GOLDMAN SACHS GROUP INC
Form 424B2
December 26, 2018

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-219206
GS Finance Corp.
$4,432,000
Callable Contingent Coupon Index-Linked Notes due 2022
guaranteed by
The Goldman Sachs Group, Inc.

The notes do not pay a fixed coupon and may pay no coupon on a coupon payment date. The amount that you will be paid on your notes is based on the performances of the Russell 2000® Index and the S&P 500® Index. The notes will mature on December 14, 2022, unless we redeem them.

We may redeem your notes at 100% of their face amount plus any coupon then due on any semi-annual coupon payment date (each date specified as such on page PS-5 of this pricing supplement, commencing in June 2019 and ending on the stated maturity date) on or after the coupon payment date in June 2019 up to the coupon payment date in June 2022.

If we do not redeem your notes, if the closing level of each index is greater than or equal to 55% of its initial level (the initial levels are 1,292.086 with respect to the Russell 2000® Index and 2,416.62 with respect to the S&P 500® Index) on a coupon observation date (each date specified as such on page PS-5 of this pricing supplement), you will receive on the applicable coupon payment date a coupon of $33.75 for each $1,000 face amount of your notes. If the closing level of any index on a coupon observation date is less than 55% of its initial level, you will not receive a coupon on the applicable coupon payment date.

If we do not redeem your notes, the amount that you will be paid on your notes at maturity, in addition to the final coupon, if any, is based on the performance of the lesser performing index (the index with the lowest index return). The index return for each index is the percentage increase or decrease in the final level of such index on the final coupon observation date from its initial level.

At maturity, for each $1,000 face amount of your notes you will receive an amount in cash equal to:

- if the index return of each index is greater than or equal to -45% (the final level of each index is greater than or equal to 55% of its initial level), $1,000 plus the final coupon; or
- if the index return of any index is less than -45% (the final level of any index is less than 55% of its initial level), the sum of (i) $1,000 plus (ii) the product of (a) the lesser performing index return times (b) $1,000. You will receive less than 55% of the face amount of your notes and you will not receive a final coupon.

You should read the disclosure herein to better understand the terms and risks of your investment, including the credit risk of GS Finance Corp. and The Goldman Sachs Group, Inc. See page PS-12.

The estimated value of your notes at the time the terms of your notes are set on the trade date is equal to approximately $962 per $1,000 face amount. For a discussion of the estimated value and the price at which Goldman Sachs & Co. LLC would initially buy or sell your notes, if it makes a market in the notes, see the following page.

Original issue date:	December 31, 2018	Original issue price:	100% of the face amount
Underwriting discount:	0.25% of the face amount*	Net proceeds to the issuer:	99.75% of the face amount

*In addition to the 0.25%, the underwriting discount paid by us also includes a structuring fee of 0.34% and a marketing fee of 0.5%, in each case, of the face amount. See "Supplemental Plan of Distribution" on page S-25.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense. The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Goldman Sachs & Co. LLC

Pricing Supplement No. 4,810 dated December 21, 2018.

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The issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this pricing supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive or negative) on your investment in notes will depend in part on the issue price you pay for such notes.

GS Finance Corp. may use this prospectus in the initial sale of the notes. In addition, Goldman Sachs & Co. LLC, or any other affiliate of GS Finance Corp. may use this prospectus in a market-making transaction in a note after its initial sale. Unless GS Finance Corp. or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.

Estimated Value of Your Notes

The estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by Goldman Sachs & Co. LLC (GS&Co.) and taking into account our credit spreads) is equal to approximately $962 per $1,000 face amount, which is less than the original issue price. The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would initially buy or sell notes (if it makes a market, which it is not obligated to do) and the value that GS&Co. will initially use for account statements and otherwise is equal to approximately the estimated value of your notes at the time of pricing, plus an additional amount (initially equal to $29 per $1,000 face amount).

Prior to June 12, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to GS&Co.'s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through June 11, 2019). On and after June 12, 2019, the price (not including GS&Co.'s customary bid and ask spreads) at which GS&Co. would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models.

About Your Prospectus

The notes are part of the Medium-Term Notes, Series E program of GS Finance Corp. and are fully and unconditionally guaranteed by The Goldman Sachs Group, Inc. This prospectus includes this pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below, does not set forth all of the terms of your notes and therefore should be read in conjunction with such documents:

- General terms supplement no. 1,734 dated July 10, 2017
- Prospectus supplement dated July 10, 2017
- Prospectus dated July 10, 2017

The information in this pricing supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

We refer to the notes we are offering by this pricing supplement as the "offered notes" or the "notes". Each of the offered notes has the terms described below. Please note that in this pricing supplement, references to "GS Finance Corp.", "we", "our" and "us" mean only GS Finance Corp. and do not include its subsidiaries or affiliates, references to "The Goldman Sachs Group, Inc.", our parent company, mean only The Goldman Sachs Group, Inc. and do not include its subsidiaries or affiliates and references to "Goldman Sachs" mean The Goldman Sachs Group, Inc. together with its consolidated subsidiaries and affiliates, including us. The notes will be issued under the senior debt indenture, dated as of October 10, 2008, as supplemented by the First Supplemental Indenture, dated as of February 20, 2015, each among us, as issuer, The Goldman Sachs Group, Inc., as guarantor, and The Bank of New York Mellon, as trustee. This indenture, as so supplemented and as further supplemented thereafter, is referred to as the "GSFC 2008 indenture" in the accompanying prospectus supplement. The notes will be issued in book-entry form and represented by a master global note.

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TERMS AND CONDITIONS

(Terms From Pricing Supplement No. 4,810 Incorporated Into Master Note No. 2)

These terms and conditions relate to pricing supplement no. 4,810 dated December 21, 2018 of GS Finance Corp. and The Goldman Sachs Group, Inc. with respect to the issuance by GS Finance Corp. of its Callable Contingent Coupon Index-Linked Notes due 2022 and the guarantee thereof by The Goldman Sachs Group, Inc.

The provisions below are hereby incorporated into master note no. 2, dated August 22, 2018. References herein to "this note" shall be deemed to refer to "this security" in such master note no. 2, dated August 22, 2018. Certain defined terms may not be capitalized in these terms and conditions even if they are capitalized in master note no. 2, dated August 22, 2018. Defined terms that are not defined in these terms and conditions shall have the meanings indicated in such master note no. 2, dated August 22, 2018, unless the context otherwise requires.

CUSIP / ISIN: 40056EKY3 / US40056EKY31

Company (Issuer): GS Finance Corp.

Guarantor: The Goldman Sachs Group, Inc.

Underliers (each individually, an underlier): the Russell 2000® Index (current Bloomberg symbol: "RTY Index"), or any successor underlier, and the S&P 500® Index (current Bloomberg symbol: "SPX Index"), or any successor underlier, as each may be modified, replaced or adjusted from time to time as provided herein

Face amount: $4,432,000 in the aggregate on the original issue date; the aggregate face amount may be increased if the company, at its sole option, decides to sell an additional amount on a date subsequent to the trade date

Authorized denominations: $1,000 or any integral multiple of $1,000 in excess thereof

Principal amount: Subject to redemption by the company as provided under "— Company's redemption right " below, on the stated maturity date, in addition to the final coupon, if any, the company will pay, for each $1,000 of the outstanding face amount, an amount, if any, in cash equal to the cash settlement amount.

Cash settlement amount:

- if the final underlier level of each underlier is greater than or equal to its trigger buffer level, $1,000; or
- if the final underlier level of any underlier is less than its trigger buffer level, the sum of (i) $1,000 plus (ii) the product of (a) the lesser performing underlier return times (b) $1,000

Company's redemption right: the company may redeem the notes, at its option, in whole but not in part, on each coupon payment date commencing in June 2019 and ending in June 2022 for an amount in cash for each $1,000 of the outstanding face amount on the redemption date equal to 100% of such $1,000 face amount plus any coupon then due. If the company chooses to exercise the company's redemption right, it will notify the holder of your notes and the trustee by giving at least five business days' prior notice. The day the company gives the notice, which will be a business day, will be the redemption notice date and the immediately following coupon payment date, which the company will state in the redemption notice, will be the redemption date.

The company will not give a redemption notice that results in a redemption date later than the June 2022 coupon payment date. A redemption notice, once given, shall be irrevocable.

Initial underlier level: 1,292.086 with respect to the Russell 2000® Index and 2,416.62 with respect to the S&P 500® Index

Final underlier level: with respect to an underlier, the closing level of such underlier on the determination date, subject to adjustment as provided in "— Consequences of a market disruption event or non-trading day" and "— Discontinuance or modification of an underlier" below

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Underlier return: with respect to an underlier on the determination date, the quotient of (i) its final underlier level minus its initial underlier level divided by (ii) its initial underlier level, expressed as a positive or negative percentage

Lesser performing underlier return: the underlier return of the lesser performing underlier

Lesser performing underlier: the underlier with the lowest underlier return

Trigger buffer level: for each underlier, 55% of its initial underlier level

Coupon: subject to the company's redemption right, on each coupon payment date, for each $1,000 of the outstanding face amount, the company will pay an amount in cash equal to:

- if the closing level of each underlier on the related coupon observation date is greater than or equal to its coupon trigger level, $33.75; or
- if the closing level of any underlier on the related coupon observation date is less than its coupon trigger level, $0

Coupon trigger level: for each underlier, 55% of its initial underlier level

Trade date: December 21, 2018

Original issue date: December 31, 2018

Determination date: the last coupon observation date, December 7, 2022, subject to adjustment as described under "— Coupon observation dates" below. If the stated maturity date is postponed due to a non-business day as described under "Stated maturity date" below, such postponement of the stated maturity date will not postpone the determination date.

Stated maturity date: December 14, 2022, unless that day is not a business day, in which case the stated maturity date will be postponed to the next following business day. If the determination date is postponed as described under "— Determination date" above, the stated maturity date will be postponed as provided under "— Coupon payment dates" below.

Coupon observation dates: each date specified as such in the table under "— Coupon payment dates" below, unless the calculation agent determines that, with respect to any underlier, a market disruption event occurs or is continuing on that day or that day is not otherwise a trading day. If a coupon payment date is postponed due to a non-business day as described under "— Coupon payment dates" below, such postponement of the coupon payment date will not postpone the related coupon observation date.

In the event the originally scheduled coupon observation date is a non-trading day with respect to any underlier, the coupon observation date will be the first day thereafter that is a trading day for all underliers (the "first qualified coupon trading day") provided that no market disruption event occurs or is continuing with respect to an underlier on that day. If a market disruption event with respect to an underlier occurs or is continuing on the originally scheduled coupon observation date or the first qualified coupon trading day, the coupon observation date will be the first following trading day on which the calculation agent determines that each underlier has had at least one trading day (from and including the originally scheduled coupon observation date or the first qualified coupon trading day, as applicable) on which no market disruption event has occurred or is continuing and the closing level of each underlier for that coupon observation date will be determined on or prior to the postponed coupon observation date as set forth under "— Consequences of a market disruption event or a non-trading day" below. (In such case, the coupon observation date may differ from the date on which the level of an underlier is determined for the purpose of the calculations to be performed on the coupon observation date.) In no event, however, will the coupon observation date be postponed to a date later than the originally scheduled coupon payment date or, if the originally scheduled coupon payment date is not a business day, later than the first business day after the originally scheduled coupon payment date, either due to the occurrence of serial non-trading days or due to the occurrence of one or more market disruption events. On such last possible coupon observation date applicable to the relevant coupon payment date, if a market disruption event occurs or is continuing with respect to an underlier that has not yet had such a trading day on which no market disruption event has occurred or is continuing or if such last possible day is not a trading day with respect to such underlier, that day will nevertheless be the coupon observation date.

Coupon payment dates: each date specified as such in the table below, unless, for any such coupon payment date, that day is not a business day, in which case such coupon payment date will be postponed to the next following business day. If a coupon observation date is postponed as described under — "Coupon observation dates" above, the related coupon payment date will be postponed by the same number of business day(s) from but excluding the originally scheduled coupon observation date to and including the actual coupon observation date.

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Coupon Determination Dates	Coupon Payment Dates
June 5, 2019	June 12, 2019
December 4, 2019	December 11, 2019
June 3, 2020	June 10, 2020
December 2, 2020	December 9, 2020
June 2, 2021	June 9, 2021
December 8, 2021	December 15, 2021
June 1, 2022	June 8, 2022
December 7, 2022	December 14, 2022

Closing level: on any trading day, (i) with respect to the Russell 2000® Index, the closing level of such underlier or any successor underlier reported by Bloomberg Financial Services, or any successor reporting service the company may select, on such trading day for that underlier (as of the trade date, whereas the underlier sponsor publishes the official closing level of the Russell 2000® Index to six decimal places, Bloomberg Financial Services reports the closing level to fewer decimal places) and (ii) with respect to the S&P 500® Index, the official closing level of such underlier or any successor underlier published by the underlier sponsor on such trading day for such underlier
Trading day: with respect to an underlier, a day on which the respective principal securities markets for all of its underlier stocks are open for trading, the underlier sponsor is open for business and such underlier is calculated and published by the underlier sponsor. A day is a scheduled trading day with respect to an underlier if, as of the trade date, the respective underlier sponsor is scheduled to be open for business, such underlier is expected to be calculated and published and the respective principal securities markets for all of its underlier stocks are scheduled to be open for trading on such day.
Successor underlier: with respect to an underlier, any substitute underlier approved by the calculation agent as a successor as provided under "— Discontinuance or modification of an underlier" below
Underlier sponsor: with respect to an underlier, at any time, the person or entity, including any successor sponsor, that determines and publishes such underlier as then in effect. The notes are not sponsored, endorsed, sold or promoted by any underlier sponsor or any affiliate thereof and no underlier sponsor or affiliate thereof makes any representation regarding the advisability of investing in the notes.
Underlier stocks: with respect to an underlier, at any time, the stocks that comprise such underlier as then in effect, after giving effect to any additions, deletions or substitutions
Market disruption event: With respect to any given trading day, any of the following will be a market disruption event with respect to an underlier:

a suspension, absence or material limitation of trading in underlier stocks constituting 20% or more, by weight, of the underlier on their respective primary markets, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion,

a suspension, absence or material limitation of trading in option or futures contracts relating to the underlier or to underlier stocks constituting 20% or more, by weight, of such underlier in the respective primary markets for those contracts, in each case for more than two consecutive hours of trading or during the one-half hour before the close of trading in that market, as determined by the calculation agent in its sole discretion, or

underlier stocks constituting 20% or more, by weight, of the underlier, or option or futures contracts, if available, relating to an underlier or to underlier stocks constituting 20% or more, by weight, of the underlier do not trade on what were the respective primary markets for those underlier stocks or contracts, as determined by the calculation agent in its sole discretion,

and, in the case of any of these events, the calculation agent determines in its sole discretion that such event could materially interfere with the ability of the company or any of its affiliates or a similarly situated person to unwind all

or a material portion of a hedge that could be effected with respect to this note.

The following events will not be market disruption events:

- a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the relevant market, and
- a decision to permanently discontinue trading in option or futures contracts relating to an underlier or to any underlier stock.

