other restrictions that apply to the underlying Award.

Effective Date means the date the stockholders of the Company approve this Plan.

Exchange Act means the Securities Exchange Act of 1934, as amended, or any successor statute thereto, and the rules promulgated thereunder.

Executive Officer means each person who is an officer of the Company or any Subsidiary and who is subject to the reporting requirements under Section 16(a) of the Exchange Act.

Fair Market Value means, unless otherwise defined in an Award Agreement, on a given date, (i) if the Common Stock is listed or traded on the New York Stock Exchange (the *NYSE*), the closing price of one share of Common Stock as reported on the NYSE composite tape on such date or, if there is no such reported sale price of a Share on the NYSE composite tape on such date, then the closing price of a Share as reported on the NYSE composite tape on the last previous day on which a sale price of a Share was reported on the NYSE composite tape, and (ii) if at any time the Common Stock is no longer listed or traded on the NYSE, the Fair Market Value shall be the value established by the Committee in good faith.

Group means a group, as such term is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

Incumbent Director means, with respect to any period of time specified under this Plan for purposes of determining a Change in Control, the persons who were members of the Board at the beginning of such period; provided, that a director elected, or nominated for election, to the Board in connection with a proxy contest shall not be considered an Incumbent Director.

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ISOs has the meaning given in Section 5.1(a).

New Employer means a Participant's employer, or the parent or a subsidiary of such employer, immediately following a Change in Control.

NSOs has the meaning given in Section 5.1(a).

Option means the right granted to a Participant pursuant to this Plan to purchase a stated number of Shares at a stated price for a specified period of time.

Option/SAR Financial Gain shall equal, on each date of exercise during the Wrongful Conduct Period, (I) with respect to Options, the excess of (A) the greater of (i) the Fair Market Value on the date of exercise and (ii) the Fair Market Value on the date of sale of the Option shares, over (B) the exercise price, multiplied by the number of Shares subject to such Award (without reduction for any Shares surrendered or attested to), and (II) with respect to Stock Appreciation Rights, the excess of (A) the Fair Market Value on the date of exercise, over (B) the base price, multiplied by the number of Shares subject to such Stock Appreciation Right.

Participant means any non-employee director, officer or employee of, or any natural person who is a consultant to, the Company or any Subsidiary.

Performance Period means the period, as determined by the Committee, during which the performance of the Company, any Subsidiary, any business unit and any individual is measured to determine whether and the extent to which the applicable performance measures have been achieved.

Performance Stock Unit means a Participant's contractual right to receive a stated number of Shares or, if provided by the Committee on or after the grant date, cash equal to the Fair Market Value of such Shares or any combination of Shares and cash having an aggregate Fair Market Value equal to such stated number of Shares, under this Plan at a specified time that is forfeitable by the Participant until the attainment of specified performance goals, or until otherwise determined by the Committee or in accordance with this Plan, subject to the continuous employment of the Participant through the completion of the applicable Performance Period (or such portion of the applicable Performance Period as otherwise provided in Article VI).

Performance-Based Award has the meaning given in Section 6.1.

Performance-Based Financial Gain shall equal, in the case of each Performance Stock Unit or other Performance-Based Award Vesting Date during the Wrongful Conduct Period, (I) the greater of (A) the Fair Market Value of a share of the underlying Common Stock on the Vesting Date of such Award and (B) the per share Fair Market Value on the date of any sale of such underlying Common Stock, multiplied by (II) the number of Shares subject to such Award (without reduction for any Shares surrendered or attested to).

Person means any individual, company, government or political subdivision, agency or instrumentality of a government, as the term "person" is used for purposes of Section 13(d) or 14(d) of the Exchange Act.

Plan means this Herc Holdings Inc. 2018 Omnibus Incentive Plan, as the same may be interpreted by the Committee and/or be amended from time to time.

Prior Plan means the Herc Holdings Inc. 2008 Omnibus Incentive Plan (formerly known as the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan).

Replacement Award means an Award made to employees of companies or businesses acquired by the Company to replace incentive awards and opportunities held by such employees prior to such acquisition.

Restricted Stock means a grant of a stated number of Shares to a Participant under this Plan that is forfeitable by the Participant until the completion of a specified period of future service, or until otherwise determined by the Committee or in accordance with this Plan.

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Restricted Stock Unit means a Participant's contractual right to receive a stated number of Shares or, if provided by the Committee on or after the grant date, cash equal to the Fair Market Value of such Shares or any combination of Shares and cash having an aggregate Fair Market Value equal to such stated number of Shares, under this Plan at the end of a specified period of time that is forfeitable by the Participant until the completion of a specified period of future service, or until otherwise determined by the Committee or in accordance with this Plan.

Restriction-Based Financial Gain shall equal, on each Restricted Stock and Restricted Stock Unit Vesting Date during the Wrongful Conduct Period, (I) the greater of (A) the Fair Market Value of a share of the underlying Common Stock on the Vesting Date and (B) the per share Fair Market Value on the date of sale of such underlying Common Stock, multiplied by (II) the number of Shares subject to such Award (without reduction for any Shares surrendered or attested to).

Restriction Period means (i) with respect to any Performance Stock Unit, the period beginning on the grant date of such Award and ending on the certification by the Committee that the performance objectives or objectives for the applicable Performance Period have been attained (in whole or in part) in accordance with Section 6.2(d), (ii) with respect to any Restricted Stock or Restricted Stock Unit, the Restriction Period specified in the Award Agreement evidencing such Award, and (iii) with respect to any freestanding Deferred Stock Unit as to which the Committee has specified a Restriction Period in accordance with Section 8.3, the Restriction Period so specified.

