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December 23, 2004

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - National Instrument 44-101 *Short Form Prospectus Distributions*, s. 15.1 - In connection with an offering of non-convertible debt securities, an issuer wants an exemption from the requirement that its credit supporter have a 12-month reporting issuer history in a Canadian jurisdiction, that it include certain information in its prospectus and that its credit supporter's financial statements comply with the reconciliation requirements - The credit supporter is the beneficial owner of all of the issued and outstanding securities of the issuer; the credit supporter is registered under the 1934 Act and is eligible to use MJDS to distribute approved rating non-convertible debt in Canada; the issuer will incorporate into its prospectus certain continuous disclosure documents of its credit supporter in place of its own continuous disclosure - An issuer that is a credit support issuer wants an exemption from having to incorporate by reference certain documents of its credit supporter in its short form prospectus under NI 44-101 - The issuer is a credit support issuer that is required to incorporate all Forms 8-K filed by its credit supporter that are unrelated to the credit support issuer and would not have to be filed under Canadian material change reporting requirements; the credit support issuer will incorporate all Forms 8-K filed by its credit supporter except non-essential Forms 8-K that are unrelated to the credit support issuer and do not provide useful information to Canadian investors

National Instrument 51-102, s. 13.1 - *Continuous Disclosure Obligations* - A credit support issuer wants an exemption from having to file continuous disclosure documents to permit it to rely on the continuous disclosure documents of its credit supporter. - The issuer is a credit support issuer that can comply with all of the conditions for continuous disclosure relief in section 13.4 of National Instrument 51-102 *Continuous Disclosure Obligations* except filing copies of all Forms 8-K filed by its credit supporter that are unrelated to the credit support issuer and would not have to be filed under Canadian material change reporting requirements; the credit support issuer will file copies of all Forms 8-K filed by its credit supporter except non-essential Forms 8-K that are unrelated to the credit support issuer and do not provide useful information to Canadian investors

Applicable British Columbia Provisions

National Instrument 44-101 *Short Form Prospectus Distributions*, ss. 2.5(1), 7.1, 7.4, 7.5 and 15.1

National Instrument 51-102 *Continuous Disclosure Obligations*, ss. 13.1 and 13.4

**IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA,
BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK,**

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**NEWFOUNDLAND AND LABRADOR, NOVA SCOTIA, ONTARIO,
PRINCE EDWARD ISLAND, QUEBEC AND SASKATCHEWAN (the
“Jurisdictions”)**

AND

**IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF THE HERTZ CORPORATION AND HERTZ
CANADA FINANCE CO., LTD. (collectively, the “Filers”)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application from The Hertz Corporation (“Hertz US”) and its indirect wholly-owned subsidiary, Hertz Canada Finance Co., Ltd. (the “Issuer”) for a decision pursuant to the securities legislation of the Jurisdictions (the “Legislation”) that the Filers:

- (i) be exempted from the requirements in Section 2.5(1) of National Instrument 44-101 (“NI 44-101”) and Section 2.5 of National Instrument 44-102 (“NI 44-102”), that Hertz US, as a person or company guaranteeing non-convertible debt securities issued by the Issuer, be a reporting issuer with a 12-month reporting history in a Canadian province or territory and have a current annual information form (as such term is defined in NI 44-101) (an “AIF”) (the “Eligibility Requirement”) in order to permit the Issuer to issue non-convertible debt securities, in particular medium term notes (the “Notes”), with an approved rating (as such term is defined in NI 44-101) (an “Approved Rating”) which will be fully and unconditionally guaranteed by Hertz US, in connection with:
 - 1. the Issuer’s continuous offering of Notes (the “Proposed Offering”) pursuant to an initial short form base shelf prospectus (the “Shelf Prospectus”) and a pricing supplement or supplements (each a “Supplement”, and together with the Shelf Prospectus, the “Prospectus”); and