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For this purpose, an "absence of trading" in the primary securities market on which an underlier stock is traded, or on which option or futures contracts relating to an underlier or an underlier stock are traded, will not include any time when that market is itself closed for trading under ordinary circumstances. In contrast, a suspension or limitation of trading in an underlier stock or in option or futures contracts, if available, relating to an underlier or an underlier stock in the primary market for that stock or those contracts, by reason of:

a price change exceeding limits set by that market,

an imbalance of orders relating to that underlier stock or those contracts, or

a disparity in bid and ask quotes relating to that underlier stock or those contracts,

will constitute a suspension or material limitation of trading in that stock or those contracts in that market.

A market disruption event with respect to one underlier will not, by itself, constitute a market disruption event for the other unaffected underlier.

As is the case throughout this pricing supplement, references to the underlier in this description of market disruption events includes any successor underlier as it may be modified, replaced or adjusted from time to time.

Consequences of a market disruption event or a non-trading day: With respect to any underlier, if a market disruption event occurs or is continuing on a day that would otherwise be a coupon observation date (and the determination date in the case of the last coupon observation date), or such day is not a trading day, then such coupon observation date will be postponed as described under "— Coupon observation dates" above. If any coupon observation date (and the determination date in the case of the last coupon observation date) is postponed to the last possible date due to the occurrence of serial non-trading days, the level of each underlier will be the calculation agent's assessment of such level, in its sole discretion, on such last possible postponed coupon observation date (and the determination date in the case of the last coupon observation date). If any coupon observation date (and the determination date in the case of the last coupon observation date) is postponed due to a market disruption event with respect to any underlier, the closing level of each underlier with respect to such coupon observation date (and the final underlier level with respect to the determination date) will be calculated based on (i) for any underlier that is not affected by a market disruption event on the applicable originally scheduled coupon observation date or the first qualified coupon trading day thereafter (if applicable), the closing level of the underlier on that date, (ii) for any underlier that is affected by a market disruption event on the applicable originally scheduled coupon observation date or the first qualified coupon trading day thereafter (if applicable), the closing level of the underlier on the first following trading day on which no market disruption event exists for such underlier and (iii) the calculation agent's assessment, in its sole discretion, of the level of any underlier on the last possible postponed coupon observation date with respect to such underlier as to which a market disruption event continues through the last possible postponed coupon observation date. As a result, this could result in the closing level on any coupon observation date (or final underlier level on the determination date) of each underlier being determined on different calendar dates. For the avoidance of doubt, once the closing level for an underlier is determined for a coupon observation date (or the determination date in the case of the last coupon observation date), the occurrence of a later market disruption event or non-trading day will not alter such calculation.

Discontinuance or modification of an underlier: If an underlier sponsor discontinues publication of an underlier and such underlier sponsor or anyone else publishes a substitute underlier that the calculation agent determines is comparable to such underlier and approves as a successor underlier, or if the calculation agent designates a substitute underlier, then the calculation agent will determine the coupon payable, if any, on the relevant coupon payment date or the cash settlement amount on the stated maturity date, as applicable, by reference to such successor underlier.

If the calculation agent determines on a coupon observation date or the determination date, as applicable, that the publication of an underlier is discontinued and there is no successor underlier, the calculation agent will determine the coupon or the cash settlement amount, as applicable, on the related coupon payment date or the stated maturity date, as applicable, by a computation methodology that the calculation agent determines will as closely as reasonably possible replicate such underlier.

If the calculation agent determines that an underlier, the underlier stocks comprising that underlier or the method of calculating that underlier is changed at any time in any respect — including any split or reverse-split and any addition, deletion or substitution and any reweighting or rebalancing of the underlier or of the underlier stocks and whether the change is made by the underlier sponsor under its existing policies or following a modification of those policies, is due to the publication of a successor underlier, is due to events affecting one or more of the underlier stocks or their

issuers or is due to any other reason — and is

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not otherwise reflected in the level of the underlier by the underlier sponsor pursuant to the then-current underlier methodology of the underlier, then the calculation agent will be permitted (but not required) to make such adjustments in such underlier or the method of its calculation as it believes are appropriate to ensure that the levels of such underlier used to determine the coupon or cash settlement amount, as applicable, on the related coupon payment date or the stated maturity date, as applicable, is equitable.

All determinations and adjustments to be made by the calculation agent with respect to an underlier may be made by the calculation agent in its sole discretion. The calculation agent is not obligated to make any such adjustments.

Regular record dates: the scheduled business day immediately preceding the day on which payment is to be made (as such payment date may be adjusted)

Calculation agent: Goldman Sachs & Co. LLC ("GS&Co.")

Tax characterization: The holder, on behalf of itself and any other person having a beneficial interest in this note, hereby agrees with the company (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to characterize this note for all U.S. federal income tax purposes as an income-bearing pre-paid derivative contract in respect of the underliers.

Overdue principal rate and overdue coupon rate: the effective Federal Funds rate

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HYPOTHETICAL EXAMPLES

The following examples are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate (i) the impact that various hypothetical closing levels of the underliers on a coupon observation date could have on the coupon payable, if any, on the related coupon payment date and (ii) the impact that various hypothetical closing levels of the lesser performing underlier on the determination date could have on the cash settlement amount at maturity assuming all other variables remain constant.

The examples below are based on a range of underlier levels that are entirely hypothetical; no one can predict what the closing level of any underlier will be on any day throughout the life of your notes, what the closing level of any underlier will be on any coupon observation date and what the final underlier level of the lesser performing underlier will be on the determination date. The underliers have been highly volatile in the past — meaning that the underlier levels have changed substantially in relatively short periods — and their performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the face amount and held to the stated maturity date or date of early redemption. If you sell your notes in a secondary market prior to the stated maturity date or date of early redemption, as the case may be, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below such as interest rates, the volatility of the underliers, the creditworthiness of GS Finance Corp., as issuer, and the creditworthiness of The Goldman Sachs Group, Inc., as guarantor. In addition, the estimated value of your notes at the time the terms of your notes are set on the trade date (as determined by reference to pricing models used by GS&Co.) is less than the original issue price of your notes. For more information on the estimated value of your notes, see "Additional Risk Factors Specific to Your Notes — The Estimated Value of Your Notes At the Time the Terms of Your Notes Are Set On the Trade Date (as Determined By Reference to Pricing Models Used By GS&Co.) Is Less Than the Original Issue Price Of Your Notes" on page PS-12 of this pricing supplement. The information in the examples also reflects the key terms and assumptions in the box below.

Key Terms and Assumptions	
Face amount	$1,000
Coupon	$33.75
Trigger buffer level	with respect to each underlier, 55% of its initial underlier level
Coupon trigger level	with respect to each underlier, 55% of its initial underlier level
Neither a market disruption event nor a non-trading day occurs on any originally scheduled coupon observation date or the originally scheduled determination date	
No change in or affecting any of the underlier stocks or the method by which the applicable underlier sponsor calculates any underlier	
Notes purchased on original issue date at the face amount and held to the stated maturity date or date of early redemption	

For these reasons, the actual performance of the underliers over the life of your notes, the actual underlier levels on any coupon observation date, as well as the coupon payable, if any, on each coupon payment date, may bear little relation to the hypothetical examples shown below or to the historical underlier levels shown elsewhere in this pricing supplement. For information about the underlier levels during recent periods, see "The Underliers — Historical Closing Levels of the Underliers" on page PS-18. Before investing in the notes, you should consult publicly available information to determine the underlier levels between the date of this pricing supplement and the date of your purchase of the notes.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the underlier stocks.

Hypothetical Coupon Payments

The examples below show hypothetical performances of each underlier as well as the hypothetical coupons, if any, that we would pay on each coupon payment date with respect to each $1,000 face amount of the notes if

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the hypothetical closing level of each underlier on the applicable coupon observation date was the percentage of its initial underlier level shown.

Scenario 1

Hypothetical Coupon Observation Date	Hypothetical Closing Level of the Russell 2000® Index (as Percentage of Initial Underlier Level)	Hypothetical Closing Level of the S&P 500® Index (as Percentage of Initial Underlier Level)	Hypothetical Coupon
First	110%	40%	$0
Second	50%	50%	$0
Third	60%	40%	$0
Fourth	70%	85%	$33.75
Fifth	55%	50%	$0
Sixth	50%	55%	$0
Seventh	80%	95%	$33.75
Eighth	60%	50%	$0
		Total Hypothetical Coupons	$67.5

In Scenario 1, the hypothetical closing level of each underlier increases and decreases by varying amounts on each hypothetical coupon observation date. Because the hypothetical closing level of each underlier on the fourth and seventh hypothetical coupon observation dates is greater than or equal to its coupon trigger level, the total of the hypothetical coupons in Scenario 1 is $67.5. Because the hypothetical closing level of at least one underlier on all other hypothetical coupon observation dates is less than its coupon trigger level, no further coupons will be paid, including at maturity.

Scenario 2

Hypothetical Coupon Observation Date	Hypothetical Closing Level of the Russell 2000® Index (as Percentage of Initial Underlier Level)	Hypothetical Closing Level of the S&P 500® Index (as Percentage of Initial Underlier Level)	Hypothetical Coupon
First	50%	60%	$0
Second	50%	65%	$0
Third	40%	55%	$0
Fourth	45%	60%	$0
Fifth	50%	65%	$0
Sixth	110%	50%	$0
Seventh	35%	45%	$0
Eighth	45%	40%	$0
		Total Hypothetical Coupons	$0

In Scenario 2, the hypothetical closing level of each underlier increases and decreases by varying amounts on each hypothetical coupon observation date. Because in each case the hypothetical closing level of at least one underlier on the related coupon observation date is less than its coupon trigger level, you will not receive a coupon payment on the applicable hypothetical coupon payment date. Since this occurs on every hypothetical coupon observation date, the overall return you earn on your notes will be less than zero. Therefore, the total of the hypothetical coupons in Scenario 2 is $0.

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Scenario 3

Hypothetical Coupon Observation Date	Hypothetical Closing Level of the Russell 2000® Index (as Percentage of Initial Underlier Level)	Hypothetical Closing Level of the S&P 500® Index (as Percentage of Initial Underlier Level)	Hypothetical Coupon
First	110%	115%	$33.75
		Total Hypothetical Coupons	$33.75

In Scenario 3, the hypothetical closing level of each underlier is greater than its coupon trigger level on the first hypothetical coupon observation date. Further, we also exercise our early redemption right with respect to a redemption on the first coupon payment date (which is also the first hypothetical date with respect to which we could exercise such right). Therefore, on the first coupon payment date (the redemption date), in addition to the hypothetical coupon of $33.75, you will receive an amount in cash equal to $1,000 for each $1,000 face amount of your notes.

	Three Months Ended March 31, 2010	2009
	(Note 2)	
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	$8,472	$1,286
Repayment of long-term debt	(262,593)	(470,523)
Short-term borrowings:		
Proceeds	66,581	69,339
Repayments	(79,279)	(108,062)
Proceeds (repayments) under the revolving lines of credit, net	347,175	(690,025)

Distributions to noncontrolling interest

(2,975) (2,800)

Proceeds from employee stock purchase plan

610 725

Proceeds from exercise of stock options

690 926

Proceeds from disgorgement of stockholder short-swing profits

41 9

Net settlement on vesting of restricted stock

(5,262)

Payment of financing costs

(1,311) (1,504)

Net cash provided by (used in) financing activities

72,149 (1,200,629)

Effect of foreign exchange rate changes on cash and cash equivalents

(32,687) (17,968)

Net decrease in cash and cash equivalents during the period

(184,893) (37,195)

Cash and cash equivalents at beginning of period

985,642 594,266

Cash and cash equivalents at end of period

$800,749 $557,071

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest (net of amounts capitalized)

$173,247 $204,101

Income taxes	24,564	7,823
Supplemental disclosures of non-cash flow information:		
Purchases of revenue earning equipment included in accounts payable	$709,052	$409,606
Sales of revenue earning equipment included in receivables	632,336	331,501
Purchases of property and equipment included in accounts payable	26,164	14,467
Sales of property and equipment included in receivables	6,271	5,627

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

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 Background and Liquidity

Background

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

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

On December 21, 2005, investment funds associated with or designated by:

- Clayton, Dubilier & Rice, Inc., or "CD&R,"
- The Carlyle Group, or "Carlyle," and
- Merrill Lynch Global Private Equity, or "MLGPE,"

or collectively the "Sponsors," acquired all of Hertz's common stock from Ford Holdings LLC. We refer to the acquisition of all of Hertz's common stock by the Sponsors as the "Acquisition." Following our initial public offering in November 2006 and subsequent offerings in June 2007, May 2009 and June 2009, the Sponsors currently own approximately 51% of the common stock of Hertz Holdings.

In January 2009, Bank of America Corporation, or "Bank of America," acquired Merrill Lynch & Co., Inc., the parent company of MLGPE. Accordingly, Bank of America is now an indirect beneficial owner of our common stock held by MLGPE and certain of its affiliates.

Liquidity

Our primary liquidity needs include servicing of corporate and fleet related debt, the payment of operating expenses and purchases of rental vehicles and equipment to be used in our operations. Our primary sources of funding are operating revenue, cash received on the disposal of vehicles and equipment, borrowings under our asset-backed borrowing arrangements and our revolving credit facility.

As of March 31, 2010, we had $10,387.9 million of total indebtedness outstanding. Accordingly, we are highly leveraged and a substantial portion of our liquidity needs arise from debt service on indebtedness incurred in connection with the Acquisition and from the funding of our costs of operations and capital expenditures.

Our liquidity as of March 31, 2010 consists of cash and cash equivalents, unused commitments under our Senior ABL Facility and unused commitments under our Fleet Financing Facilities. For a description of these amounts, see Note 8 Debt.

Based on all that we accomplished in 2009, our current availability under our various credit facilities and our business plan, we believe we have sufficient liquidity to meet our U.S. debt maturities over the next

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

twelve months. However, we have approximately $1.0 billion of international fleet debt outstanding as of March 31, 2010, that matures in December 2010. We are currently in discussions regarding our refinancing options, and based on these discussions and our ability to access the capital markets we expect to refinance these facilities on or prior to maturity. However, the availability of financing is subject to a variety of factors not in our control including economic and market conditions and investor demand, so there is no guarantee that such facilities can be refinanced or that the terms of such financings will be acceptable. In the event financing is not available or is not available on terms we deem acceptable, we would expect to utilize our corporate liquidity to repay these obligations which could reduce our ability to fund operations and replace our fleet. See Note 18 Subsequent Events.

The agreements governing our corporate indebtedness require us to comply with two key covenants based on a consolidated leverage ratio and a consolidated interest expense coverage ratio. Our failure to comply with the obligations contained in any agreements governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt becoming immediately due and payable and could further result in a cross default or cross acceleration of our debt issued under other instruments. However, as a result of the above-mentioned actions and planned future actions, we believe that we will remain in compliance with our corporate debt covenants and that cash generated from operations, together with amounts available under various liquidity facilities will be adequate to permit us to meet our debt service obligations, ongoing costs of operations, working capital needs and capital expenditure requirements for the next twelve months. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with covenants and restrictions contained in our corporate debt agreements will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

MBIA Insurance Corporation, or "MBIA," and Ambac Assurance Corporation, or "Ambac," provide credit enhancements in the form of financial guaranties for our 2005 Notes, with each providing guaranties for approximately half of the $2,622.0 million in principal amount of the 2005 Notes that was outstanding as of March 31, 2010, all of which matures during 2010.