Retirement means, except as otherwise defined in an Award Agreement, a Participant's retirement from active employment with the Company and any Subsidiary at or after such Participant attains age 65, or after such Participant attains age 55 and has provided, at minimum, 10 years of service to the Company or any Subsidiary.

Share Award means an Award of unrestricted Shares pursuant to Section 7.6 of this Plan.

Share-Based Financial Gain shall equal, in the case of each Share Award grant date during the Wrongful Conduct Period, (I) the greater of (A) the Fair Market Value of a share of the underlying Common Stock on the grant date of such Award and (B) the per share Fair Market Value on the date of any sale of such underlying Common Stock, multiplied by (II) the number of Shares subject to such Award (without reduction for any Shares surrendered or attested to).

Shares means shares of Common Stock.

Stock Appreciation Right means a Participant's right to receive, upon exercise, a payment from the Company in cash and/or Shares equal to the product of (i) the excess, if any, of the Fair Market Value of one Share on the exercise date over a specified base price fixed by the Committee on the grant date, multiplied by (ii) a stated number of Shares covered by the Stock Appreciation Right and subject to such exercise.

Subsidiary means any corporation in which the Company owns, directly or indirectly, stock representing 50% or more of the combined voting power of all classes of stock entitled to vote, and any other business organization, regardless of form, in which the Company possesses, directly or indirectly, 50% or more of the total combined equity interests in such organization.

Vesting Date means (i) with respect to any Performance Stock Unit, Restricted Stock or Restricted Stock Unit, the expiration date of the applicable Restriction Period, and (ii) with respect to any Option or Stock Appreciation Right, the date such Award first becomes exercisable in accordance with this Plan and the Award Agreement evidencing such Award.

Wrongful Conduct has the meaning given in Section 4.6.

Wrongful Conduct Period has the meaning given in Section 4.6.

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2.2 Gender and Number. Except when otherwise indicated by the context, words in the masculine gender used in this Plan shall include the feminine gender, the singular shall include the plural, and the plural shall include the singular.

ARTICLE III

POWERS OF THE COMMITTEE

3.1 Eligibility and Participation. The Committee (or its delegate) may designate Participants to participate in this Plan.

3.2 Power to Grant and Establish Terms of Awards. The Committee shall have the authority, to determine the type or types of Awards to be granted and the terms and conditions of any Award, consistent with the provisions of this Plan, and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Committee may establish different terms and conditions for different types of Awards, for different Participants receiving the same type of Award, and for the same Participant for each type of Award such Participant may receive, whether or not granted at the same or different times. Awards may, in the discretion of the Committee, be made under this Plan in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or any of its Subsidiaries or with which the Company or any of its Subsidiaries combines. The number of Shares underlying such substitute awards shall not be counted against the aggregate number of Shares available for Awards under this Plan.

3.3 Administration. The Committee shall be responsible for the administration of this Plan. The Committee shall have authority to prescribe, amend and rescind rules and regulations relating to this Plan, to interpret this Plan and to make all other determinations as it deems necessary or desirable for the administration of this Plan and to carry out its provisions and purposes, and may delegate such authority as it deems appropriate. The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent the Committee deems necessary or desirable. Any determination, interpretation or other action made or taken (including any failure to make any determination or interpretation, or take any other action) by the Committee pursuant to the provisions of this Plan, shall, to the greatest extent permitted by law, be within its sole and absolute discretion and shall be final, binding and conclusive for all purposes and binding upon all Persons and shall be given deference in any proceeding with respect thereto. The Committee may appoint accountants, actuaries, counsel, advisors and other Persons that it deems necessary or desirable in connection with the administration of this Plan. The Committee's determinations under this Plan need not be uniform and may be made by the Committee selectively among Persons who receive, or are eligible to receive, Awards under this Plan, whether or not such Persons are similarly situated. To the maximum extent permitted by law, no member of the Committee shall be liable for any action taken or decision made in good faith relating to this Plan or any Award hereunder.

3.4 Delegation by the Committee. The Committee may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who are intended to qualify as Non-Employee Directors within the meaning of Rule 16b-3 under the Exchange Act and independent directors within the meaning of the New York Stock Exchange's listed company rules. Additionally, the Committee may delegate the authority to grant Awards under this Plan to any officer or group of officers of the Company or a Subsidiary; provided that (i) such delegation and grants are consistent with applicable law and any guidelines established by the Board from time to time and (ii) no such delegation shall be permitted with respect to grants of Awards to Participants who are Executive Officers or members of the Company's Board. Only the Committee may select, grant, administer, or exercise any other discretionary authority under this Plan in respect of Awards granted to Participants who are Executive Officers.

3.5 Participants Based Outside the United States. In order to conform with provisions of local laws and regulations in foreign countries in which the Company or its Subsidiaries operate, the Committee may (i) modify the terms and conditions of Awards granted to Participants employed outside the United States, (ii) establish subplans with modified exercise procedures and such other modifications as may be necessary or advisable under the circumstances presented by local laws and regulations, and (iii) take any action which it deems advisable to obtain, comply with or otherwise reflect any necessary governmental regulatory procedures, exemptions or approvals with respect to this Plan or any subplan established hereunder; provided, however, that the Committee

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may not make any sub-plan that (a) increases the number of shares available under this Plan, as set forth in Section 4.1; or (b) causes this Plan to cease to satisfy any conditions under Rule 16b-3 under the Exchange Act. Subject to the foregoing, the Committee may amend, modify, administer or terminate such sub-plans, and prescribe, amend and rescind rules and regulations relating to such sub-plans.