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2. any future offerings of Notes pursuant to renewal short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, “Renewal Prospectuses”) upon the lapse of the Prospectus and Renewal Prospectuses or by filing additional short form base shelf prospectuses and, if applicable, prospectus supplements and pricing supplements (collectively, the “Future Offerings”), in one or more of the Jurisdictions;
- (ii) except in Prince Edward Island, be exempted from the application of National Instrument 51-102 – Continuous Disclosure Obligations (“NI 51-102”), pursuant to s. 13.1 of NI 51-102, subject to certain conditions (such exemption to be effected in Québec by a revision of the general order that will provide the same result as an exemption order);
- (iii) except in British Columbia, Prince Edward Island and Québec, be exempted from the application of Multilateral Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings (“MI 52-109”) pursuant to Section 4.5 of MI 52-109;
- (iv) with respect to the Issuer’s fiscal year ended December 31, 2003, be exempted from the requirements under sections 7.1, 7.4 and 7.5 of NI 44-101 and item 20 of Form 44-101F3 (i) that a short form prospectus filed by the Issuer (for greater certainty, comprising the Prospectus, any Renewal Prospectuses or other Future Offerings) include a reconciliation to Canadian generally accepted accounting principles (“GAAP”) of the consolidated financial statements of Hertz US included in or incorporated by reference into such prospectus that have been prepared in accordance with GAAP in the United States and (ii) that, where such financial statements are audited in accordance with the standards of the Public Company Accounting Oversight Board in the United States (“U.S. GAAS”), Hertz US provide a statement by the auditor disclosing any material differences in the auditor’s report and confirming that the auditing standards of the foreign jurisdiction are substantially similar to generally accepted auditing standards in Canada (collectively, the “Reconciliation Requirements”);
- (v) be exempted from the requirement that the Prospectuses, Renewal Prospectuses or other Future Offerings include the information set forth in items 7, 12.1(1) and 12.2 of Form 44-101F3 under NI 44-101 (the “Prospectus Requirements”); and

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- (vi) be exempted from item 13.2(2) of Form 44-101F3, provided that the Issuer incorporate by reference into the Prospectus, any Supplement and any Renewal Prospectuses, all documents of Hertz US that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the Securities Act of 1933 in the U.S. other than Non-Essential 8-Ks and any Hertz US quarterly reports on Form 10-Q prior to its then most recent quarterly report on Form 10-Q.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission (“OSC”) is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filers:

1. Hertz US is a corporation incorporated under the laws of the State of Delaware on April 19, 1967. Hertz US is an indirect wholly-owned subsidiary of Ford Motor Company.
2. Hertz US is a leading car rental company. It, together with its affiliates, associates and independent licensees, rent and lease cars and light trucks, rent industrial and construction equipment and operate other businesses from approximately 7,200 locations throughout the United States and foreign countries and jurisdictions.
3. Hertz US is not a reporting issuer or the equivalent in any of the Jurisdictions.
4. Hertz US has been a reporting company under the United States Securities Exchange Act of 1934, as amended (the “1934 Act”), for more than 20 years.

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5. Hertz US has filed with the United States Securities and Exchange Commission (the “SEC”) all filings required to be made with the SEC under the 1934 Act during the last 12 months.
6. Hertz US is not registered or required to be registered as an investment company under the *Investment Company Act of 1990* of the United States of America, as amended.
7. Hertz US’s corporate rating by Dominion Bond Rating Service Limited is “BBB(high)”. Hertz US’s outstanding long term debt is rated “Baa2” by Moody’s Investor Services. As at June 30, 2004, Hertz US had more than US\$6.1 billion in long term debt outstanding, including the portion of long term debt due on or before June 30, 2005.
8. The outstanding long-term debt of Hertz US currently has an Approved Rating and it is expected by Hertz US that its long-term debt will continue to receive an Approved Rating.
9. In connection with takedowns under a Hertz US base shelf prospectus in the U.S., Hertz US is required to file with the SEC current reports on Form 8-K (the “Non-Essential 8-Ks”) whose contents are comprised solely of exhibits attaching the form of securities for each such takedown, the consent and opinion of counsel relating thereto and other documentation, all of a non-financial nature, that may be required to be filed with the SEC in connection with such takedowns. Hertz US currently has six outstanding base shelf prospectuses in the U.S. The Non-Essential 8-Ks are publicly available on the SEC’s Internet website at www.sec.gov.
10. The Issuer was incorporated under the laws of the Province of Ontario on June 12, 1999, and is an indirect wholly-owned subsidiary of Hertz US. The head office of the Issuer is in Toronto, Ontario.
11. The Issuer is not currently a reporting issuer in any of the Jurisdictions.
12. The Issuer’s primary business is to obtain financing in public markets in connection with the operations and affairs of affiliated companies, and it will have no other operations that are independent of Hertz US.
13. The Issuer proposes to file a short form base shelf prospectus in each of the Jurisdictions to qualify the distribution of Notes. The Issuer intends to effect Future Offerings by way of either filing Renewal Prospectuses upon the lapse of the Prospectus and each of the Renewal Prospectuses or by

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filing additional short form base shelf prospectuses in one or more of the Jurisdictions.