An event of bankruptcy with respect to MBIA or Ambac between now and the maturities of the 2005 Notes in 2010 would result in an amortization event under the portion of the 2005 Notes guaranteed by the affected insurer. In addition, if an amortization event continues for 30 days or longer, the noteholders of the affected series of notes would have the right to require liquidation of a portion of the fleet sufficient to repay such notes, provided that the exercise of the right was exercised by a majority of the affected noteholders. Ambac has publicly stated that it has insufficient capital to finance its debt service and operating expense requirements beyond the second quarter of 2011 and may need to seek bankruptcy protection.

Since MBIA and Ambac are facing financial instability, have been downgraded one or more times and are on review for further credit downgrade or under developing outlook by one or more credit agencies, we did not have the Series 2009-1 Notes or the Series 2009-2 Notes guaranteed. Accordingly, if a bankruptcy of MBIA or Ambac were to occur prior to the 2005 Notes maturing, we expect that we would use our corporate liquidity and the borrowings under or proceeds from the Series 2009-1 Notes and the Series 2009-2 Notes to pay down the amounts owed under the affected series of 2005 Notes.

Note 2 Basis of Presentation

The significant accounting policies summarized in Note 1 to our audited consolidated financial statements contained in our Annual Report on Form 10-K and Form 10-K/A for the fiscal year ended

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

December 31, 2009, filed with the United States Securities and Exchange Commission, or "SEC," on February 26, 2010 and March 1, 2010, respectively, or collectively known as our "Annual Report," have been followed in preparing the accompanying condensed consolidated financial statements.

The December 31, 2009 condensed consolidated balance sheet data was derived from our audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America, or "GAAP."

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

Certain prior period amounts have been reclassified to conform with current reporting.

For the three months ended March 31, 2009, we have revised our consolidated statements of cash flows to exclude the impact of non-cash purchases and sales of revenue earning equipment and property and equipment which were included in "accounts payable" or "receivables" at the end of the period. See Note 17 in our Form 10-Q for the quarterly period ended June 30, 2009 filed with the SEC on August 7, 2009.

Note 3 Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board issued guidance, which contains amendments to Accounting Standards Codification 810, "Consolidation," relating to how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. These provisions became effective for us on January 1, 2010, but did not have a material impact on our financial position or results of operations.

Note 4 Cash and Cash Equivalents and Restricted Cash

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

In our Consolidated Statements of Cash Flows, we net cash flows from revolving borrowings in the line item "Proceeds (repayments) under the revolving lines of credit, net." The contractual maturities of such borrowings may exceed 90 days in certain cases.

Restricted cash and cash equivalents includes cash and cash equivalents that are not readily available for our normal disbursements. Restricted cash and cash equivalents are restricted for the purchase of revenue earning vehicles and other specified uses under our Fleet Debt facilities, for our Like-Kind Exchange Program, or "LKE Program," and to satisfy certain of our self-insurance regulatory reserve requirements. As of March 31, 2010 and December 31, 2009, the portion of total restricted cash and cash equivalents that was associated with our Fleet Debt facilities was $129.6 million and $295.0 million, respectively. The decrease in restricted cash associated with our Fleet Debt of $165.4 million from December 31, 2009 to March 31, 2010, primarily related to payments to reduce fleet debt and the timing of purchases and sales of revenue earning vehicles.

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

Note 5 Goodwill and Other Intangible Assets

The following summarizes the changes in our goodwill, by segment, for the periods presented (in millions of dollars):

	Car Rental	Equipment Rental	Total
Balance as of January 1, 2010			
Goodwill	$ 335.8	$ 654.5	$ 990.3
Accumulated impairment losses	(43.0)	(651.9)	(694.9)
	292.8	2.6	295.4
Other changes during the year[1]	(4.9)	(0.2)	(5.1)
Balance as of March 31, 2010			
Goodwill	330.9	654.3	985.2
Accumulated impairment losses	(43.0)	(651.9)	(694.9)
	$ 287.9	$ 2.4	$ 290.3

	Car Rental	Equipment Rental	Total
Balance as of January 1, 2009			
Goodwill	$ 307.1	$ 651.9	$ 959.0
Accumulated impairment losses	(43.0)	(651.9)	(694.9)
	264.1		264.1
Goodwill acquired during the year	24.0	2.4	26.4
Other changes during the year[1]	4.7	0.2	4.9
Balance as of December 31, 2009			
Goodwill	335.8	654.5	990.3
Accumulated impairment losses	(43.0)	(651.9)	(694.9)
	$ 292.8	$ 2.6	$ 295.4

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

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

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

	March 31, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:			
Customer-related	$ 600.3	$ (260.9)	$ 339.4
Other	49.7	(14.0)	35.7
Total	650.0	(274.9)	375.1
Indefinite-lived intangible assets:			
Trade name	2,190.0		2,190.0
Other	15.6		15.6
Total	2,205.6		2,205.6
Total other intangible assets, net	$ 2,855.6	$ (274.9)	$ 2,580.7

	December 31, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:			
Customer-related	$ 600.6	$ (246.5)	$ 354.1
Other	50.0	(12.0)	38.0
Total	650.6	(258.5)	392.1
Indefinite-lived intangible assets:			
Trade name	2,190.0		2,190.0
Other	15.6		15.6
Total	2,205.6		2,205.6
Total other intangible assets, net	$ 2,856.2	$ (258.5)	$ 2,597.7

Amortization of other intangible assets for the three months ended March 31, 2010 and 2009, was approximately $16.4 million and $15.5 million, respectively. Based on our amortizable intangible assets as of March 31, 2010, we expect amortization expense to be approximately $48.3 million for the remainder of 2010 and range from $58.2 million to $63.6 million for each of the next five fiscal years.

Note 6 Taxes on Income

The effective tax rate for the three months ended March 31, 2010 and 2009 was 7.0% and 23.6%, respectively. The benefit for taxes on income of $11.0 million in the three months ended March 31, 2010 decreased from $49.6 million in the three months ended March 31, 2009, primarily due to losses in certain non-U.S. jurisdictions for which a tax benefit cannot be recognized and an increase in discrete items which includes a $4.3 million tax charge from the newly enacted tax law in France which became effective January 1, 2010.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

Note 7 Depreciation of Revenue Earning Equipment

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

	Three Months Ended March 31,	
	2010	**2009**
Depreciation of revenue earning equipment	$ 431.6	$ 429.3
Adjustment of depreciation upon disposal	14.8	45.1
Rents paid for vehicles leased	12.8	15.4
Total	$ 459.2	$ 489.8

The adjustment of depreciation upon disposal of revenue earning equipment for the three months ended March 31, 2010 and 2009, included net losses of $11.2 million and $15.0 million, respectively, on the disposal of vehicles used in our car rental operations and net losses of $3.6 million and $30.1 million, respectively, on the disposal of industrial and construction equipment used in our equipment rental operations.

Depreciation rates are reviewed on an ongoing basis based on management's routine review of present and estimated future market conditions and their effect on residual values at the time of disposal. During the three months ended March 31, 2010, depreciation rates being used to compute the provision for depreciation of revenue earning equipment were adjusted on certain vehicles in our car rental operations to reflect changes in the estimated residual values to be realized when revenue earning equipment is sold. These depreciation rate changes resulted in net increases of $7.5 million in depreciation expense for the three months ended March 31, 2010. During the three months ended March 31, 2010, depreciation rate changes in our equipment rental operations resulted in net increases of $2.0 million in depreciation expense.

For the three months ended March 31, 2010 and 2009, our worldwide car rental operations sold approximately 38,900 and 28,400 non-program cars, respectively, a 37.0% year over year increase primarily due to a higher average fleet size.

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HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

Note 8 Debt

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

	March 31, 2010	December 31, 2009
Corporate Debt		
Senior Term Facility, average interest rate: 2010, 2.0%; 2009, 2.0% (effective average interest rate: 2010, 2.0%; 2009, 2.0%); net of unamortized discount: 2010, $12.7; 2009, $13.9	$ 1,342.4	$ 1,344.7
Senior ABL Facility; net of unamortized discount: 2010, $8.5; 2009, $9.6	(8.5)	(9.6)
Senior Notes, average interest rate: 2010, 8.7%; 2009, 8.7%	2,035.1	2,054.7
Senior Subordinated Notes, average interest rate: 2010, 10.5%; 2009, 10.5%	518.5	518.5
Promissory Notes, average interest rate: 2010, 7.3%; 2009, 7.3% (effective average interest rate: 2010, 7.4%; 2009, 7.4%); net of unamortized discount: 2010, $3.7; 2009, $3.3	392.0	391.4
Convertible Senior Notes, average interest rate: 2010, 5.25%; 2009, 5.25%; (effective average interest rate: 2010, 6.7%; 2009, 6.8%); net of unamortized discount: 2010, $102.7; 2009, $107.3	372.1	367.4
Notes payable, average interest rate: 2010, 6.2%; 2009, 8.0%	9.4	9.6
Foreign subsidiaries' debt denominated in foreign currencies:		
Short-term bank borrowings, average interest rate: 2010, 9.0%; 2009, 10.8%	8.3	7.3
Other borrowings, average interest rate: 2010, 2.5%; 2009, 2.5%	5.4	5.4
Total Corporate Debt	4,674.7	4,689.4
Fleet Debt		
U.S. Fleet Debt, average interest rate: 2010, 4.5%; 2009, 4.7% (effective average interest rate: 2010, 4.5%; 2009, 4.7%); net of	4,284.5	4,058.3

unamortized discount: 2010, $15.5; 2009, $16.7		
International Fleet Debt, average interest rate: 2010, 2.3%; 2009, 2.1% (effective average interest rate: 2010, 2.4%; 2009, 2.2%); net of unamortized discount: 2010, $6.1; 2009, $8.7	555.4	705.3
International ABS Fleet Financing Facility, average interest rate: 2010, 3.7%; 2009, 3.6%; (effective average interest rate: 2010, 3.7%; 2009, 3.6%); net of unamortized discount: 2010, $4.1; 2009, $5.7	313.3	383.2
Fleet Financing Facility, average interest rate: 2010, 1.5%; 2009, 1.5% (effective average interest rate: 2010, 1.5%; 2009, 1.5%); net of unamortized discount: 2010, $0.7; 2009, $0.8	162.4	147.2
Brazilian Fleet Financing Facility, average interest rate: 2010, 9.9%; 2009, 13.3%	70.0	69.3
Canadian Fleet Financing Facility, average interest rate: 2010, 0.4%; 2009, 0.5%	96.3	55.6
Belgian Fleet Financing Facility, average interest rate: 2010, 1.8%; 2009, 1.8%	32.9	33.7
Capitalized Leases, average interest rate: 2010, 4.3%; 2009, 4.8%	198.4	222.4
Total Fleet Debt	5,713.2	5,675.0
Total Debt	$ 10,387.9	$ 10,364.4

Note:

For further information on the definitions and terms of our debt, see Note 3 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

The aggregate amounts of maturities of debt for each of the twelve-month periods ending March 31 (in millions of dollars) are as follows: 2011, $4,727.5 (including $1,927.4 of other short-term borrowings); 2012, $4.3; 2013, $2,032.2; 2014, $2,035.6; 2015, $1,196.0; after 2015, $546.3.

Our short-term borrowings as of March 31, 2010 include, among other items, the amounts outstanding under our International Fleet Debt facility, International ABS Fleet Financing Facility, Fleet Financing

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Facility, Brazilian Fleet Financing Facility, Canadian Fleet Financing Facility, Belgian Fleet Financing Facility and Capitalized Leases. These amounts are considered short-term in nature since they have maturity dates of three months or less; however these facilities are revolving in nature and do not expire at the time of the short-term debt maturity. In addition, we include certain scheduled payments of principal under our ABS Program as short-term borrowings.

As of March 31, 2010, there were outstanding standby letters of credit totaling $598.2 million. Of this amount, $310.0 million has been issued for the benefit of the ABS Program ($200.0 million of which was issued by Ford Motor Company, or "Ford," and $110.0 million of which was used under the Senior Credit Facilities) and the remainder is primarily to support self-insurance programs (including insurance policies with respect to which we have indemnified the policy issuers for any losses) in the United States, Canada and Europe and to support airport concession obligations in the United States and Canada. As of March 31, 2010, none of these letters of credit have been drawn upon. In November 2010 the "Ford" letter of credit will expire in conjunction with the maturity of the 2005 Series Notes.

Guarantees and Security

There have been no material changes to the guarantees and security provisions of the debt instruments and credit facilities under which our indebtedness as of March 31, 2010 has been issued from the terms as disclosed in our Annual Report.

Covenants

Certain of our debt instruments and credit facilities contain a number of covenants that, among other things, limit or restrict the ability of the borrowers and the guarantors to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay other indebtedness, make dividends and other restricted payments, create liens, make investments, make acquisitions, engage in mergers, change the nature of their business, make capital expenditures, or engage in certain transactions with affiliates. Some of these agreements also require the maintenance of certain financial covenants. As of March 31, 2010, we were in compliance with all of these financial covenants.

As of March 31, 2010, we had an aggregate principal amount outstanding of $1,355.1 million pursuant to our Senior Term Facility and no amounts outstanding in our Senior ABL Facility. As of March 31, 2010, Hertz was required under the Senior Term Facility to have a consolidated leverage ratio of not more than 4.75:1 and a consolidated interest expense coverage ratio of not less than 2.25:1. In addition, under our Senior ABL Facility, if there was less than $200.0 million of available borrowing capacity under that facility as of March 31, 2010, Hertz was required to have a consolidated leverage ratio of not more than 4.75:1 and a consolidated fixed charge coverage ratio of not less than 1:1 for the quarter then ended. Under the Senior Term Facility, as of March 31, 2010, we had a consolidated leverage ratio of 3.71:1 and a consolidated interest expense coverage ratio of 3.29:1. Since we had maintained sufficient borrowing capacity under our Senior ABL Facility as of March 31, 2010, and expect to maintain such capacity in the future, the consolidated fixed charge coverage ratio was not deemed relevant for presentation. For further information on the terms of our senior credit facilities, see Note 3 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

Derivatives

We utilize certain derivative instruments to enhance our ability to manage risks relating to cash flow and interest rate exposure. See Note 14 Financial Instruments.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Credit Facilities

As of March 31, 2010, the following credit facilities were available for the use of Hertz and its subsidiaries (in millions of dollars):

	Remaining Capacity	Availability Under Borrowing Base Limitation
Corporate Debt		
Senior Term Facility	$	$
Senior ABL Facility	1,636.1	866.1
Total Corporate Debt	1,636.1	866.1
Fleet Debt		
U.S. Fleet Debt	1,663.1	28.0
International Fleet Debt	899.6	101.6
International ABS Fleet Financing Facility	674.1	88.8
Fleet Financing Facility		
Brazilian Fleet Financing Facility	6.3	
Canadian Fleet Financing Facility	124.0	38.8
Belgian Fleet Financing Facility		
Capitalized Leases	107.0	
Total Fleet Debt	3,474.1	257.2
Total	$ 5,110.2	$ 1,123.3

As of March 31, 2010, the Senior Term Facility had approximately $4.1 million available under the letter of credit facility and the Senior ABL Facility had $96.1 million available under the letter of credit facility sublimit.