ARTICLE IV

STOCK SUBJECT TO PLAN; PROVISIONS APPLICABLE TO AWARDS

4.1 *Number.* Subject to the provisions of this Article IV, the maximum number of Shares available for Awards under this Plan shall not exceed 2,200,000 Shares (all of which may be the subject of ISOs granted under this Plan). The Shares to be delivered under this Plan may consist, in whole or in part, of Common Stock held in treasury or authorized but unissued Shares, not reserved for any other purpose.

4.2 *Canceled, Terminated, or Forfeited Awards, etc.* The issuance of Shares upon the exercise or settlement of an Award (other than a Replacement Award) shall reduce the total number of Shares available under this Plan. Shares which are subject to an award granted under this Plan or the Prior Plan (other than a Replacement Award) which expires according to its terms, lapses or terminates, is forfeited, canceled or surrendered, in each case, without such Shares having been issued, and Shares subject to any award granted under this Plan or the Prior Plan (other than a Replacement Award) that is settled in cash or that are tendered or withheld to pay the exercise price of an option granted under this Plan or the Prior Plan or to satisfy any tax withholding obligations with respect to an award granted under this Plan or the Prior Plan, shall become available for future grant under this Plan, but such Shares may not be issued pursuant to ISOs. Replacement Awards that for any reason are canceled, terminated, forfeited, settled in cash or otherwise settled without the issuance of Common Stock shall not be available for grant under this Plan. Shares issued in connection with Awards that are assumed, converted or substituted pursuant to an Adjustment Event or Change in Control (i.e., Alternative Awards), shall not be counted against the maximum limitation specified in Section 4.1. For purposes of this Article IV, if a Stock Appreciation Right is granted in tandem with an Option so that only one may be exercised with the other being surrendered on such exercise in accordance with Section 5.2(b), the number of shares subject to the tandem Option and Stock Appreciation Right award shall only be taken into account once (and not as to both Awards).

4.3 *Adjustment in Capitalization.* In the event of any Adjustment Event affecting the Common Stock, the Committee shall make an equitable anti-dilution adjustment, if any, as it deems reasonably necessary to address, on an equitable basis, the effect of such event as to any resultant change in the pre-share price of the Common Stock and to preserve the intrinsic value of Options and any other Awards granted under this Plan. Such mandatory adjustment may include a change in any or all of (a) the number and kind of Shares or other securities which thereafter may be awarded or optioned and sold under this Plan (including, but not limited to, adjusting any limits on the number and types of Awards that may be made under this Plan), (b) the number and kind of Shares or other securities subject to outstanding Awards, (c) the grant, exercise or conversion price with respect to any Award and (d) applicable performance measures. In addition, the Committee may make provisions for a cash payment to a Participant who has an outstanding Award. Any such adjustment shall be consistent with sections 424 and 409A of the Code to the extent the Awards subject to adjustment are subject to such sections of the Code.

4.4 *Minimum Vesting Requirements.* No Award granted under this Plan shall become exercisable or vested prior to the one-year anniversary of the date of grant; provided, however, that, such restriction shall not apply to Awards granted under this Plan with respect to the number of shares of Common Stock which, in the aggregate, does not exceed five percent (5%) of the total number of shares initially available for awards under this Plan. This Section 4.4 shall not restrict the right of the Committee to accelerate or continue the vesting or exercisability of an Award upon or after a

Change in Control or termination of employment or otherwise pursuant to Article 3 of the Plan.

4.5 Prohibition Against Repricing. Except (i) to the extent approved in advance by a majority of the shares of the Company entitled to vote generally in the election of directors or (ii) as a result of any Adjustment Event, the repricing of an Option or Stock Appreciation Right, once granted hereunder, is prohibited. For this purpose, a repricing means any of the following (or any other action that has the same effect as any of the following): (i) changing the terms of an Option or Stock Appreciation Right to lower the exercise price or the base

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price, as applicable; (ii) any other action that is treated as a repricing under generally accepted accounting principles; and (iii) repurchasing for cash or canceling an Option or Stock Appreciation Right in exchange for another Award at a time when the exercise price or base price, as applicable, is greater than the Fair Market Value of the underlying Shares, unless the cancellation and exchange occurs in connection with a change in capitalization or similar change permitted under Section 4.3 or in the case of Options or Stock Appreciation Rights granted in substitution of awards previously granted by a company acquired by the Company or any of its Subsidiaries, as described in Section 3.2.

4.6 *Forfeiture*. Unless otherwise determined by the Committee at or after the grant date, notwithstanding anything contained in this Plan to the contrary, if, during the period commencing with a Participant's employment or service with the Company or any Subsidiary, and continuing until the first anniversary of the later of (i) the Participant's employment or service termination and (ii) the expiration of any post-termination exercise period (the *Covered Period*) the Participant, except with the prior written consent of the Committee, agrees not to:

(a) directly or indirectly, own any interest in, operate, join, control or participate as a partner, director, principal, officer, or agent of, enter into the employment of, act as a consultant to, or perform any services for any entity which has operations that compete with any business of the Company and the Subsidiaries in which the Participant was employed (in any capacity) in any jurisdiction in which such business is engaged, or in which any of the Company and the Subsidiaries have documented plans to become engaged of which the Participant has knowledge at the time of the Participant's termination of employment (the *Business*), except where (x) the Participant's interest or association with such entity is unrelated to the Business, (y) such entity's gross revenue from the Business is less than 10% of such entity's total gross revenue, and (z) the Participant's interest is directly or indirectly less than two percent (2%) of the Business;

