



January 30, 2018

Technical Director
File Reference No. 2018-200
FASB
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

Dear Board Members:

Re: Proposed Accounting Standards Update, *Leases (Topic 842) Targeted Improvements*

Hertz Global Holdings, Inc. (referred to herein as we, us, our, Hertz or the Company) is pleased to have been given the opportunity to comment on the Financial Accounting Standards Board's ("FASB") Proposed Accounting Standards Update, *Leases (Topic 842) Targeted Improvements*.

Transition – Comparative Reporting at Adoption

Question 1: Would the proposed optional transition method to apply the new lease requirements through a cumulative-effect adjustment in the period of adoption reduce the costs and complexity associated with implementing Topic 842? If not, please explain why.

We believe the proposed optional transition method to apply the new lease requirements through a cumulative-effect adjustment in the period of adoption would significantly reduce the costs and complexity of adopting Topic 842.

Question 2: Is the proposed transition method, as written in this proposed Update, operable? If not, please explain why.

We believe that the proposed transition method is operable as written in the Proposed Accounting Standards Update.

Separating Components of a Contract

Question 3: Would the practical expedient in this proposed Update for lessors to not separate nonlease components from the related lease components and, instead, to account for those components as a single lease component reduce the costs and complexity associated with applying Topic 842 by lessors? If not, please explain why.

We believe the practical expedient in the proposed Update for lessors to not separate nonlease components from the related lease components and, instead, to account for those components as a single lease component would significantly reduce the costs and complexity associated with applying Topic 842 by lessors. For reasons discussed further below under “Question 4”, we propose adding clarification regarding the application of this practical expedient that will remove any doubt regarding whether the requirements are met to apply the practical expedient in certain circumstances.

Question 4: Is the proposed practical expedient, as written in this proposed Update, operable? If not, please explain why.

We believe the proposed Update should be clarified to confirm that insignificant components where the timing and pattern of revenue recognition differs from the remaining components can be bifurcated and recognized separately, allowing the practical expedient to be applied to the remaining components that meet the requirements. We also recommend that the Board provide guidance on a lessor’s accounting for loyalty rewards programs that allow customers to redeem awards in future lease transactions that will be subject to the guidance in Topic 842.

We operate a global vehicle rental business through our corporate and franchisee locations as well as comprehensive, integrated vehicle leasing and fleet management solutions. Our vehicle rental agreements often contain multiple performance obligations, which could include the short term rental of a vehicle, a variety of insurance products, loss damage and liability waivers, supplemental equipment rentals, service charges for refueling and toll processing, and others. Our Brands also offer customer loyalty programs under which a customer may earn loyalty points through their rentals, with the option to redeem those points in the future for free rental days. The issuance of loyalty points is considered a separate performance obligation, providing the customer with the option to redeem points for rental services in the future.

Prior to the proposed Update, Topic 842 would require us to separate our rental agreements into lease and nonlease components, accounting for the lease components under Topic 842 and the nonlease components under Topic 606. Other than revenues relating to our customer loyalty program, we believe the timing and pattern of revenue recognition for the lease components and nonlease components associated with that lease component are the same. We believe the Board should clarify that the condition in proposed paragraph 42A(a) of ASC 842-10-15 should be applied independently to each nonlease component and only those nonlease components with a timing and pattern of revenue recognition differing from the lease component are ineligible for the practical expedient.

In addition, we encourage the Board to provide guidance on how a lessor should account for a loyalty rewards program when the redemption of awards under the program will result in a transaction that is subject to the guidance in Topic 842. In our loyalty reward program, members can only redeem points for future vehicle rentals. Accordingly, the revenue recognized on the redemption of points would be within the scope of Topic 842. However, as with most loyalty reward programs that are at the option of the customer, we award points that will never be redeemed. Topic 606 provides guidance on how a reporting entity should account for breakage. We recommend that the Board add guidance to Topic 842

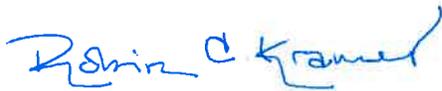
indicating that lessors who sponsor loyalty rewards programs should apply the guidance in Topic 606 in accounting for expected breakage.

Question 5: Would the information in the financial statements, including disclosures, provided by lessors electing the practical expedient in this proposed Update be decision useful? If not, please explain why.

We believe the information provided in the financial statements and disclosures provided by lessors electing the practical expedient would be decision useful. The requirement for the lessor to disclose the classes of underlying assets for which the practical expedient has been elected will provide transparency into the accounting, and given that the timing and pattern of revenue recognition will not change, we don't believe it will be a hinderance to the decision usefulness of the financial statements.

We appreciate the opportunity to comment on this proposed Accounting Standards Update and its application. We would be pleased to discuss our views with you at your convenience.

Sincerely,



Robin Kramer
Senior Vice President and Chief Accounting Officer
Hertz Global Holdings, Inc.