Our liquidity as of March 31, 2010 was $5,140.9 million, which consisted of $800.7 million of cash and cash equivalents, $866.1 million of unused commitments under our Senior ABL Facility and $3,474.1 million of unused commitments under our Fleet Financing Facilities. Taking into consideration the borrowing base limitations in our Senior ABL Facility and in our Fleet Debt, the amount that we had available for immediate use as of March 31, 2010 under our Senior ABL Facility was $866.1 million and we had $257.2 million of over-enhancement that was available under our Fleet Debt. Accordingly, as of March 31, 2010 we had $1,924.0 million ($800.7 million in cash and cash equivalents, $866.1 million available under our Senior ABL Facility and $257.2 million available under our various Fleet Debt facilities) in liquidity that was available for our immediate use. Future availability of borrowings under these facilities will depend on borrowing base requirements and other factors, many of which are outside our control.

Also, substantially all of our revenue earning equipment and certain related assets are owned by special purpose entities, or are subject to liens in favor of our lenders under our various credit facilities. Substantially all our other assets in the United States are also subject to liens in favor of our lenders under our various credit facilities. None of these assets would be available to satisfy the claims of our general creditors, if we failed to perform our obligations to such creditors.

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Some of these special purpose entities are consolidated variable interest entities whose sole purpose is to provide commitments to lend in various currencies subject to borrowing bases comprised of rental vehicles and related assets of certain of Hertz International, Ltd.'s subsidiaries. As of March 31, 2010 and December 31, 2009, our International Fleet Funding and Hertz Fleet Limited variable interest entities had total assets primarily comprised of revenue earning equipment of $396.6 million and $367.6 million, respectively, and total liabilities primarily comprised of debt of $691.7 million and $710.3 million, respectively. For further information on the terms of our International Fleet Debt, see Note 3 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

Accrued Interest

As of March 31, 2010 and December 31, 2009, accrued interest was $78.8 million and $120.9 million, respectively, which is reflected in our condensed consolidated balance sheet in "Accrued liabilities."

Note 9 Employee Retirement Benefits

The following table sets forth the net periodic pension and postretirement (including health care, life insurance and auto) expense (in millions of dollars):

	Pension Benefits				Postretirement Benefits (U.S.)	
	U.S.		Non-U.S.			
	Three Months Ended March 31,					
	2010	2009	2010	2009	2010	2009
Components of Net Periodic Benefit Cost:						
Service cost	$ 6.7	$ 5.4	$ 1.3	$ 1.3	$ 0.1	$
Interest cost	6.8	7.0	2.6	2.2	0.2	0.2
Expected return on plan assets	(6.7)	(5.9)	(2.5)	(1.7)		
Net amortizations	1.7	0.1	(0.1)	(0.1)	(0.1)	(0.1)
Settlement loss	0.3	0.7				
Net pension/postretirement expense	$ 8.8	$ 7.3	$ 1.3	$ 1.7	$ 0.2	$ 0.1

Our policy for funded plans is to contribute annually, at a minimum, amounts required by applicable laws, regulations and union agreements. From time to time we make contributions beyond those legally required. For the three months ended March 31, 2010 and 2009, we contributed $36.0 million and $8.6 million, respectively, to our worldwide pension plans, including discretionary contributions of $1.8 million and $1.2 million, respectively, to our U.K. defined benefit pension plan and benefit payments made through unfunded plans. Based upon the significant decline in asset values in 2008, which were in line with the overall market declines, we will make cash contributions in 2010 and possibly in future years. We expect to contribute up to $65 million to our U.S. pension plan in the full year of 2010. The level of 2010 and future contributions will vary, and is dependent on a number of factors including actual and projected investment returns, interest rate fluctuations, plan demographics, funding regulations and the results of the final actuarial valuation.

We participate in various "multiemployer" pension plans administered by labor unions representing some of our employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. In the event that we withdraw from participation in one of these plans, then applicable law could require us to make an additional lump-sum contribution to the

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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plan, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our condensed consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that maintain these plans, we could decide to discontinue participation in a plan, and in that event, we could face a withdrawal liability. Some multiemployer plans, including one in which we participate, are reported to have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

Note 10 Stock-Based Compensation

In March 2010, we granted 527,574 Restricted Stock Units, or "RSUs," to key executives and employees at fair values ranging from $9.70 to $9.99 and 800,613 Performance Stock Units, or "PSUs," at a fair value of $9.70 under the Hertz Global Holdings, Inc. 2008 Omnibus Incentive Plan, or the "Omnibus Plan."

In March 2010, we granted options to acquire 3,208,155 shares of our common stock to certain executives at exercise prices ranging from $9.70 to $9.99 under the Omnibus Plan.

A summary of the total compensation expense and associated income tax benefits recognized under our Hertz Global Holdings, Inc. Stock Incentive Plan and Hertz Global Holdings, Inc. Director Stock Incentive Plan, or the "Prior Plans," and the Omnibus Plan, including the cost of stock options, RSUs, and PSUs, is as follows (in millions of dollars):

	Three Months Ended March 31,	
	2010	2009
Compensation Expense	$ 9.0	$ 7.4
Income Tax Benefit	(3.5)	(2.9)
Total	$ 5.5	$ 4.5

As of March 31, 2010, there was approximately $67.0 million of total unrecognized compensation cost related to non-vested stock options, RSUs and PSUs granted by Hertz Holdings under the Prior Plans and the Omnibus Plan, including costs related to modifying the exercise prices of certain option grants in order to preserve the intrinsic value of the options, consistent with applicable tax law, to reflect special cash dividends of $4.32 per share paid on June 30, 2006 and $1.12 per share paid on November 21, 2006. These remaining costs are expected to be recognized over the remaining 1.5 years, on a weighted average basis, of the requisite service period that began on the grant dates.

For the three months ended March 31, 2010 and 2009, we recognized compensation cost of approximately $0.1 million ($0.1 million, net of tax) and $0.1 million ($0.1 million, net of tax), respectively, for the amount of the discount on the stock purchased by our employees under the Hertz Global Holdings, Inc. Employee Stock Purchase Plan.

Note 11 Segment Information

Our operating segments are aggregated into reportable business segments based primarily upon similar economic characteristics, products, services, customers, and delivery methods. We have identified two reportable segments: rental of cars and light trucks, or "car rental," and rental of industrial, construction and material handling equipment, or "equipment rental." Other reconciling items includes

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general corporate assets and expenses, certain interest expense (including net interest on corporate debt), as well as other business activities such as our third party claim management services.

Adjusted pre-tax income (loss) is the measure utilized by management in making decisions about allocating resources to segments and measuring their performance. We believe this measure best reflects the financial results from ongoing operations. Adjusted pre-tax income (loss) is calculated as income (loss) before income taxes plus other reconciling items, non-cash purchase accounting charges, non-cash debt charges and certain one-time charges and non-operational items. The contribution of our reportable segments to revenues and adjusted pre-tax income (loss) and the reconciliation to consolidated amounts for the three months ended March 31, 2010 and 2009 are summarized below (in millions of dollars).

	Three Months Ended March 31,			
	Revenues		Adjusted Pre-Tax Income (Loss)	
	2010	2009	2010	2009
Car rental	$ 1,421.7	$ 1,282.9	$ 27.1	$ (33.5)
Equipment rental	237.0	279.5	(5.0)	0.7
Total reportable segments	1,658.7	1,562.4	22.1	(32.8)
Other	2.2	2.5		
Total	$ 1,660.9	$ 1,564.9		
Adjustments:				
Other reconciling items[1]			(91.3)	(83.8)
Purchase accounting[2]			(22.1)	(26.0)
Non-cash debt charges[3]			(48.8)	(25.0)
Restructuring charges			(10.7)	(29.5)
Restructuring related charges[4]			(5.3)	(8.9)
Management transition costs				(0.7)
Derivative gains (losses)[5]			(1.7)	1.0
Third-party bankruptcy accrual[6]				(4.3)
Loss before income taxes			$ (157.8)	$ (210.0)

(1) Represents general corporate expenses, certain interest expense (including net interest on corporate debt), as well as other business activities such as our third-party claim management services.

(2) Represents the purchase accounting effects of the Acquisition on our results of operations relating to increased depreciation and amortization of tangible and intangible assets and accretion of revalued workers' compensation and public liability and property damage liabilities. Also represents the purchase accounting

effects of subsequent acquisitions on our results of operations relating to increased amortization of intangible assets.

(3)

Represents non-cash debt charges relating to the amortization of deferred debt financing costs and debt discounts. For the three months ended March 31, 2010 and 2009, also includes $20.9 million and $7.5 million, respectively, associated with the amortization of amounts pertaining to the de-designation of the Hertz Vehicle Financing LLC, or "HVF," interest rate swaps as effective hedging instruments.

(4)

Represents incremental, one-time costs incurred directly supporting our business transformation initiatives. Such costs include transition costs incurred in connection with our business process outsourcing arrangements and incremental costs incurred to facilitate business process re-engineering initiatives that involve significant organization redesign and extensive operational process changes.

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(5)
In 2010, represents the mark-to-market adjustment on our interest rate cap. In 2009, represents the mark-to-market adjustments on our gasoline swap.

(6)
Represents an allowance for uncollectible program car receivables related to a bankrupt European dealer affiliated with a U.S. car manufacturer.

Note 12 Total Equity

(in Millions)	Number of Shares	Common Stock	Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Equity
December 31, 2009	410.2	$ 4.1	$	$ 3,141.7	$ (1,062.3)	$ (3.3)	$ 17.2	$ 2,097.4
Net loss attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders					(150.4)			(150.4)
Change in fair value of derivatives qualifying as cash flow hedges, net of tax of $9.5						14.6		14.6
Translation adjustment changes						(39.0)		(39.0)
Unrealized gain on Euro-denominated debt, net of tax of $7.6						11.9		11.9
Defined benefit pension plans, net						(0.4)		(0.4)
Total Comprehensive Loss								(163.3)
Dividend payment to noncontrolling interest							(3.0)	(3.0)
Net income relating to noncontrolling interest							3.6	3.6
Employee stock purchase plan	0.1			0.7				0.7
Net settlement on vesting of restricted stock				(5.3)				(5.3)
Restricted stock	1.0							
Stock-based employee compensation charges, net of tax of $0	0.1			9.0				9.0
Exercise of stock options				0.7				0.7
Common shares issued to Directors				0.1				0.1
Phantom shares issued to Directors				0.1				0.1

March 31, 2010	411.4	$	4.1	$		$	3,147.0	$	(1,212.7)	$	(16.2)	$	17.8	$1,940.0

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(in Millions)	Number of Shares	Common Stock	Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Equity
December 31, 2008	323.0	$ 3.2	$	$ 2,503.8	$ (936.3)	$ (100.1)	$ 17.7	$1,488.3
Net loss attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders					(163.5)			(163.5)
Change in fair value of derivatives qualifying as cash flow hedges, net of tax of $0.1						(0.2)		(0.2)
Translation adjustment changes						(34.8)		(34.8)
Unrealized gain on Euro-denominated debt, net of tax of $5.6						8.7		8.7
Total Comprehensive Loss								(189.8)
Dividend payment to noncontrolling interest							(2.8)	(2.8)
Net income relating to noncontrolling interest							3.1	3.1
Employee stock purchase plan	0.2			0.9				0.9
Stock-based employee compensation charges, net of tax of $0	0.2			7.4				7.4
Exercise of stock options				0.9				0.9
Phantom shares issued to Directors				0.1				0.1
March 31, 2009	323.4	$ 3.2	$	$ 2,513.1	$ (1,099.8)	$ (126.4)	$ 18.0	$1,308.1

Accumulated other comprehensive loss as of March 31, 2010 and December 31, 2009 includes accumulated translation gains of $93.1 million and $132.1 million, respectively, unrealized losses on cash flow hedges of $(35.1) million and $(49.8) million, respectively, changes due to the pension mark-to-market adjustment of $(66.9) million and $(66.5) million, respectively and unrealized losses on our Euro-denominated debt of $(7.3) million and $(19.2) million, respectively.

Note 13 Restructuring

As part of our ongoing effort to implement our strategy of reducing operating costs, we have evaluated our workforce and operations and made adjustments, including headcount reductions and business process re-engineering resulting in optimized work flow at rental locations and maintenance facilities as well as streamlined our back-office operations and evaluated potential outsourcing opportunities. When we made

adjustments to our workforce and operations, we incurred incremental expenses that delay the benefit of a more efficient workforce and operating structure, but we believe that increased operating efficiency and reduced costs associated with the operation of our business are important to our long-term competitiveness.

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For further information on actions taken in 2009, see Note 11 to the Notes to our audited annual consolidated financial statements included in our Annual Report under caption "Item 8 Financial Statements and Supplementary Data."

During the first quarter of 2010 our equipment rental business incurred charges for losses on the disposal of surplus equipment and recognition of future facility lease obligations related to branch closures in North America. Additionally, first quarter restructuring charges included employee termination liabilities covering approximately 200 employees.

For the three months ended March 31, 2010, our consolidated statement of operations includes restructuring charges relating to the initiatives discussed above of $10.7 million which is composed of $3.6 million in facility closure and lease obligation costs, $3.4 million of termination benefits, $1.3 million in relocation and temporary labor costs, $0.7 million in revenue earning equipment and fixed asset impairment charges, $0.5 million in consulting costs, and $1.2 million of other restructuring charges. The after-tax effect of the restructuring charges increased diluted loss per share by $0.02 for the three months ended March 31, 2010.

For the three months ended March 31, 2009, our consolidated statement of operations includes restructuring charges of $29.5 million which is composed of $10.3 million of involuntary termination benefits, $9.8 million in facility closure and lease obligation costs, $5.7 million in consulting costs, $1.7 million in contract termination costs and $2.0 million of other restructuring charges. The after-tax effect of the restructuring charges increased diluted loss per share by $0.07 for the three months ended March 31, 2009.

Additional efficiency and cost saving initiatives are being developed during 2010. However, we presently do not have firm plans or estimates of any related expenses.

Restructuring charges in our consolidated statement of operations can be summarized as follows (in millions of dollars):

	Three Months Ended March 31,			
	2010		2009	
By Caption:				
Direct operating	$	7.0	$	16.8
Selling, general and administrative		3.7		12.7
Total	$	10.7	$	29.5

	Three Months Ended March 31,			
	2010		2009	
By Segment:				
Car rental	$	5.3	$	15.1
Equipment rental		4.9		7.0
Other reconciling items		0.5		7.4
Total	$	10.7	$	29.5

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Our condensed consolidated balance sheet as of March 31, 2010, included accruals relating to the restructuring program of $22.0 million. We expect to pay substantially all of the remaining restructuring obligations by the end of the second quarter 2010. The following table sets forth the activity affecting the accrual during the three months ended March 31, 2010 (in millions of dollars):

	Involuntary Termination Benefits	Pension and Post Retirement Expense	Consultant Costs	Other	Total
Balance as of January 1, 2010	$ 19.6	$	$ 0.4	$ 9.7	$ 29.7
Charges incurred	3.4	0.3	0.5	6.5	10.7
Cash payments	(9.3)		(0.7)	(4.0)	(14.0)
Other[1]	(1.7)	(0.3)		(2.4)	(4.4)
Balance as of March 31, 2010	$ 12.0	$	$ 0.2	$ 9.8	$ 22.0

(1) Primarily consists of a decrease of $2.4 million for facility closures, $0.7 million for the impairment of revenue earning equipment and other assets, $0.3 million for executive pension liability settlements and a $1.2 million loss in foreign currency translation, partially offset by a ($0.3) million settlement gain related to executive pension plan distributions.