(b) directly or indirectly, solicit for employment, employ or otherwise interfere with the relationship of the Company or any of its Affiliates with any natural person who is or was employed by or otherwise engaged to perform services for the Company or any of its Affiliates at any time during the Participant's employment with the Company or any Subsidiary (in the case of any such activity during such time) or during the twelve-month period preceding such solicitation, employment or interference (in the case of any such activity after the termination of the Participant's employment); or

(c) directly or indirectly, disclose or misuse any confidential information of the Company or any of its Affiliates (such activities in subsections (a), (b) and (c) hereof to be collectively and individually referred to as *Wrongful Conduct*),

In the event of a violation of any of these restrictions, any Awards granted to the Participant hereunder, to the extent they remain unexercised or for which the Restriction Period has not then lapsed, as applicable, shall automatically terminate and be canceled upon the date on which the Participant first engaged in such Wrongful Conduct and, in such case or in the case of the Participant's termination for Cause, the Participant shall pay to the Company in cash: (i) any Share-Based Financial Gain the Participant realized from all or a portion of the Share Awards granted hereunder having a grant date within the Wrongful Conduct Period, and (ii), any Option/SAR Financial Gain, Performance-Based Financial Gain or Restriction-Based Financial Gain, as applicable, the Participant realized from the exercise or vesting, as applicable, of all or a portion of the Awards granted hereunder (with respect to Options and SARs) or having a Vesting Date (with respect to Performance Stock Units and other Performance-Based Awards) within the twelve-month period ending on the date of the Participant's violation (or such other period as determined by the Committee) (such period, the *Wrongful Conduct Period*).

Unless otherwise determined by the Committee at or after the grant date, each Award Agreement shall provide for the Participant's consent to and authorization of the Company and the Subsidiaries to deduct from any amounts payable by such entities to such Participant any amounts the Participant owes to the Company under this Section 4.6 with respect

to such Award. This right of set-off is in addition to any other remedies the Company may have against the Participant for the Participant's Wrongful Conduct. The Participant's obligations under this Section 4.6 shall be cumulative (but not duplicative) of any similar obligations the Participant has under this Plan, any Award Agreement, any Company policy, standard or code (including, without limitation, the Company's Code of Ethics), or any other agreement with the Company or any Subsidiary.

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4.7 *Compensation Recovery Policy.* Without limiting any other provision of this Plan, any Award granted hereunder shall be subject to the Company's Amended and Restated Compensation Recovery Policy (as amended from time to time, and including any successor or replacement policy or standard).

ARTICLE V

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

5.1 *Options.*

(a) *Grant.* Options may be granted to Participants at such time or times as shall be determined by the Committee. Options pursuant to this Plan may be of two types: (i) incentive stock options within the meaning of section 422 of the Code (*ISOs*) and (ii) non-qualified stock options (*NSOs*), which are not ISOs. The grant date of an Option under this Plan will be the date on which the Option is awarded by the Committee or such other future date as the Committee shall determine. Each Option shall be evidenced by an Award Agreement that shall specify such terms and conditions as the Committee shall determine. No Option shall be an ISO unless so designated by the Committee at the time of grant or in the Award Agreement evidencing such Option, and which otherwise meets the requirements of section 422 of the Code. In addition to the foregoing, except as otherwise determined by the Committee and evidenced in the related Award Agreement, Options shall be subject to the terms and conditions specified in this Article V.

(b) *Exercise Price.* Each Option granted pursuant to this Plan shall have an exercise price per Share determined by the Committee; *provided*, that except in the case of Replacement Awards, such per share exercise price may not be less than the Fair Market Value of one Share on the Option grant date.

(c) *Exercisability.* Subject to the minimum vesting requirements in Section 4.4, each Option awarded to a Participant under this Plan shall become exercisable at such time and upon such terms and conditions as the Committee shall determine, either at or after the grant date, but in no event shall an Option be exercisable after the tenth anniversary of its grant date. Except as otherwise provided in this Plan, the applicable Award Agreement or as determined by the Committee at or after the grant date, after becoming exercisable each installment of an Option shall remain exercisable until expiration, termination or cancellation of the Option and, until such time, may be exercised from time to time in whole or in part, up to the total number of Shares with respect to which it is then exercisable.

(d) *Payment.* The Committee shall establish procedures governing the exercise of Options, which procedures shall generally require that notice of exercise thereof be given and that the aggregate exercise price thereof and any applicable withholding tax obligations be paid in full at the time of exercise. The methods of payment permitted under this Section are: (i) in cash or cash equivalents, including by personal check, (ii) through delivery of Shares, (iii) if there is a public market for the Shares at such time, to the extent permitted by and subject to such rules as may be established by the Committee, through delivery of irrevocable instructions to a broker to sell the Shares otherwise deliverable upon the exercise of the Option and deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate exercise price for the Shares being purchased; (iv) by a net settlement arrangement (i.e., having Shares with a Fair Market Value equal to the aggregate exercise price withheld by the Company from any Shares that would have otherwise been received by the Participant upon exercise of the Option); provided that Shares will no longer be outstanding under an Option and will not be exercisable thereafter to the extent that they are (A) used to pay the exercise price pursuant to the net settlement, (B) delivered to the Participant as a result of such exercise, or (C) withheld to satisfy tax withholding obligations; or (v) such other method or combination of methods as approved by the Committee.