14. The Notes will be fully and unconditionally guaranteed by Hertz US as to payment of principal and interest when and as the same become due and payable, such that the holders thereof will be entitled to receive payment from Hertz US upon the failure by the Issuer to make any such payment.
15. The Notes will have an Approved Rating and it is expected by the Issuer that its publicly issued debt will continue to have an Approved Rating.
16. The Issuer may from time to time access Canadian debt capital markets other than by way of the Prospectus, Renewal Prospectuses or other Future Offerings.
17. The Issuer is ineligible to issue the Notes by way of a prospectus in the form of a short form base shelf prospectus under NI 44-101 and NI 44-102 as neither the Issuer nor Hertz US, as guarantor of the payments to be made by the Issuer under the Notes, is a reporting issuer with a 12-month reporting issuer history in any province or territory of Canada, and neither the Issuer nor Hertz US has a current AIF.
18. Hertz US satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS"), as set out in NI 71-101, for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.
19. Except for the fact that the Issuer is not incorporated under United States law, an offering of Notes by the Issuer in the Jurisdictions would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in Section 3.2 of NI 71-101.
20. Part 7 of NI 44-101 and item 20.1 of Form 44-101F3 of NI 44-101 require the reconciliation to Canadian GAAP of financial statements prepared in accordance with foreign GAAP that are included in a short form prospectus. Due to the implementation of National Instrument 52-107 - Acceptable Accounting Principles, Auditing Standards and Foreign Currency ("NI 52-107") and the corresponding changes to NI 44-101, this relief will no longer be required in respect of periods after January 1, 2004,

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as Hertz US will satisfy the requirements for exemptions for foreign issuers in sections 5.1(a) and 5.2(a) of NI 52-107.

21. In the circumstances, if Hertz US or the Issuer were to effect an offering of the Notes (being non-convertible debt securities with an approved rating) under NI 71-101, it would be unnecessary for (i) Hertz US to reconcile to Canadian GAAP its financial statements included in or incorporated by reference into the short form prospectus in connection with the issuance of the Notes or (ii) the Issuer to provide a statement by the auditor regarding the use of U.S. GAAS.
22. As a result of the Proposed Offering, the Issuer will become a reporting issuer or the equivalent under the Legislation and would therefore be subject to NI 51-102 and NI 52-109 unless the relief requested herein is granted.
23. Relying on the exemption in Section 13.4 of NI 51-102 would have the effect of requiring the Issuer to file with the Decision Makers all of the current reports on Form 8-K that Hertz US is required to file with the SEC.
24. Because the Issuer cannot rely upon the exemption in Section 13.4 of NI 51-102 as it will not be filing its Non-Essential 8-Ks with the Decision Makers, the Issuer cannot rely upon the exemption from NI 52-109 contained in that instrument.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

The decision of the Decision Makers pursuant to the Legislation is that the Eligibility Requirement, the Prospectus Requirements and, with respect to the Issuer's fiscal year ended December 31, 2003, the Reconciliation Requirements shall not apply to the Proposed Offering, any Renewal Prospectuses and any Future Offerings so long as:

- (a) the Issuer complies with all of the other requirements and procedures set out in NI 44-101 except as varied by this Decision or as permitted by NI 44-102;
- (b) prior to the filing of the Prospectus, any Renewal Prospectuses or a short form base shelf prospectus in connection with other Future Offerings, Hertz US has filed with the Decision Makers, in

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electronic format under the Issuer's SEDAR profile, the following documents that Hertz US has filed under sections 13 and 15(d) of the 1934 Act since its last fiscal year-end:

- (i) Hertz US's then most recent annual report filed on Form 10-K or an equivalent form ("Form 10-K");
 - (ii) Hertz US's quarterly report filed on Form 10-Q or an equivalent form ("Form 10-Q") for the then most recently completed fiscal quarter; and
 - (iii) any current reports of Hertz US filed on Form 8-K or an equivalent form during the then current fiscal year (other than Non-Essential 8-Ks);
- (c) each Prospectus, Renewal Prospectus or short form base shelf prospectuses filed in connection with other Future Offerings will be prepared pursuant to the procedures contained in NI 44-101 and NI 44-102 and comply with the requirements set out in Form 44-101F3:
- (i) with the disclosure required by item 12.1(1) of Form 44-101F3 being addressed by incorporating by reference:
 - (A) the then most recent Hertz US Form 10-K filed with the SEC;
 - (B) Hertz US's then most recently quarterly report on Form 10-Q and current reports on Form 8-K of Hertz US (other than Non-Essential 8-Ks) filed with the SEC in respect of the financial year following the year that is the subject of the most recently filed Hertz US Form 10-K; and
 - (C) any material change reports filed by the Issuer;
 - (ii) with the disclosure required by item 12.2 of Form 44-101F3 being addressed by incorporating by reference the following documents filed with the SEC or the Decision Makers, as applicable, subsequent to the date of the particular Prospectus, any Renewal Prospectuses or short form base shelf prospectuses filed in connection with other

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Future Offerings but prior to the termination of the particular offering:

- (A) any annual report on Form 10-K of Hertz US filed with the SEC;
 - (B) any quarterly report on Form 10-Q and current report on Form 8-K of Hertz US (other than Non-Essential 8-Ks) filed with the SEC; and
 - (C) any material change reports filed by the Issuer; and
- (iii) with the disclosure required by item 7 of Form 44-101F3 of NI 44-102 being addressed by disclosure with respect to Hertz US in accordance with United States requirements;
- (d) the Prospectus, any Renewal Prospectuses or short form base shelf prospectuses filed in connection with other Future Offerings will include or incorporate by reference all material disclosure concerning the Issuer and Hertz US in accordance with applicable securities laws;
- (e) the Prospectus, any Renewal Prospectuses or short form base shelf prospectuses filed in connection with other Future Offerings will incorporate by reference disclosure made in Hertz US's then most recent Form 10-K (as filed under the 1934 Act) together with all Form 10-Qs for the then most recently completed fiscal quarter and any current reports on Form 8-Ks (other than Non-Essential 8-Ks) filed under the 1934 Act in respect of the financial year following the year that is the subject of Hertz US's then most recently filed Form 10-K and incorporate by reference any documents of the foregoing type filed after the date of the Prospectus, any Renewal Prospectuses or short form base shelf prospectuses filed in connection with other Future Offerings and prior to termination of the particular offering;
- (f) Hertz US undertakes to file with the Decision Makers, in electronic format under the Issuer's SEDAR profile, the following documents that it files under sections 13 and 15(d) of the 1934 Act: Hertz US's annual reports on Form 10-K, all quarterly reports on Form 10-Q and any current reports on Form 8-K (other than Non-Essential 8-Ks) until such time as the Notes are no longer outstanding;

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- (g) the consolidated annual and interim financial statements of Hertz US and its subsidiaries dated on or after January 1, 2004 to be included in or incorporated by reference into the Prospectus, any Renewal Prospectus or other Future Offerings will be prepared in accordance with National Instrument 52-107 – Acceptable Accounting Principles, Auditing Standards and Reporting Currency;
- (h) the consolidated annual and interim financial statements of Hertz US and its subsidiaries dated prior to January 1, 2004, that will be included or incorporated by reference in the Prospectus, any Renewal Prospectuses or other Future Offerings will be prepared in conformity with generally accepted accounting principles in the United States that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X and Regulation S-B under the 1934 Act (U.S. GAAP), and, in the case of audited consolidated annual financial statements will be audited in accordance with U.S. GAAS as supplemented by the SEC's rules on auditor independence;
- (i) Hertz US will fully and unconditionally guarantee the payments to be made by the Issuer as stipulated in the terms of the Notes or in an agreement governing the rights of holders of Notes (the "Noteholders") such that the Noteholders shall be entitled to receive payment from Hertz US within 15 days of any failure by the Issuer to make a payment as stipulated;
- (j) the Notes will have an Approved Rating;
- (k) Hertz US will sign each Prospectus, Renewal Prospectus or short form base shelf prospectus filed in connection with other Future Offerings as credit supporter;
- (l) Hertz US remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Issuer; and
- (m) Hertz US continues to satisfy the criteria set forth in Section 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purposes of distributing Approved Rating non-convertible debt securities in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

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THE FURTHER DECISION of the Decision Makers (other than the Decision Makers in Prince Edward Island) pursuant to the Legislation is that the requirements of NI 51-102 shall not apply to the Issuer provided that:

- (a) the Issuer is in compliance with the requirements and conditions of section 13.4 of NI 51-102, other than the requirement in subsection 13.4(2)(d); and
- (b) the Issuer files with the Decision Makers copies of all of the documents required to be filed by Hertz US with the SEC except for the Non-Essential 8-Ks, which the Issuer shall not be required to file with the Decision Makers.

THE FURTHER DECISION of the Decision Makers (other than the Decision Makers in British Columbia, Prince Edward Island and Québec) is that the requirements of MI 52-109 shall not apply to the Issuer provided that the Issuer is in compliance with the conditions set out in paragraphs (a) and (b) of the Decision above.

THE FURTHER DECISION of the Decision Makers is that item 13.2(2) of Form 44-101F3, which would require the Issuer to incorporate by reference into the Prospectus (including, for greater certainty, any pricing supplements), any Renewal Prospectuses and any short form base shelf prospectuses filed in connection with Future Offerings, all documents of Hertz US that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the Securities Act of 1933 in the U.S., shall not apply to the Issuer, provided that the Issuer will be required to incorporate by reference into the Prospectus (including, for greater certainty, any pricing supplement), any Renewal Prospectuses and any short form base shelf prospectuses filed in connection with Future Offerings, all documents of Hertz US that would be required to be incorporated by reference in a Form S-3 or Form F-3 registration statement filed under the Securities Act of 1933 in the U.S., other than the Non-Essential 8-Ks and any Hertz US quarterly reports on Form 10-Q prior to its then most recent quarterly report on Form 10-Q.

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