Note 14 Financial Instruments

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Fair value approximates the amount indicated on the balance sheet at March 31, 2010 and December 31, 2009 because of the short-term maturity of these instruments. Money market accounts, whose fair value at March 31, 2010, is measured using Level 1 inputs, totaling $249.7 million and $125.6 million are included in "Cash and cash equivalents" and "Restricted cash and cash equivalents," respectively. Money market accounts, whose fair value at December 31, 2009, is measured using Level 1 inputs, totaling $106.8 million and $294.4 million are included in "Cash and cash equivalents" and "Restricted cash and cash equivalents," respectively. Level 1 inputs are observable inputs such as quoted prices in active markets.

Debt

For borrowings with an initial maturity of 93 days or less, fair value approximates carrying value because of the short-term nature of these instruments. For all other debt, fair value is estimated based on quoted market rates as well as borrowing rates currently available to us for loans with similar terms and average maturities. The aggregate fair value of all debt at March 31, 2010 approximated $10,891.2 million, compared to its aggregate carrying value of $10,541.9 million. The aggregate fair value of all debt at December 31, 2009 approximated $10,795.7 million, compared to its aggregate carrying value of $10,530.4 million.

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Derivative Instruments and Hedging Activities

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2010 and December 31, 2009 (in millions of dollars):

	Fair Value of Derivative Instruments(1)			
	Asset Derivatives(2)		Liability Derivatives(2)	
	March 31, 2010	December 31, 2009	March 31, 2010	December 31, 2009
Derivatives designated as hedging instruments under ASC 815:				
HVF interest rate swaps	$	$	$ 9.6	$ 12.8
Derivatives not designated as hedging instruments under ASC 815:				
Gasoline swaps	2.3	2.2		
Interest rate caps	3.7	8.2	2.9	5.6
Foreign exchange forward contracts	11.3	7.6	1.1	5.7
Foreign exchange options	0.2			
Total derivatives not designated as hedging instruments under ASC 815	17.5	18.0	4.0	11.3
Total derivatives	$ 17.5	$ 18.0	$ 13.6	$ 24.1

(1) All fair value measurements were primarily based upon significant observable (Level 2) inputs.

(2) All asset derivatives are recorded in "Prepaid expenses and other assets" and all liability derivatives are recorded in "Accrued liabilities" on our condensed consolidated balance sheets.

	Amount of Gain or (Loss) Recognized in Other Comprehensive Income on Derivative (Effective Portion)		Amount of Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income into Income (Effective Portion)		Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion)	
	Three Months Ended March 31,					
	2010	2009	2010	2009	2010	2009

Derivatives in ASC 815 Cash Flow Hedging Relationship:										
HVF interest rate swaps	$	(9.6)	$	(11.5)	$	(20.9)(1)	$	(7.5)(1)	$	$

Note:

The location of both the effective portion reclassified from "Accumulated other comprehensive loss" into income and the ineffective portion recognized in income is in "Interest expense" on our consolidated statement of operations.

(1)

Represents the amortization of amounts in "Accumulated other comprehensive loss" associated with the de-designation of the previous cash flow hedging relationship as described below.

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	Location of Gain or (Loss) Recognized on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative Three Months Ended March 31, 2010	2009
Derivatives Not Designated as Hedging Instruments under ASC 815:			
Gasoline swaps	Direct operating	$ 0.8	$ 1.0
Interest rate caps	Selling, general and administrative	(1.7)	
Foreign exchange forward contracts	Selling, general and administrative	8.7	(5.8)
Foreign exchange options	Selling, general and administrative	(0.1)	(0.1)
Total		$ 7.7	$ (4.9)

In connection with the Acquisition and the issuance of $3,550.0 million of floating rate U.S. Fleet Debt, our subsidiary HVF entered into certain interest rate swap agreements, or the "HVF Swaps," effective December 21, 2005, which qualify as cash flow hedging instruments in accordance with GAAP. These agreements mature at various terms, in connection with the scheduled maturity of the associated debt obligations, through November 2010. Under these agreements, until February 2009, HVF was paying monthly interest at a fixed rate of 4.5% per annum in exchange for monthly interest at one-month LIBOR, effectively transforming the floating rate U.S. Fleet Debt to fixed rate obligations. In March 2009, HVF made a cash payment to have the fixed rate on these swaps reset to the then current market rates of 0.872% and 1.25% for the swaps that matured in February 2010 and that will mature in November 2010, respectively. $80.4 million of this payment was made to an affiliate of MLGPE which is a counterparty to the HVF Swaps. Concurrently with this payment, the hedging relationship was de-designated and the amount remaining in "Accumulated other comprehensive loss" associated with this cash flow hedging relationship was frozen and is being amortized into "Interest expense" over the respective terms of the associated debt in accordance with GAAP. We expect to amortize approximately $47.9 million from "Accumulated other comprehensive loss" into "Interest expense" over the next eight months. Additionally, a new hedging relationship was designated between the HVF Swaps, which also qualifies for cash flow hedge accounting in accordance with GAAP. Both at the inception of the hedge and on an ongoing basis, we measure ineffectiveness by comparing the fair value of the HVF Swaps and the fair value of hypothetical swaps, with similar terms, using the Hypothetical Method in accordance with GAAP. The hypothetical swaps represent a perfect hedge of the variability in interest payments associated with the U.S. Fleet Debt. Subsequent to the resetting of the swaps at current market rates, we anticipate that there will be no ineffectiveness in the hedging relationship because the critical terms of the HVF Swaps match the terms of the hypothetical swaps.

As of March 31, 2010 and December 31, 2009, the balance reflected in "Accumulated other comprehensive loss," was a loss of $35.1 million (net of tax of $22.3 million) and a loss of $49.7 million (net of tax of $31.8 million), respectively. The fair values of the HVF Swaps were calculated using the income approach and applying observable market data (i.e. the 1-month LIBOR yield curve and credit default swap spreads).

In connection with the entrance into the HVF Swaps, Hertz entered into seven differential interest rate swap agreements, or the "differential swaps." These differential swaps were required to be put in place to protect the counterparties to the HVF Swaps in the event of an "amortization

event" under the asset-backed notes agreements. An "event of bankruptcy" (as defined in the ABS Base Indenture) with

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respect to MBIA or Ambac would constitute an "amortization event" under the portion of the U.S. Fleet Debt facilities guaranteed by the affected insurer. In the event of an "amortization event," the amount by which the principal balance on the floating rate portion of the U.S. Fleet Debt is reduced, exclusive of the originally scheduled amortization, becomes the notional amount of the differential swaps and is transferred to Hertz. There was no payment associated with these differential swaps and their notional amounts are and will continue to be zero unless (1) there is an amortization event, which causes the amortization of the loan balance, or (2) the debt is prepaid.

On September 18, 2009, HVF completed the closing of the Series 2009-1 Notes. In order to satisfy rating agency requirements related to its bankruptcy-remote status, HVF purchased an interest rate cap, for $11.7 million, with a maximum notional amount equal to the Series 2009-1 Notes maximum principal amount of $2.1 billion with a strike rate of 5% and a term until January 25, 2013. Additionally, Hertz sold a 5% interest rate cap, for $6.5 million, with a notional amount equal to 33.3% of the notional amount of the HVF cap through January 2012, and then subsequently with a matching notional amount to the HVF cap through its maturity date of January 25, 2013. The fair value of these interest rate caps was calculated using a discounted cash flow method and applying observable market data (i.e. the 1-month LIBOR yield curve and credit default swap spreads). Gains and losses resulting from changes in the fair value of these interest rate caps are included in our results of operations in the periods incurred.

We purchase unleaded gasoline and diesel fuel at prevailing market rates. In January 2009, we began a program to manage our exposure to changes in prices through the use of derivative commodity instruments. We currently have in place swaps to cover a portion of our exposure through December 2010. We presently hedge a portion of our overall unleaded gasoline and diesel fuel purchases with commodity swaps and have contracts in place that settle on a monthly basis. As of March 31, 2010, our outstanding commodity instruments for unleaded gasoline and diesel fuel totaled approximately 7.9 million gallons and 1.8 million gallons, respectively. The fair value of these commodity instruments was calculated using a discounted cash flow method and applying observable market data (i.e. NYMEX RBOB Gasoline and Department of Energy surveys, etc.). Gains and losses resulting from changes in the fair value of these commodity instruments are included in our results of operations in the periods incurred.

We manage our foreign currency risk primarily by incurring, to the extent practicable, operating and financing expenses in the local currency in the countries in which we operate, including making fleet and equipment purchases and borrowing for working capital needs. Also, we have purchased foreign exchange options to manage exposure to fluctuations in foreign exchange rates for selected marketing programs. The effect of exchange rate changes on these financial instruments would not materially affect our consolidated financial position, results of operations or cash flows. Our risks with respect to foreign exchange options are limited to the premium paid for the right to exercise the option and the future performance of the option's counterparty. Premiums paid for options outstanding as of March 31, 2010, were approximately $0.3 million and we limit counterparties to financial institutions that have strong credit ratings. As of March 31, 2010 and December 31, 2009, the total notional amount of these foreign exchange options was $5.6 million and $0.3 million, respectively, maturing through January 2011. The fair value of the foreign exchange options was calculated using a discounted cash flow method and applying observable market data (i.e. foreign currency exchange rates). Gains and losses resulting from changes in the fair value of these options are included in our results of operations in the periods incurred.

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We also manage exposure to fluctuations in currency risk on intercompany loans we make to certain of our subsidiaries by entering into foreign currency forward contracts at the time of the loans which are intended to offset the impact of foreign currency movements on the underlying intercompany loan obligations. As of March 31, 2010, the total notional amount of these forward contracts was $849.0 million, maturing within three months. The fair value of these foreign currency forward contracts was calculated based on foreign currency forward exchange rates.

On October 1, 2006, we designated our Senior Euro Notes as an effective net investment hedge of our Euro-denominated net investment in our international operations. As a result of this net investment hedge designation, as of March 31, 2010 and December 31, 2009, losses of $7.3 million (net of tax of $10.2 million) and $19.2 million (net of tax of $17.8 million), respectively, attributable to the translation of our Senior Euro Notes into the U.S. dollar are recorded in our condensed consolidated balance sheet in "Accumulated other comprehensive loss."

Note 15 Related Party Transactions

Relationship with Hertz Investors, Inc. and the Sponsors

Other than as disclosed below, in the three months ended March 31, 2010, there were no material changes to our relationship with Hertz Investors, Inc. or the Sponsors.

Director Compensation Policy

For the three months ended March 31, 2010 and 2009, we recognized $0.4 million and $0.4 million, respectively, of expense relating to the Director Compensation Policy in our consolidated statement of operations in "Selling, general and administrative" expenses.

Financing Arrangements with Related Parties

Affiliates of ML Global Private Equity, L.P. and its related funds (which are stockholders of Hertz Holdings) and of Merrill Lynch & Co., Inc., or "ML," one of the underwriters in the initial public offering of our common stock and the June 2007 secondary offering by the Sponsors, were lenders under the Hertz Holdings Loan Facility (which was repaid with the proceeds of our initial public offering); are lenders under the original and amended Senior Term Facility, the original and amended Senior ABL Facility and the Fleet Financing Facility; acted as initial purchasers with respect to the offerings of the Senior Notes, the Senior Subordinated Notes and the Series 2008-1 Notes; acted as structuring advisors and agents under our ABS Program; and acted as dealer managers and solicitation agents for Hertz's tender offers for its existing debt securities in connection with the Acquisition.

As of March 31, 2010 and December 31, 2009, approximately $253 million and $246 million, respectively, of our outstanding debt was with related parties.

See Note 8 Debt.

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Note 16 Commitments and Contingencies

Off-Balance Sheet Commitments

As of March 31, 2010 and December 31, 2009, the following guarantees (including indemnification commitments) were issued and outstanding:

Indemnifications

In the ordinary course of business, we execute contracts involving indemnifications standard in the relevant industry and indemnifications specific to a transaction such as the sale of a business. These indemnifications might include claims relating to the following: environmental matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier and other commercial contractual relationships; and financial matters. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third party claim. We regularly evaluate the probability of having to incur costs associated with these indemnifications and have accrued for expected losses that are probable and estimable. The types of indemnifications for which payments are possible include the following:

Sponsors; Directors

Hertz has entered into customary indemnification agreements with Hertz Holdings, the Sponsors and our stockholders affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, our stockholders affiliated with the Sponsors and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of performance of a consulting agreement with Hertz Holdings and each of the Sponsors and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We also entered into indemnification agreements with each of our directors. We do not believe that these indemnifications are reasonably likely to have a material impact on us.

Environmental

We have indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which we may be held responsible could be substantial. The probable expenses that we expect to incur for such matters have been accrued, and those expenses are reflected in our condensed consolidated financial statements. As of March 31, 2010 and December 31, 2009, the aggregate amounts accrued for environmental liabilities including liability for environmental indemnities, reflected in our condensed consolidated balance sheet in "Accrued liabilities" were $1.8 million and $2.0 million, respectively. The accrual generally represents the estimated cost to study potential environmental issues at sites deemed to require investigation or clean-up activities, and the estimated cost to implement remediation actions, including on-going maintenance, as required. Cost estimates are developed by site. Initial cost estimates are based on historical experience at similar sites and are refined over time on the basis of in-depth studies of the sites. For many sites, the remediation costs and other damages for which we ultimately may be responsible cannot be reasonably estimated because of uncertainties with respect to

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factors such as our connection to the site, the materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies, and remediation to be undertaken (including the technologies to be required and the extent, duration, and success of remediation).

Legal Proceedings

From time to time we are a party to various legal proceedings. We are currently a defendant in numerous actions and have received numerous claims on which actions have not yet been commenced for public liability and property damage arising from the operation of motor vehicles and equipment rented from us and our licensees. The obligation for public liability and property damage on self-insured U.S. and international vehicles and equipment, as stated on our balance sheet, represents an estimate for both reported accident claims not yet paid and claims incurred but not yet reported. The related liabilities are recorded on a non-discounted basis. Reserve requirements are based on actuarial evaluations of historical accident claim experience and trends, as well as future projections of ultimate losses, expenses, premiums and administrative costs. At March 31, 2010 and December 31, 2009 our liability recorded for public liability and property damage matters was $267.0 million and $277.8 million, respectively. The decrease in the reserve balance primarily reflects lower claim costs, the timing of payment activity during the quarter and the effects of foreign currency translation. We believe that our analysis was based on the most relevant information available, combined with reasonable assumptions, and that we may prudently rely on this information to determine the estimated liability. We note the liability is subject to significant uncertainties. The adequacy of the liability reserve is regularly monitored based on evolving accident claim history and insurance related state legislation changes. If our estimates change or if actual results differ from these assumptions, the amount of the recorded liability is adjusted to reflect these results.

For a detailed description of certain of our legal proceedings please see Note 10 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

The following recent developments pertaining to legal proceedings described in our Annual Report are furnished on a supplemental basis:

In March 2010, in *Janet Sobel, Daniel Dugan, PhD. and Lydia Lee, individually and on behalf of all others similarly situated v. The Hertz Corporation and Enterprise Rent-A-Car Company*, the court ruled on the cross motions for summary judgment holding that Hertz violated the since amended Nevada "bundled pricing" statute by separately disclosing and charging airport concession fee recoveries. However, the court also found that Hertz's full disclosure of the estimated total price of the airport rentals was not deceptive within the meaning of Nevada's Deceptive Trade Practices Act. Some additional discovery will now be taken and additional motions are expected to be filed by both sides in the coming months.