(e) *ISOs*. The Committee may grant Options under this Plan that are intended to be *ISOs*. Such *ISOs* shall comply with the requirements of Section 422 of the Code. No *ISO* may be granted to any Participant who at the time of such grant is not an employee of the Company or of any of its Subsidiaries. In addition, no *ISO* may be granted to any Participant who at the time of such grant owns more than 10% of the total combined voting power of all classes of stock of the Company or of any of its Subsidiaries, unless (i) the exercise price for such *ISO* is at least 110% of the Fair Market Value of a Share on the date the *ISO* is granted and (ii) the date on which such *ISO* terminates is a date not later than the day preceding the fifth anniversary of the date on which the *ISO* is granted.

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Any Participant who disposes of Shares acquired upon the exercise of an ISO either (I) within two years after the date of grant of such ISO or (II) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a non-qualified stock option granted under this Plan; *provided* that such Option (or portion thereof) otherwise complies with this Plan's requirements relating to non-qualified stock options. In no event shall any member of the Committee, the Company or any of its Subsidiaries (or their respective employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Option to qualify for any reason as an ISO.

5.2 Stock Appreciation Rights.

(a) *Grant.* Stock Appreciation Rights may be granted (i) in tandem with Options or (ii) independent of Options. Unless otherwise determined by the Committee at or after the grant date, a Stock Appreciation Right granted in tandem with an Option (i) may be granted either at the same time as the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (ii) shall cover the same number of Shares covered by the Option (or such lesser number of Shares as the Committee may determine) and (iii) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 5.2 (or such additional limitations as may be included in an Award Agreement). The grant date of any Stock Appreciation Right will be the date on which the Stock Appreciation Right is awarded by the Committee or such other future date as the Committee shall determine. No Stock Appreciation Right shall be exercisable on or after the tenth anniversary of its grant date. Stock Appreciation Rights shall be evidenced in writing, whether as part of the Award Agreement governing the terms of the Options, if any, to which such Stock Appreciation Right relates or pursuant to a separate Award Agreement with respect to freestanding Stock Appreciation Rights, in each case, containing such conditions as the Committee shall determine.

(b) *Exercise.* Subject to the minimum vesting requirements set forth in Section 4.4, Stock Appreciation Rights awarded to a Participant under this Plan shall become exercisable at such times and upon such terms and conditions as the Committee shall determine, either at or after the grant date. The grant price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than 100% of the Fair Market Value of a Share on the date the Stock Appreciation Right is granted (other than in the case of Replacement Awards); provided, however, that in the case of a Stock Appreciation Right granted in tandem with an Option, or a portion thereof, the exercise price may not be less than the Option Price of the related Option; and provided, further, that the exercise price of a Stock Appreciation Right that is granted in exchange for an Option may be less than the Fair Market Value on the grant date if such grant price is equal to the Option Price of the exchanged Option. Stock Appreciation Rights that are granted in tandem with an Option may only be exercised upon the surrender of the right to exercise such Option for an equivalent number of Shares, and may be exercised only with respect to the Shares for which the related Option is then exercisable. The date a notice of exercise is received by the Company shall be the exercise date. The Committee may impose, in its discretion, such conditions or restrictions on the exercisability or transferability of any Stock Appreciation Right as it may deem appropriate, but in no event shall a Stock Appreciation Right be exercisable more than ten years after the date it is granted.

(c) *Settlement.* Subject to Section 11.4, upon exercise of a Stock Appreciation Right, the Participant shall be entitled to receive an amount (in the form(s) determined by the Committee), equal to the product of:

(i) the excess of (A) the Fair Market Value of one Share on the exercise date over (B) the price per Share fixed by the Committee on the grant date of such Stock Appreciation Right, which may not be less than the Fair Market Value of a Share on the grant date (except if awarded in tandem with an Option but after the grant date of such Option, then not

less than the exercise price of such Option), by

(ii) the number of Shares with respect to which the Stock Appreciation Right is exercised.

Each Stock Appreciation Right granted in tandem with an Option shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefore an amount equal to the product of (i) the excess of (A) the Fair Market Value of a Share on the exercise date over (B) the grant price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is

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surrendered. Payment to the Participant shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at such Fair Market Value), all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Company should so determine, the number of Shares will be rounded downward to the next whole Share.

Notwithstanding the foregoing, on the grant date the Committee may establish a maximum amount per share which will be payable upon exercise of a Stock Appreciation Right.

5.3 Termination of Employment.

All of the terms relating to the exercise, cancellation or other disposition of an Option or Stock Appreciation Right (i) upon a termination of employment with or service to the Company of the holder of such option or Stock Appreciation Right, as the case may be, whether by reason of Disability, Retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable Award Agreement.

5.4 Committee Discretion. Notwithstanding anything to the contrary contained in this Article V, the Committee may, at or after the date of grant, accelerate or waive any conditions to the exercisability of any Option or Stock Appreciation Right granted under this Plan, and may permit all or any portion of any such Option or Stock Appreciation Right to be exercised following a Participant's termination of employment for any reason on such terms and subject to such conditions as the Committee shall determine for a period up to and including, but not beyond, the expiration of the term of such Options or Stock Appreciation Rights.

ARTICLE VI

PERFORMANCE STOCK UNITS

AND OTHER PERFORMANCE-BASED AWARDS

6.1 Grant. The Committee, in its sole discretion, may grant Awards which are denominated in Shares or cash and are subject to performance conditions (such Awards, *Performance-Based Awards*). Subject to the minimum vesting requirements in Section 4.4, any Performance-Based Awards granted under this Plan shall be in such form, and dependent on such conditions, as the Committee shall determine. The grant date of any Performance-Based Awards under this Plan will be the date on which such Performance-Based Awards are awarded by the Committee or on such other future date as the Committee shall determine. Performance Stock Units shall be evidenced by an Award Agreement that shall specify the number of Performance Stock Units to which such Award pertains, the Restriction Period, the Performance Period, and such other conditions as the Committee shall determine. Other Performance-Based Awards shall be evidenced by an Award Agreement that shall contain such terms and conditions as the Committee shall determine. No Shares will be issued at the time an Award of Performance Stock Units is made, and the Company shall not be required to set aside a fund for the payment of any such Award.

6.2 Vesting.

(a) *In General.* Performance Stock Units granted to a Participant under this Plan shall be subject to a Restriction Period, which shall lapse upon the attainment of specified performance objectives or the occurrence of any event or events, including a Change in Control, as the Committee shall determine, either at or after the grant date.

(b) *Performance Objectives.* The performance objectives for any Performance-Based Award may be based upon the relative or comparative achievement of one or more performance goals approved by the Committee for a Performance Period established by the Committee. The applicable performance goals may be objective or subjective, and shall be based upon one or more criteria selected by the Committee in its sole discretion, including,

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without limitation, any of the following: net sales; revenue (gross or net); revenue growth or equipment rental revenue growth; operating income (before or after taxes); pre- or after-tax income (before or after allocation of corporate overhead and bonus); net earnings; earnings per share; net income (before or after taxes); net income per Share; book value per Share; return on equity; total shareholder return; return on assets or net assets; appreciation in and/or maintenance of share price; market share; gross profits; earnings (including adjusted pre-tax earnings, earnings before taxes, earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization (*EBITDA*) or adjusted EBITDA); maintenance or improvement of profit margins or EBITDA or adjusted EBITDA margins; economic value-added models or equivalent metrics; comparisons with various stock market indices; expense management; total net cash flow; cash flow or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; capital expenditures or fleet capital expenditures (gross or net); improvement in or attainment of expense levels or working capital levels; operating margins, gross margins or cash margin; year-end cash; debt reductions; improvements in capital structure; shareholder equity; market share; regulatory achievements; and implementation, completion or attainment of objectives with respect to customer satisfaction; merger, acquisition and divestiture projects; other projects; or recruiting and maintaining personnel.

(c) *Special Rules Relating to Performance Objectives.* Performance objectives may be established on a Company-wide basis or with respect to one or more Company business units or divisions (if applicable), Subsidiaries or any combination of the foregoing; and either in absolute terms, relative to the performance of one or more peer group companies or indices, or any combination thereof. The Committee may, in its sole discretion, adjust either the performance objectives or the performance results to reflect any extraordinary or unforeseeable events, including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual, non-recurring or infrequently occurring items, and the cumulative effects of accounting or tax law changes.

(d) *Determination of Attainment of Performance Objectives.* The Committee shall determine whether, with respect to a Performance Period, the applicable performance goals have been met with respect to a given Participant. Regardless of the extent to which the applicable performance objectives are achieved, the Committee may, in its discretion, increase or decrease the amount of the Performance-Based Award actually paid to a given Participant. The Restriction Period with respect to any Performance Stock Units or any other Performance-Based Award shall lapse upon the determination by the Committee as to the attainment of the performance objective or objectives for the applicable Performance Period. The Committee may provide at the time of grant that if the performance objective or objectives are attained in part, the Restriction Period with respect to a specified portion (which may be zero) of the Award will lapse and any remaining portion shall be cancelled.

6.3 *Newly Eligible Participants.* Notwithstanding anything in this Article VI to the contrary, the Committee shall be entitled to make such rules, determinations and adjustments as it deems appropriate with respect to any Participant who becomes eligible to receive an Award of Performance Stock Units or other Performance-Based Awards after the commencement of a Performance Period.

6.4 *Additional Provisions Relating to Performance Stock Units.*

(a) *Rights as a Stockholder.* The Committee shall determine whether and to what extent Dividend Equivalents will be credited to the account of a Participant receiving an Award of Performance Stock Units; *provided* that Dividend Equivalents shall be subject to the same Restriction Period and Performance Period and other restrictions that apply to the underlying Performance Stock Units. Unless and until the Company issues Shares in respect of an Award of Performance Stock Units, or otherwise determined by the Committee at or after the grant date, a Participant holding outstanding Performance Stock Units shall not be entitled to exercise any voting rights and any other rights as a stockholder with respect to the Shares underlying such Award.

(b) *Settlement of Performance Stock Units.* Unless the Committee determines otherwise at or after the grant date, as soon as reasonably practicable, but not more than 60 days, after the lapse of the Restriction Period with respect to any Performance Stock Units then held by a Participant, the Company shall issue to the Participant the Shares underlying such Performance Stock Units or, if the Committee so determines in its sole discretion, an amount in cash equal to the Fair Market Value of such Shares or any combination of Shares and cash having an aggregate Fair Market Value equal to such Shares. To the extent permitted by applicable law (including section

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409A of the Code), upon such terms and conditions as the Committee may establish from time to time, a Participant may be permitted to defer the receipt of the Shares or cash otherwise deliverable upon settlement of Performance Stock Units. Upon issuance of Shares underlying Performance Stock Units following lapse of the Restriction Period, such shares may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated in compliance with all applicable securities laws, the Award Agreement and any other agreement to which such Shares are subject.