Aside from the above mentioned, there were no material changes in the legal proceedings described in our Annual Report and we are not otherwise required to disclose any pending legal proceedings in response to Item 103 of Regulation S-K.

In addition to those described in our Form 10-K, various other legal actions, claims and governmental inquiries and proceedings are pending or may be instituted or asserted in the future against us and our subsidiaries. Other than with respect to the aggregate claims for public liability and property damage

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pending against us, management does not believe that any of the matters resolved, or pending against us, are material to us and our subsidiaries taken as a whole.

We have established reserves for matters where we believe that the losses are probable and reasonably estimated. Other than with respect to the reserve established for claims for public liability and property damage, none of those reserves are material. For matters where we have not established a reserve, the ultimate outcome or resolution cannot be predicted at this time, or the amount of ultimate loss, if any, cannot be reasonably estimated. Litigation is subject to many uncertainties and the outcome of the individual litigated matters is not predictable with assurance. It is possible that certain of the actions, claims, inquiries or proceedings, including those discussed above, could be decided unfavorably to us or any of our subsidiaries involved. Accordingly, it is possible that an adverse outcome from such a proceeding could exceed the amount accrued in an amount that could be material to our consolidated financial condition, results of operations or cash flows in any particular reporting period.

Note 17 Loss Per Share

Basic loss per share has been computed based upon the weighted average number of common shares outstanding. Diluted loss per share has been computed based upon the weighted average number of common shares outstanding plus the effect of all potentially dilutive common stock equivalents, except when the effect would be anti-dilutive.

The following table sets forth the computation of basic and diluted loss per share (in millions of dollars, except per share amounts):

	Three Months Ended March 31,	
	2010	**2009**
Basic and diluted loss per share:		
Numerator:		
Net loss attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders	$ (150.4)	$ (163.5)
Denominator:		
Weighted average shares used in basic and diluted computation	410.7	323.4
Loss per share attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders, basic	$ (0.37)	$ (0.51)
Loss per share attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders, diluted	$ (0.37)	$ (0.51)

Diluted earnings (loss) per share computations for the three months ended March 31, 2010 and 2009 excluded the weighted-average impact of the assumed exercise of approximately 21.8 million and 23.2 million stock options, RSUs and PSUs, respectively, because such impact would be antidilutive. Additionally, for the three months ended March 31, 2010, there was no impact to the earnings (loss) per share computations associated with the Convertible Senior Notes, because such impact would be anti-dilutive.

HERTZ GLOBAL HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Unaudited

Note 18 Subsequent Events

On April 25, 2010, we entered into a definitive merger agreement under which we will acquire Dollar Thrifty Automotive Group, or "Dollar Thrifty," for a purchase price of $41.00 per share, or a total of $1.27 billion, in a mix of cash and Hertz Holdings common stock, based on our closing stock price on the trading day before the agreement was signed. Under the terms of the agreement, Dollar Thrifty has agreed to pay a special cash dividend of $200 million (expected to be approximately $6.88 per share) to its stockholders immediately prior to closing, and each outstanding share of Dollar Thrifty common stock will be converted into the right to receive from us 0.6366 of a share of our common stock and a cash payment from us equal to $32.80 less the amount of the special cash dividend paid by Dollar Thrifty. At the closing, we will issue an aggregate of approximately 18 million shares of our common stock (excluding shares issuable upon the exercise of stock options that are being converted to Hertz Holdings stock options) and pay an aggregate of approximately $750 million in cash (which does not include the $200 million special cash dividend to be paid by Dollar Thrifty.) We intend to fund the cash portion of the purchase price with existing liquidity from the combined company. We will also assume or refinance Dollar Thrifty's existing fleet debt outstanding at closing. The transaction is subject to customary closing conditions, regulatory approvals, approval by Dollar Thrifty stockholders and payment of the special dividend. The transaction is not conditioned on receipt of financing by us.

In connection with this transaction, on April 28, 2010, a plaintiff filed a purported class action lawsuit on behalf of himself and other similarly situated shareholders of Dollar Thrifty, entitled *Henzel v. Dollar Thrifty Automotive Group, Inc. et al., Case No. CJ-2010-02761*, in the District Court of the State of Oklahoma, Tulsa County. The lawsuit was filed against us, Dollar Thrifty, and the members of the board of directors of Dollar Thrifty. The complaint alleges, among other things, that the proposed transaction is the result of an unfair process and that the individual defendants breached their fiduciary duties by failing to maximize shareholder value. In addition, the lawsuit asserts that we and Dollar Thrifty aided and abetted the individual defendants' alleged breaches of fiduciary duties. The complaint seeks to, among other things, enjoin the consummation of the merger, or, to the extent already implemented, rescind the proposed transaction. We believe that this action is wholly without merit and intend to defend vigorously against it. However, because this case is in the early stages, we cannot predict the outcome at this time, and we cannot be assured that the action will not delay the consummation of the merger or result in substantial costs.

On May 3, 2010, Avis Budget Group, Inc., or "Avis," sent a letter to the Board of Directors of Dollar Thrifty requesting access to management and due diligence information for the stated purpose of formulating a competing offer. The Avis letter also requested the elimination of certain provisions of our merger agreement with Dollar Thrifty. That merger agreement contains provisions that set forth each party's rights and obligations with respect to potentially competing offers, but at this time we cannot predict the outcome of, or real motivation behind, the Avis letter. It is of course possible that the Avis letter might result in a delay in, and/or jeopardize the completion of, our acquisition of Dollar Thrifty pursuant to the already announced terms.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that we believe to be relevant to an understanding of our consolidated financial condition and results of operations. Unless the context otherwise requires, in this Report on Form 10-Q, (i) "Hertz Holdings" means Hertz Global Holdings, Inc., our top-level holding company, (ii) "Hertz" means The Hertz Corporation, our primary operating company and a direct wholly-owned subsidiary of Hertz Investors, Inc., which is wholly-owned by Hertz Holdings, (iii) "we," "us" and "our" mean (a) prior to December 21, 2005, Hertz and its consolidated subsidiaries and (b) on and after December 21, 2005, Hertz Holdings and its consolidated subsidiaries, including Hertz, (iv) "HERC" means Hertz Equipment Rental Corporation, Hertz's wholly-owned equipment rental subsidiary, together with our various other wholly-owned international subsidiaries that conduct our industrial, construction and material handling equipment rental business, (v) "cars" means cars and light trucks (including sport utility vehicles and, outside North America, light commercial vehicles), (vi) "program cars" means cars purchased by car rental companies under repurchase or guaranteed depreciation programs with car manufacturers, (vii) "non-program cars" mean cars not purchased under repurchase or guaranteed depreciation programs for which the car rental company is exposed to residual risk and (viii) "equipment" means industrial, construction and material handling equipment.

You should read the following discussion and analysis together with the section below entitled "Cautionary Note Regarding Forward-Looking Statements," with the financial statements and the related notes thereto contained elsewhere in this Form 10-Q, or this "Report."

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained or incorporated by reference in this Report and in reports we subsequently file with the United States Securities and Exchange Commission, or the "SEC," on Forms10-K, 10-Q and file or furnish on Form 8-K, and in related comments by our management, include "forward-looking statements." Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as "believe," "expect," "project," "anticipate," "intend," "plan," "estimate," "seek," "will," "may," "would," "should," "could," "forecasts" or similar expressions. These statements are based on certain assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. We believe these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and our actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K.

Some important factors that could affect our actual results, include, among others, those that may be disclosed from time to time in subsequent reports filed with the SEC, those described under "Item 1A Risk Factors" included in Hertz Holdings' Annual Report on Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2009, filed with the SEC, on February 26, 2010 and March 1, 2010, respectively, or collectively known as our "Annual Report", and the following, which were derived in part from the risks set forth in the Annual Report:

- *our ability to consummate our contemplated acquisition of Dollar Thrifty Automotive Group, within the timeframe and upon the terms contemplated by our management;*

- *overall strength and stability of general economic conditions, both in the United States and in global markets;*

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

levels of travel demand, particularly with respect to airline passenger traffic in the United States and in global markets;

significant changes in the competitive environment, including as a result of industry consolidation, and the effect of competition in our markets, including on our pricing policies or use of incentives;

our ability to achieve cost savings and efficiencies and realize opportunities to increase productivity and profitability;

an increase in our fleet costs as a result of an increase in the cost of new vehicles and/or a decrease in the price at which we dispose of used vehicles either in the used vehicle market or under repurchase or guaranteed depreciation programs;

our ability to accurately estimate future levels of rental activity and adjust the size of our fleet accordingly;

our ability to maintain sufficient liquidity and the availability to us of additional or continued sources of financing for our revenue earning equipment and to refinance our existing indebtedness;

financial instability of insurance companies providing financial guarantees for our asset-backed securities;

safety recalls by the manufacturers of our vehicles and equipment;

a major disruption in our communication or centralized information networks;

financial instability of the manufacturers of our vehicles and equipment;

any impact on us from the actions of our licensees, dealers and independent contractors;

our ability to maintain profitability during adverse economic cycles and unfavorable external events (including war, terrorist acts, natural disasters and epidemic disease);

shortages of fuel and increases or volatility in fuel costs;

our ability to successfully integrate future acquisitions and complete future dispositions;

costs and risks associated with litigation;

risks related to our indebtedness, including our substantial amount of debt and our ability to incur substantially more debt;

our ability to meet the financial and other covenants contained in our senior credit facilities, our outstanding unsecured senior notes and certain asset-backed funding arrangements;

changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings;

changes in the existing, or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect our operations, the cost thereof or applicable tax rates;

the effect of tangible and intangible asset impairment charges;

the impact of our derivative instruments, which can be affected by fluctuations in interest rates;

our exposure to fluctuations in foreign exchange rates; and

other risks described from time to time in periodic and current reports that we file with the SEC.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate History

We are a successor to corporations that have been engaged in the car and truck rental and leasing business since 1918 and the equipment rental business since 1965. Hertz Holdings was incorporated in Delaware in 2005 and had no operations prior to the Acquisition (as defined below).

On December 21, 2005 investment funds associated with or designated by:

- Clayton, Dubilier & Rice, Inc., or "CD&R,"
- The Carlyle Group, or "Carlyle," and
- Merrill Lynch Global Private Equity, or "MLGPE,"

or collectively the "Sponsors," acquired all of Hertz's common stock from Ford Holdings LLC. We refer to the acquisition of all of Hertz's common stock by the Sponsors as the "Acquisition." Following our initial public offering in November 2006 and subsequent offerings in June 2007, May 2009 and June 2009, the Sponsors currently own approximately 51% of the common stock of Hertz Holdings.

In January 2009, Bank of America Corporation, or "Bank of America," acquired Merrill Lynch & Co., Inc., the parent company of MLGPE. Accordingly, Bank of America is now an indirect beneficial owner of our common stock held by MLGPE and certain of its affiliates.

Overview of Our Business

We are engaged principally in the business of renting cars and renting equipment.

Our revenues primarily are derived from rental and related charges and consist of:

- Car rental revenues (revenues from all company-operated car rental operations, including charges to customers for the reimbursement of costs incurred relating to airport concession fees and vehicle license fees, the fueling of vehicles and the sale of loss or collision damage waivers, liability insurance coverage and other products);
- Equipment rental revenues (revenues from all company-operated equipment rental operations, including amounts charged to customers for the fueling and delivery of equipment and sale of loss damage waivers); and
- Other revenues (fees and certain cost reimbursements from our licensees and revenues from our car leasing operations and our third-party claim management services).

Our equipment rental business also derives revenues from the sale of new equipment and consumables.

Our expenses primarily consist of:

- Direct operating expenses (primarily wages and related benefits; commissions and concession fees paid to airport authorities, travel agents and others; facility, self-insurance and reservation costs; the cost of new equipment and consumables purchased

for resale; and other costs relating

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

to the operation and rental of revenue earning equipment, such as damage, maintenance and fuel costs);

Depreciation expense relating to revenue earning equipment (including net gains or losses on the disposal of such equipment). Revenue earning equipment includes cars and rental equipment;

Selling, general and administrative expenses (including advertising); and

Interest expense.

Our profitability is primarily a function of the volume, mix and pricing of rental transactions and the utilization of cars and equipment. Significant changes in the purchase price or residual values of cars and equipment or interest rates can have a significant effect on our profitability depending on our ability to adjust pricing for these changes. We continue to balance our mix of non-program and program vehicles based on market conditions. In the U.S., as of March 31, 2010, the percentage of non-program cars was 66% as compared to 75% as of March 31, 2009. Internationally, as of March 31, 2010, the percentage of non-program cars was 65%, compared to 70% as of March 31, 2009. In the U.S., for the year ended December 31, 2009, the percentage of non-program cars was 51% as compared to 45% for the year ended December 31, 2008. For the year ended December 31, 2009, the percentage of non-program cars in our international fleet was 39%, compared to 41% for the year ended December 31, 2008.

For the three months ended March 31, 2010, we experienced an 8.3% increase in transaction days versus the prior period in the United States, while rental rate revenue per transaction day, or "RPD," improved by 0.3%. During the three months ended March 31, 2010, in our European operations, we experienced a 1.4% decline in transaction days and a 0.8% decline in our car rental RPD compared to the three months ended March 31, 2009.

Our U.S. off-airport operations represented $231.6 million and $212.5 million of our total car rental revenues in the three months ended March 31, 2010 and 2009, respectively. As of March 31, 2010, we have approximately 1,800 off-airport locations. Our strategy includes selected openings of new off-airport locations, the disciplined evaluation of existing locations and the pursuit of same-store sales growth. Our strategy also includes increasing penetration in the off-airport market and growing the online leisure market, particularly in the longer length weekly sector, which is characterized by lower vehicle costs and lower transaction costs at a lower RPD. Increasing our penetration in these sectors is consistent with our long-term strategy to generate profitable growth. When we open a new off-airport location, we incur a number of costs, including those relating to site selection, lease negotiation, recruitment of employees, selection and development of managers, initial sales activities and integration of our systems with those of the companies who will reimburse the location's replacement renters for their rentals. A new off-airport location, once opened, takes time to generate its full potential revenues and, as a result, revenues at new locations do not initially cover their start-up costs and often do not, for some time, cover the costs of their ongoing operations.

In early 2010, Toyota announced recalls of several of its models. As such, we temporarily took a portion of our Toyota fleet out of service. Approximately 13% of our total U.S. car rental fleet was affected by the largest of these recalls. We rapidly made repairs to the recalled vehicles and returned them to our car rental fleet. There was a short-term impact on our business to cover the costs associated with repairing these vehicles; however, we believe that this recall will not have a long-term material impact on our business. Also, we unfortunately turned away some, but not a significant number of rentals as a result of this recall. See "Item 1A Risk Factors" in our Annual Report.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

In the year ended December 31, 2009, our per car vehicle depreciation costs decreased approximately 4% and increased approximately 7% in the United States and Europe, respectively, as compared to the prior year period. In the three months ended March 31, 2010, our per car vehicle depreciation costs decreased 14% and 10% in the United States and Europe, respectively, as compared to the prior year period. We expect our per car vehicle depreciation costs in the United States and in Europe for 2010 to be lower than 2009. Our business requires significant expenditures for cars and equipment, and consequently we require substantial liquidity to finance such expenditures. See "Liquidity and Capital Resources" section below.