6.5 Termination of Employment. All of the terms relating to the satisfaction of performance objectives and the termination of the Performance Period relating to Performance Stock Units or other Performance-Based Award, or any forfeiture and cancellation of such award (i) upon a termination of employment with or service to the Company of the holder of such award, whether by reason of Disability, Retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable Award Agreement.

ARTICLE VII

RESTRICTED STOCK AND RESTRICTED STOCK UNITS; SHARE AWARDS

7.1 Grant. The grant date of any Restricted Stock or Restricted Stock Units under this Plan will be the date on which such Restricted Stock or Restricted Stock Units are awarded by the Committee or on such other future date as the Committee shall determine. Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement that shall specify such terms and conditions as the Committee shall determine. No Shares will be issued at the time an Award of Restricted Stock Units is made and the Company shall not be required to set aside a fund for the payment of any such Award.

7.2 Vesting. Subject to the minimum vesting requirements in Section 4.4, Restricted Stock and Restricted Stock Units granted to a Participant under this Plan shall be subject to a Restriction Period, which may lapse upon the performance of a minimum period of service, or the occurrence of any event or events, including a Change in Control, as the Committee shall determine, either at or after the grant date.

7.3 Additional Provisions Relating to Restricted Stock.

(a) *Legend.* Each certificate evidencing Shares subject to an Award of Restricted Stock shall be registered in the name of the Participant holding such Restricted Stock and shall bear the following legend (or similar legend):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS (INCLUDING FORFEITURE) CONTAINED IN THE HERC HOLDINGS INC. 2018 OMNIBUS INCENTIVE PLAN AND THE RELATED AWARD AGREEMENT AND NEITHER THIS CERTIFICATE NOR THE SHARES REPRESENTED BY IT ARE ASSIGNABLE OR OTHERWISE TRANSFERABLE EXCEPT IN ACCORDANCE WITH SUCH PLAN, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

(b) *Rights as a Stockholder.* Unless otherwise determined by the Committee at or after the grant date, a Participant holding outstanding Restricted Stock shall be entitled to (i) receive all dividends and distributions paid in respect of Shares underlying such Award; *provided*, that, if any such dividends or distributions are paid in Shares or other securities, such shares and other securities shall be subject to the same Restriction Period and other restrictions as apply to the Restricted Stock with respect to which they were paid, and (ii) exercise full voting rights and other rights as a stockholder with respect to the Shares underlying such Award during the period in which such Shares remain subject to the Restriction Period.

Table of Contents**7.4 Additional Provisions Relating to Restricted Stock Units.**

(a) *Rights as a Stockholder.* The Committee shall determine whether and to what extent Dividend Equivalents will be credited to the account of, or will be paid currently to, a Participant receiving an Award of Restricted Stock Units; *provided* that Dividend Equivalents shall be subject to the same Restriction Period and other restrictions that apply to the underlying Restricted Stock Units. Unless and until the Company issues Shares to a Participant in respect of his or her Award of Restricted Stock Units, or otherwise determined by the Committee at or after the grant date, a Participant holding outstanding Restricted Stock Units shall not be entitled to exercise any voting rights and any other rights as a stockholder with respect to the Shares underlying such Award.

(b) *Settlement of Restricted Stock Units.* Unless the Committee determines otherwise at or after the grant date, as soon as reasonably practicable, but not more than 60 days, after the lapse of the Restriction Period with respect to any Restricted Stock Units, the Company shall issue the Shares underlying such Restricted Stock Units (plus additional Shares for Restricted Stock Units credited in respect of dividends or distributions, if any) or, if the Committee so determines in its sole discretion, an amount in cash equal to the Fair Market Value of such Shares or any combination of Shares and cash having an aggregate Fair Market Value equal to such Shares. To the extent permitted by applicable law (including section 409A of the Code), upon such terms and conditions as the Committee may establish from time to time, a Participant may be permitted to defer the receipt of the Shares or cash otherwise deliverable upon settlement of Restricted Stock Units. Upon issuance of Shares following lapse of the Restriction Period, such shares may be sold, transferred, pledged, assigned or otherwise alienated or hypothecated in compliance with all applicable securities law, the Award Agreement and any other agreement to which such shares are subject.

7.5 Termination of Employment. All of the terms relating to the termination of the Restriction Period relating to a Restricted Stock or Restricted Stock Unit Award, or any forfeiture and cancellation of such award (i) upon a termination of employment with or service to the Company of the holder of such award, whether by reason of Disability, Retirement, death or any other reason, or (ii) during a paid or unpaid leave of absence, shall be determined by the Committee and set forth in the applicable Award Agreement.

7.6 Share Awards. Share Awards may be made as additional compensation for services rendered by a Participant to the Company or any Subsidiary or may be in lieu of cash or other compensation to which the Participant may be entitled from the Company or any Subsidiary.