HERC experienced lower rental volumes and pricing worldwide for the three months ended March 31, 2010 compared to the prior year period.

HERC locations:

	Total	U.S.	Canada	France	Spain	China
December 31, 2009	322	214	35	66	4	3
Net increase (decrease)	(1)	(1)				
Additions relating to acquisitions						
March 31, 2010	321	213	35	66	4	3

Our car rental and equipment rental operations are seasonal businesses, with decreased levels of business in the winter months and heightened activity during the spring and summer. We have the ability to dynamically manage fleet capacity, the most significant portion of our cost structure, to meet market demand. For instance, to accommodate increased demand, we increase our available fleet and staff during the second and third quarters of the year. As business demand declines, fleet and staff are decreased accordingly. A number of our other major operating costs, including airport concession fees, commissions and vehicle liability expenses, are directly related to revenues or transaction volumes. In addition, our management expects to utilize enhanced process improvements, including efficiency initiatives and the use of our information technology systems, to help manage our variable costs. Approximately two-thirds of our typical annual operating costs represent variable costs, while the remaining one-third is fixed or semi-fixed. We also maintain a flexible workforce, with a significant number of part time and seasonal workers. However, certain operating expenses, including minimum concession fees, rent, insurance, and administrative overhead, remain fixed and cannot be adjusted for seasonal demand.

During the first quarter of 2010 our equipment rental business incurred charges for losses on the disposal of surplus equipment and recognition of future facility lease obligations related to branch closures in North America. Additionally, first quarter restructuring charges included employee termination liabilities covering approximately 200 employees.

For the three months ended March 31, 2010 and 2009, our consolidated statement of operations includes restructuring charges relating to the initiatives discussed above of $10.7 million and $29.5 million, respectively.

Additional efficiency and cost saving initiatives are being developed during 2010. However, we presently do not have firm plans or estimates of any related expenses. See Note 13 to the Notes to our condensed consolidated financial statements included in this Report.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

RESULTS OF OPERATIONS

Summary

The following table sets forth the percentage of total revenues represented by the various line items set forth in our consolidated statements of operations for the three months ended March 31, 2010 and 2009 (in millions of dollars):

	Three Months Ended March 31,		Percentage of Revenues Three Months Ended March 31,	
	2010	2009	2010	2009
Revenues:				
Car rental	$ 1,396.6	$ 1,260.9	84.1%	80.6%
Equipment rental	237.0	279.3	14.3	17.8
Other	27.3	24.7	1.6	1.6
Total revenues	1,660.9	1,564.9	100.0	100.0
Expenses:				
Direct operating	1,013.0	955.3	61.0	61.1
Depreciation of revenue earning equipment	459.2	489.8	27.6	31.3
Selling, general and administrative	167.7	166.7	10.1	10.6
Interest expense	181.1	165.1	10.9	10.5
Interest and other income, net	(2.3)	(2.0)	(0.1)	(0.1)
Total expenses	1,818.7	1,774.9	109.5	113.4
Loss before income taxes	(157.8)	(210.0)	(9.5)	(13.4)
Benefit for taxes on income	11.0	49.6	0.6	3.2
Net loss	(146.8)	(160.4)	(8.9)	(10.2)
Less: Net income attributable to noncontrolling interest	(3.6)	(3.1)	(0.2)	(0.2)
Net loss attributable to Hertz Global Holdings, Inc. and Subsidiaries' common stockholders	$ (150.4)	$ (163.5)	(9.1)%	(10.4)%

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The following table sets forth certain of our selected car rental, equipment rental and other operating data for the three months ended or as of March 31, 2010 and 2009:

	Three Months Ended or as of March 31, 2010	2009
Selected Car Rental Operating Data:		
Worldwide number of transactions (in thousands)	5,860	5,548
Domestic	4,398	4,042
International	1,462	1,506
Worldwide transaction days (in thousands)[a]	28,110	26,683
Domestic	19,939	18,411
International	8,171	8,272
Worldwide rental rate revenue per transaction day[b]	$ 43.05	$ 42.89
Domestic	$ 41.96	$ 41.82
International	$ 45.72	$ 45.28
Worldwide average number of company-operated cars during the period	417,700	383,500
Domestic	293,700	260,000
International	124,000	123,500
Adjusted pre-tax income (loss) (in millions of dollars)[c]	$ 27.1	$ (33.5)
Worldwide revenue earning equipment, net (in millions of dollars)	$ 7,649.0	$ 6,274.4
Selected Worldwide Equipment Rental Operating Data:		
Rental and rental related revenue (in millions of dollars)[d]	$ 215.7	$ 264.6
Same store revenue decline, including growth initiatives[e]	(17.8)%	(23.6)%
Average acquisition cost of rental equipment operated during the period (in millions of dollars)	$ 2,780.0	$ 2,963.4
Adjusted pre-tax income (loss) (in millions of dollars)[c]	$ (5.0)	$ 0.7
Revenue earning equipment, net (in millions of dollars)	$ 1,743.4	$ 2,009.1

(a)

Transaction days represents the total number of days that vehicles were on rent in a given period.

(b)

Car rental rate revenue consists of all revenue, net of discounts, associated with the rental of cars including charges for optional insurance products, but excluding revenue derived from fueling and concession and other expense pass-throughs, NeverLost units in the U.S. and certain ancillary revenue. Rental rate revenue per transaction day is calculated as total rental rate revenue, divided by the total number of transaction days, with all periods adjusted to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends. This statistic is important to our management as it represents the best measurement of the changes in underlying pricing in the car rental business and encompasses the elements in car rental pricing that management has the ability to control. The optional insurance products are packaged within certain negotiated corporate, government and membership programs and within certain retail rates being charged. Based upon these existing programs and rate packages, management believes that these optional insurance products should be consistently included in the daily pricing of car rental transactions. On the other hand, non-rental rate revenue items such as refueling and concession pass-through expense items are driven by factors beyond the control of management (i.e. the price of fuel and the concession fees charged by airports). Additionally, NeverLost units are an optional revenue product which management does not consider to be part of their daily pricing of car rental transactions. The following table reconciles our car rental

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

segment revenues to our rental rate revenue and rental rate revenue per transaction day (based on December 31, 2009 foreign exchange rates) for the three months ended March 31, 2010 and 2009 (in millions of dollars, except as noted):

	Three Months Ended March 31,	
	2010	2009
Car rental segment revenues	$ 1,421.7	$ 1,282.9
Non-rental rate revenue	(223.2)	(197.1)
Foreign currency adjustment	11.7	58.6
Rental rate revenue	$ 1,210.2	$ 1,144.4
Transaction days (in thousands)	28,110	26,683
Rental rate revenue per transaction day (in whole dollars)	$ 43.05	$ 42.89

(c)

Adjusted pre-tax income (loss) is calculated as income (loss) before income taxes plus non-cash purchase accounting charges, non-cash debt charges and certain one-time charges and non-operational items. Adjusted pre-tax income is the measure utilized by management in making decisions about allocating resources to segments and measuring their performance. Management believes this measure best reflects the financial results from ongoing operations. The following table reconciles income (loss) before income taxes by segment to adjusted pre-tax income (loss) by segment for the three months ended March 31, 2010 and 2009 (in millions of dollars):

	Three Months Ended March 31, 2010	
	Car Rental	Equipment Rental
Loss before income taxes	$ (30.1)	$ (23.4)
Adjustments:		
Purchase accounting(1)	9.8	11.5
Non-cash debt charges(2)	37.0	1.9
Restructuring charges	5.3	4.9
Restructuring related charges(3)	5.1	0.1
Adjusted pre-tax income (loss)	$ 27.1	$ (5.0)

	Three Months Ended March 31, 2009	
	Car Rental	Equipment Rental
Loss before income taxes	$ (90.2)	$ (24.8)
Adjustments:		

Purchase accounting(1)	9.4	16.1
Non-cash debt charges(2)	19.3	2.3
Restructuring charges	15.1	7.0
Restructuring related charges(3)	8.6	0.1
Third-party bankruptcy reserve(4)	4.3	
Adjusted pre-tax income (loss)	$ (33.5)	$ 0.7

(1) Represents the purchase accounting effects of the Acquisition on our results of operations relating to increased depreciation and amortization of tangible and intangible assets and accretion of revalued workers' compensation and public liability and property damage liabilities. Also represents the purchase accounting effects of subsequent acquisitions on our results of operations relating to increased amortization of intangible assets.

(2) Represents non-cash debt charges relating to the amortization of deferred debt financing costs and debt discounts. For the three months ended March 31, 2010 and 2009, also includes $20.9 million and $7.5 million, respectively, associated with the amortization of amounts pertaining to the de-designation of the Hertz Vehicle Financing LLC interest rate swaps as effective hedging instruments.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

(3)

Represents incremental, one-time costs incurred directly supporting our business transformation initiatives. Such costs include transition costs incurred in connection with our business process outsourcing arrangements and incremental costs incurred to facilitate business process re-engineering initiatives that involve significant organization redesign and extensive operational process changes.

(4)

Represents an allowance for uncollectible program car receivables related to a bankrupt European dealer affiliated with a U.S. car manufacturer.

(d)

Equipment rental and rental related revenue consists of all revenue, net of discounts, associated with the rental of equipment including charges for delivery, loss damage waivers and fueling, but excluding revenue arising from the sale of equipment, parts and supplies and certain other ancillary revenue. Rental and rental related revenue is adjusted in all periods to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends. This statistic is important to our management as it is utilized in the measurement of rental revenue generated per dollar invested in fleet on an annualized basis and is comparable with the reporting of other industry participants. The following table reconciles our equipment rental segment revenues to our equipment rental and rental related revenue (based on December 31, 2009 foreign exchange rates) for the three months ended March 31, 2010 and 2009 (in millions of dollars):

	Three Months Ended March 31,	
	2010	2009
Equipment rental segment revenues	$ 237.0	$ 279.5
Equipment sales and other revenue	(22.1)	(26.4)
Foreign currency adjustment	0.8	11.5
Rental and rental related revenue	$ 215.7	$ 264.6

(e)

Same store revenue growth represents the change in the current period total same store revenue over the prior period total same store revenue as a percentage of the prior period. The same store revenue amounts are adjusted in all periods to eliminate the effect of fluctuations in foreign currency. Our management believes eliminating the effect of fluctuations in foreign currency is appropriate so as not to affect the comparability of underlying trends.

Three Months Ended March 31, 2010 Compared with Three Months Ended March 31, 2009

REVENUES

Three Months Ended March 31,	
2010	2009

(in millions of dollars)					**$ Change**	**% Change**
Revenues by Segment						
Car rental	$	1,421.7	$	1,282.9	$ 138.8	10.8%
Equipment rental		237.0		279.5	(42.5)	(15.2)%
Other reconciling items		2.2		2.5	(0.3)	(12.0)%
Total revenues	$	1,660.9	$	1,564.9	$ 96.0	6.1%

Car Rental Segment

Revenues from our car rental segment increased 10.8%, primarily as a result of a 5.3% increase in car rental transaction days worldwide, higher RPD and increases in refueling fees of $11.3 million and airport concession recovery fees of $9.4 million. These increases include revenue relating to Advantage which was acquired in April 2009 and the effects of foreign currency translation of approximately $46.4 million.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

RPD for worldwide car rental for the three months ended March 31, 2010 increased 0.3% from 2009, due to increases in U.S. and International RPD of 0.3% and 1.0%, respectively. U.S. off-airport RPD improved by 1.9% and U.S. airport RPD decreased 0.5%. U.S. airport RPD decreased due to the lower RPD that our Advantage brand generates.

Equipment Rental Segment

Revenues from our equipment rental segment decreased 15.2%, primarily due to a 14.4% decrease in equipment rental volume, an 8.0% decline in pricing and a decrease in equipment sales of $4.1 million, partly offset by the effects of foreign currency translation of approximately $11.0 million.

Other

Revenues from all other sources decreased 12.0%, due to a decrease in revenues from our third-party claim management services, partly offset by revenues from our car sharing technology subsidiary.

EXPENSES

(in millions of dollars)	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	$ Change	% Change
Expenses:				
Fleet related expenses	$ 229.0	$ 195.8	$ 33.2	16.9%
Personnel related expenses	346.4	324.0	22.4	6.9%
Other direct operating expenses	437.6	435.5	2.1	0.5%
Direct operating	1,013.0	955.3	57.7	6.0%
Depreciation of revenue earning equipment	459.2	489.8	(30.6)	(6.3)%
Selling, general and administrative	167.7	166.7	1.0	0.6%
Interest expense	181.1	165.1	16.0	9.7%
Interest and other income, net	(2.3)	(2.0)	(0.3)	12.7%
Total expenses	$ 1,818.7	$ 1,774.9	$ 43.8	2.5%

Total expenses increased 2.5%, but total expenses as a percentage of revenues decreased from 113.4% for the three months ended March 31, 2009 to 109.5% for the three months ended March 31, 2010.

Direct Operating Expenses

Direct operating expenses increased 6.0% as a result of increases in fleet related expenses, personnel related expenses and other direct operating expenses.

Fleet related expenses increased 16.9%. The increase was primarily related to worldwide car rental volume demand which resulted in increases in vehicle damage and maintenance costs of $14.2 million, gasoline costs of $11.0 million and self insurance expense of $7.4 million. All of these increases include the effects of foreign currency translation of approximately $10.6 million.

Personnel related expenses increased 6.9%. The increase was primarily related to wages and benefits as a result of restructuring activities of $16.9 million and management incentive compensation costs of $6.0 million. These increases include the effects of foreign currency translation of approximately $10.6 million.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Other direct operating expenses increased 0.5%. The increase was primarily related to worldwide car rental volume demand which resulted in increases in fleet related expenses, including the effects of foreign currency translation of approximately $16.4 million. These increases were partly offset by a decrease in restructuring and restructuring related charges, a reimbursement received from a car manufacturer and a decrease in equipment rental cost of goods sold.

Depreciation of Revenue Earning Equipment

Car Rental Segment

Depreciation of revenue earning equipment for our car rental segment of $388.3 million for the three months ended March 31, 2010 decreased 0.7% from $391.1 million for the three months ended March 31, 2009. The decrease was primarily related to higher residual values on the disposal of used vehicles, partly offset by the effects of foreign currency translation of approximately $14.0 million and a $7.5 million net increase in depreciation in certain of our car rental operations resulting from changes in depreciation rates to reflect the estimated residual value of vehicles.

Equipment Rental Segment

Depreciation of revenue earning equipment in our equipment rental segment of $70.9 million for the three months ended March 31, 2010 decreased 28.2% from $98.7 million for the three months ended March 31, 2009. The decrease was primarily due to a 6.2% reduction in average acquisition cost of rental equipment operated during the period and higher residual values on the disposal of used equipment, partly offset by the effects of foreign currency translation of approximately $2.1 million.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased 0.6%, due to an increase in advertising and the effects of foreign currency translation of approximately $5.4 million, partly offset by decreases in administrative expenses and sales promotion expenses.

Advertising expenses increased $8.8 million, or 32.3%, primarily due to increased media advertising and the effects of foreign currency translation of approximately $1.6 million.