ARTICLE VIII**DEFERRED STOCK UNITS**

8.1 In General. Freestanding Deferred Stock Units may be granted to Participants at such time or times as shall be determined by the Committee without regard to any election by the Participant to defer receipt of any compensation or bonus amount payable to such Participant. The grant date of any freestanding Deferred Stock Units under this Plan will be the date on which such freestanding Deferred Stock Units are awarded by the Committee or on such other future date as the Committee shall determine. In addition, to the extent permitted by applicable law (including section 409A of the Code), on fixed dates established by the Committee and subject to such terms and conditions as the Committee shall determine, the Committee may permit a Participant to elect to defer receipt of all or a portion of such Participant's annual compensation and/or incentive bonus (*Deferred Annual Amount*) payable by the Company or a Subsidiary and receive in lieu thereof an Award of elective Deferred Stock Units equal to the greatest whole number which may be obtained by dividing (i) the amount of the Deferred Annual Amount by (ii) the Fair Market Value of one Share on the date of payment of such compensation and/or annual bonus. Deferred Stock Units shall be evidenced by an Award Agreement that shall specify the number of Shares to which the Deferred Stock Units pertains, and such

terms and conditions as the Committee shall determine. Upon the grant of Deferred Stock Units pursuant to this Plan, the Company shall establish a notional account for the Participant and will record in such account the number of shares of Deferred Stock Units awarded to the Participant. No Shares will be issued to the Participant at the time an award of Deferred Stock Units is granted.

8.2 *Rights as a Stockholder.* The Committee shall determine whether and to what extent Dividend Equivalents will be credited to the account of, or will be paid currently to, a Participant receiving an Award of Deferred Stock Units. A Participant shall not have any rights as a stockholder in respect of Deferred Stock Units awarded pursuant to this Plan (including, but not limited to, the right to vote on any matter submitted to the Company's stockholders) until such time as the Shares attributable to such Deferred Stock Units have been issued to such Participant or his beneficiary.

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8.3 *Settlement.* Unless the Committee determines otherwise at or after the grant date, the Company shall issue the Shares underlying any of a Participant's freestanding Deferred Stock Units (and related Dividend Equivalents, if any) for which the Restriction Period shall have lapsed on or prior to the date of such Participant's termination of employment with the Company and any Subsidiary, other than a termination for Cause, as soon as administratively practicable, but not later than 90 days, following the date of such termination of employment (or on such earlier date as the Committee shall permit or such later date as may be elected by the Participant in accordance with section 409A of the Code and the rules and procedures of the Board or as may be required by applicable law). Unless the Committee determines otherwise at or after the grant date, in the event of the termination of a Participant's employment with the Company and the Subsidiaries for Cause, the Participant shall immediately forfeit all rights with respect to any freestanding Deferred Stock Units (and underlying Shares and related Dividend Equivalents, if any) credited to his account, whether or not the Restriction Period shall have then lapsed. Subject to Article IX and Article XI, and the last sentence of Section 8.1, unless the Committee determines otherwise at or after the grant date, the Company shall issue the Shares underlying any of a Participant's elective Deferred Stock Units (and related Dividend Equivalents, if any) credited to such Participant's account under this Plan as soon as administratively practicable, but not later than 90 days, following the date of such Participant's termination of employment (or such later date as may be elected by the Participant in accordance with the rules and procedures of the Committee or as may be required by applicable law). The Committee may provide in the Award Agreement applicable to any Award of Deferred Stock Units that, in lieu of issuing Shares in settlement of any Deferred Stock Units, the Committee may direct the Company to pay to the Participant the Fair Market Value of the Shares corresponding to such Deferred Stock Units in cash, or in any combination of Shares and cash having an aggregate Fair Market Value equal to such Shares.

8.4 *Further Deferral Elections.* To the extent permitted by applicable law (including section 409A of the Code), upon such terms and conditions as the Committee may establish from time to time, a Participant may elect to further defer receipt of Shares issuable in respect of Deferred Stock Units (or an installment of an Award) for a specified period or until a specified event.

ARTICLE IX**CHANGE IN CONTROL****9.1 Accelerated Vesting and Payment.**

(a) *In General.* Unless the Committee otherwise determines in the manner set forth in Section 9.2, upon the occurrence of a Change in Control, (i) all Options and Stock Appreciation Rights shall become immediately exercisable, (ii) the Restriction Period on all Restricted Stock, Restricted Stock Units and freestanding Deferred Stock Units shall lapse immediately prior to such Change in Control and (iii) Shares underlying Awards of Restricted Stock Units and Deferred Stock Units shall be issued to each Participant then holding such Award immediately prior to such Change in Control; provided, that, at the discretion of the Committee (as constituted immediately prior to the Change in Control), each such Option, Stock Appreciation Right, Restricted Stock Unit and/or Deferred Stock Unit may be canceled in exchange for an amount equal to the product of (A)(I) in the case of Options and Stock Appreciation Rights, the excess, if any, of the product of the Change in Control Price over the exercise price or base price, as applicable, for such Award, and (II) in the case of other such Awards, the Change in Control Price multiplied by (B) the aggregate number of Shares covered by such Award; *provided, further*, that where the Change in Control does not constitute a change in control event as defined under section 409A of the Code, the shares to be issued, or the amount to be paid, for each Award that constitutes deferred compensation subject to section 409A of the Code shall be paid at the time or schedule applicable to such Awards (assuming for these payment purposes (but not the lapsing of the Restriction Period) that no such Change in Control had occurred). Notwithstanding the foregoing, the Committee

may, in its discretion, instead terminate any outstanding Options or Stock Appreciation Rights if either (x) the Company provides holders of such Options and Stock Appreciation Rights with reasonable advance notice to exercise their outstanding and unexercised Options and Stock Appreciation Rights or (y) the Committee reasonably determines that the Change in Control Price is equal to or less than the exercise price or base price, as applicable, for such Options or Stock Appreciation Rights.

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(b) *Performance Stock Units and Other Performance-Based Awards.* In the event of a Change in Control, Performance Stock Units, other Performance-Based Awards and elective Deferred Stock Units that are outstanding shall be treated as provided in the individual Award Agreement governing such Awards.