Administrative expenses decreased $7.2 million, or 6.7%, primarily due to decreases in restructuring and restructuring related charges of $11.3 million, partly offset by the loss on derivatives relating to our interest rate cap of $1.7 million, an increase in stock compensation expense of $1.6 million and an increase in management incentive compensation costs of $1.6 million, including the effects of foreign currency translation of approximately $2.5 million.

Sales promotion expenses decreased $0.6 million, or 1.8%, primarily related to decreases in sales salaries and commissions, partly offset by the effects of foreign currency translation of approximately $1.3 million.

Interest Expense

Car Rental Segment

Interest expense for our car rental segment of $89.3 million for the three months ended March 31, 2010 increased 14.9% from $77.7 million for the three months ended March 31, 2009. The increase was

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

primarily due to an increase in the weighted average debt outstanding as a result of an increased fleet size.

Equipment Rental Segment

Interest expense for our equipment rental segment of $10.2 million for the three months ended March 31, 2010 decreased 30.1% from $14.6 million for the three months ended March 31, 2009. The decrease was primarily due to a decrease in weighted average interest rate on our borrowings and a decrease in the weighted average debt outstanding as a result of reduced fleet size.

Other

Other interest expense relating to interest on corporate debt of $81.6 million for the three months ended March 31, 2010 increased 12.1% from $72.8 million for the three months ended March 31, 2009. The increase was primarily due to interest expense on the Convertible Senior Notes issued in May 2009.

Interest and Other Income, Net

Interest and other income, net increased $0.3 million due to a value added tax reclaim, partly offset by decreases in interest income related to lower cash balances and interest rates during the period.

ADJUSTED PRE-TAX INCOME (LOSS)

Car Rental Segment

Adjusted pre-tax income for our car rental segment of $27.1 million increased $60.6 million from an adjusted pre-tax loss of $33.5 million for the three months ended March 31, 2009. The increase was primarily due to stronger volumes, higher RPD and disciplined cost management. Adjustments to our car rental segment income before income taxes on a GAAP basis for the three months ended March 31, 2010 and 2009, totaled $57.2 million and $56.7 million, respectively. See footnote c to the table under "Results of Operations" for a summary and description of these adjustments.

Equipment Rental Segment

Adjusted pre-tax loss for our equipment rental segment of $5.0 million decreased $5.7 million from adjusted pre-tax income of $0.7 million for the three months ended March 31, 2009. The decrease was primarily due to reductions in volume and pricing, partly offset by strong cost management performance and higher residual values on the disposal of used equipment. Adjustments to our equipment rental segment income before income taxes on a GAAP basis for the three months ended March 31, 2010 and 2009, totaled $18.4 million and $25.5 million, respectively. See footnote c to the table under "Results of Operations" for a summary and description of these adjustments.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

BENEFIT FOR TAXES ON INCOME, NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS AND NET LOSS ATTRIBUTABLE TO HERTZ HOLDINGS, INC. AND SUBSIDIARIES' COMMON STOCKHOLDERS

	Three Months Ended March 31,			
(in millions of dollars)	2010	2009	$ Change	% Change
Loss before income taxes	$ (157.8)	$ (210.0)	$ 52.2	(24.9)%
Benefit for taxes on income	11.0	49.6	(38.6)	(77.8)%
Net loss	(146.8)	(160.4)	13.6	(8.5)%
Less: Net income attributable to noncontrolling interests	(3.6)	(3.1)	(0.5)	15.8%
Net loss attributable to Hertz Holdings, Inc. and Subsidiaries' common stockholders	$ (150.4)	$ (163.5)	$ 13.1	(8.0)%

Benefit for Taxes on Income

The effective tax rate for the three months ended March 31, 2010 was 7.0% as compared to 23.6% in the three months ended March 31, 2009. The benefit for taxes on income decreased 77.8%, primarily due to losses in certain non-U.S. jurisdictions for which a tax benefit cannot be recognized and an increase in discrete items which includes a $4.3 million tax charge from the newly enacted tax law in France which became effective January 1, 2010.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests increased 15.8% due to an increase in our majority-owned subsidiary Navigation Solutions, L.L.C.'s net income for the three months ended March 31, 2010 as compared to the three months ended March 31, 2009.

Net Loss Attributable to Hertz Holdings, Inc. and Subsidiaries' Common Stockholders

The net loss attributable to Hertz Holdings, Inc. and Subsidiaries' common stockholders decreased 8.0% primarily due to higher rental volume and pricing in our worldwide car rental operations and disciplined cost management, partly offset by lower rental volume and pricing in our worldwide equipment rental operations, as well as the net effect of other contributing factors noted above. The impact of changes in exchange rates on net loss was mitigated by the fact that not only revenues but also most expenses outside of the United States were incurred in local currencies.

LIQUIDITY AND CAPITAL RESOURCES

Our domestic and international operations are funded by cash provided by operating activities and by extensive financing arrangements maintained by us in the United States, Europe, Puerto Rico, Australia, New Zealand, Canada and Brazil.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Cash Flows

As of March 31, 2010, we had cash and cash equivalents of $800.7 million, a decrease of $184.9 million from $985.6 million as of December 31, 2009. The following table summarizes such decrease:

(in millions of dollars)	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	$ Change
Cash provided by (used in):			
Operating activities	$ 301.2	$ 184.5	$ 116.7
Investing activities	(525.5)	996.9	(1,522.4)
Financing activities	72.1	(1,200.6)	1,272.7
Effect of exchange rate changes	(32.7)	(18.0)	(14.7)
Net change in cash and cash equivalents	$ (184.9)	$ (37.2)	$ (147.7)

During the three months ended March 31, 2010, we generated $116.7 million more cash from operating activities compared with the same period in 2009. The increase was primarily driven by a decrease in net loss before depreciation, amortization and other non-cash expenses, an increase in cash payments in 2009 relating to the buydown of our rate on our interest rate swaps, restructuring and taxes, partly offset by changes in accounts receivable due to increased collections in 2009.

Our primary use of cash in investing activities is for the acquisition of revenue earning equipment, which consists of cars and equipment. During the three months ended March 31, 2010, we generated $1,522.4 million less cash from investing activities compared with the same period in 2009. The use of funds was primarily due to an increase in revenue earning equipment expenditures, a decrease in proceeds from the disposal of revenue earning equipment and the year-over-year change in restricted cash and cash equivalents. The increase in revenue earning equipment expenditures and decrease in proceeds from the disposal of revenue earning equipment was related to higher car rental volumes and a general improvement in the car rental market. The year-over-year change in restricted cash and cash equivalents was primarily related to the economic conditions which affected the demand for revenue earning equipment and our Like Kind Exchange Program, or "LKE Program." As of March 31, 2010 and December 31, 2009, we had $221.3 million and $365.1 million, respectively, of restricted cash and cash equivalents to be used for the purchase of revenue earning vehicles and other specified uses under our Fleet Financing facilities, our LKE Program and to satisfy certain of our self-insurance regulatory reserve requirements. The decrease in restricted cash and cash equivalents of $143.8 million from December 31, 2009 to March 31, 2010, primarily related to the timing of purchases and sales of revenue earning vehicles.

During the three months ended March 31, 2010, we generated $1,272.7 million more cash from financing activities compared with the same period in 2009. The increase is primarily due to increases in proceeds under the revolving lines of credit, net and from a decrease in the repayment of long-term debt.

Financing

Our car rental and equipment rental operations are seasonal businesses with decreased levels of business in the winter months and typically heightened activity during the spring and summer. To accommodate increased demand, we maintain a larger fleet by holding vehicles and equipment and purchasing additional fleet which increases our financing requirements. These seasonal financing

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

needs are funded by increasing the utilization of our various corporate and fleet credit facilities and the variable funding notes portion of our U.S. Fleet Debt facilities as defined in Note 3 to the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data." As business demand moderates during the winter, we reduce our fleet accordingly and dispose of vehicles and equipment. The disposal proceeds are used to reduce debt.

Our primary liquidity needs include servicing of corporate and fleet related debt, the payment of operating expenses and purchases of rental vehicles and equipment to be used in our operations. Our primary sources of funding are operating revenue, cash received on the disposal of vehicles and equipment, borrowings under our asset-backed borrowing arrangements and our revolving credit facility.

As of March 31, 2010, we had approximately $10,387.9 million of total indebtedness outstanding. Cash paid for interest during the three months ended March 31, 2010, was $173.2 million, net of amounts capitalized. Accordingly, we are highly leveraged and a substantial portion of our liquidity needs arise from debt service on indebtedness incurred in connection with the Acquisition and from the funding of our costs of operations and capital expenditures.

Our liquidity as of March 31, 2010 consists of cash and cash equivalents, unused commitments under our Senior ABL Facility and unused commitments under our Fleet Financing Facilities. For a description of these amounts, see Note 8 to the Notes to our condensed consolidated financial statements included in this Report as well as "Credit Facilities" below.

Based on all that we accomplished in 2009, our current availability under our various credit facilities and our business plan, we believe we have sufficient liquidity to meet our U.S. debt maturities over the next twelve months. However, we have approximately $1.0 billion of international fleet debt outstanding as of March 31, 2010, that matures in December 2010. We are currently in discussions regarding our refinancing options, and based on these discussions and our ability to access the capital markets we expect to refinance these facilities on or prior to maturity. However, the availability of financing is subject to a variety of factors not in our control including economic and market conditions and investor demand, so there is no guarantee that such facilities can be refinanced or that the terms of such financings will be acceptable. In the event financing is not available or is not available on terms we deem acceptable, we would expect to utilize our corporate liquidity to repay these obligations which could reduce our ability to fund operations and replace our fleet.

MBIA Insurance Corporation, or "MBIA," and Ambac Assurance Corporation, or "Ambac," provide credit enhancements in the form of financial guaranties for our 2005 Notes, with each providing guaranties for approximately half of the $2,622.0 million in principal amount of the 2005 Notes that was outstanding as of March 31, 2010, all of which matures during 2010.

An event of bankruptcy with respect to MBIA or Ambac between now and the maturities of the 2005 Notes in 2010 would result in an amortization event under the portion of the 2005 Notes guaranteed by the affected insurer. In addition, if an amortization event continues for 30 days or longer, the noteholders of the affected series of notes would have the right to require liquidation of a portion of the fleet sufficient to repay such notes, provided that the exercise of the right was exercised by a majority of the affected noteholders. Ambac has publicly stated that it has insufficient capital to finance its debt service and operating expense requirements beyond the second quarter of 2011 and may need to seek bankruptcy protection.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Since MBIA and Ambac are facing financial instability, have been downgraded one or more times and are on review for further credit downgrade or under developing outlook by one or more credit agencies, we did not have the Series 2009-1 Notes or the Series 2009-2 Notes guaranteed. Accordingly, if a bankruptcy of MBIA or Ambac were to occur prior to the 2005 Notes maturing, we expect that we would use our corporate liquidity and the borrowings under or proceeds from the Series 2009-1 Notes and the Series 2009-2 Notes to pay down the amounts owed under the affected series of 2005 Notes.

On April 25, 2010, we entered into a definitive merger agreement under which we will acquire Dollar Thrifty Automotive Group, or "Dollar Thrifty," for a purchase price of $41.00 per share, or a total of $1.27 billion, in a mix of cash and Hertz Holdings common stock, based on our closing stock price on the trading day before the agreement was signed. Under the terms of the agreement, Dollar Thrifty has agreed to pay a special cash dividend of $200 million (expected to be approximately $6.88 per share) to its stockholders immediately prior to closing, and each outstanding share of Dollar Thrifty common stock will be converted into the right to receive from us 0.6366 of a share of our common stock and a cash payment from us equal to $32.80 less the amount of the special cash dividend paid by Dollar Thrifty. At the closing, we will issue an aggregate of approximately 18 million shares of our common stock (excluding shares issuable upon the exercise of stock options that are being converted to Hertz Holdings stock options) and pay an aggregate of approximately $750 million in cash (which does not include the $200 million special cash dividend to be paid by Dollar Thrifty.) We intend to fund the cash portion of the purchase price with existing liquidity from the combined company. We will also assume or refinance Dollar Thrifty's existing fleet debt outstanding at closing. The transaction is subject to customary closing conditions, regulatory approvals, approval by Dollar Thrifty stockholders and payment of the special dividend. The transaction is not conditioned on receipt of financing by us.

While we anticipate that we have sufficient liquidity to consummate the acquisition of Dollar Thrifty without raising additional funds, it is likely that we will incur additional financing either before or after the acquisition to replenish our liquidity levels. See "Item 1A Risk Factors" in this Report.

A significant number of cars that we purchase are subject to repurchase by car manufacturers under contractual repurchase or guaranteed depreciation programs. Under these programs, car manufacturers agree to repurchase cars at a specified price or guarantee the depreciation rate on the cars during a specified time period, typically subject to certain car condition and mileage requirements. We use this specified price or guaranteed depreciation rate to calculate our asset-backed financing capacity. If any manufacturer of our cars fails to fulfill its repurchase or guaranteed depreciation obligations, due to bankruptcy or otherwise, our asset-backed financing capacity could be decreased, or we may be required to materially increase the credit enhancement levels relating to the financing of the fleet vehicles provided by such bankrupt manufacturer under certain of our Fleet Financing Facilities. For a discussion of the risks associated with a manufacturer's bankruptcy or our reliance on asset-backed financing, see "Item 1A Risk Factors" in our Annual Report.

We rely significantly on asset-backed financing to purchase cars for our domestic and international car rental fleet. The amount of financing available to us pursuant to these programs depends on a number of factors, many of which are outside our control. For further information concerning our asset-backed financing programs, see Note 3 to the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data." For a discussion of risks related to our reliance on asset-backed financing to purchase cars, see "Item 1A Risk Factors" in our Annual Report.

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In the event of a bankruptcy of a car manufacturer, our liquidity would be impacted by several factors including reductions in fleet residual values, as discussed above, and the risk that we would be unable to collect outstanding receivables due to us from such bankrupt manufacturer. In addition, the program cars manufactured by any such company would need to be removed from our fleet or re-designated as non-program vehicles, which would require us to furnish additional collateral enhancement associated with these program vehicles. For a discussion of the risks associated with a manufacturer's bankruptcy or our reliance on asset-backed financing, see "Item 1A Risk Factors" in our Annual Report.

We have a significant amount of debt that will mature over the next several years. The aggregate amounts of maturities of debt for each of the twelve-month periods ending March 31 (in millions of dollars) are as follows: 2011, $4,727.5 (including $1,927.4 of other short-term borrowings); 2012, $4.3; 2013, $2,032.2; 2014, $2,035.6; 2015, $1,196.0; after 2015, $546.3. For a discussion of maturities, see Note 3 to the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data." The $1,927.4 million of short-term borrowings included in the 2011 maturity are revolving in nature and do not expire in 2011. As a result of our successful refinancing efforts in 2009 and the strategic cost reduction actions taken in the past as well as those planned for the remainder of 2010, we believe that we will remain in compliance with our debt covenants and that cash generated from operations, together with amounts available under various liquidity facilities will be adequate to permit us to meet our debt service obligations, ongoing costs of operations, working capital needs and capital expenditure requirements for the next twelve months. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with covenants and restrictions contained in our debt agreements will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

For further information on our indebtedness, see Note 8 to the Notes to our condensed consolidated financial statements included in this Report.

Covenants

Certain of our debt instruments and credit facilities contain a number of covenants that, among other things, limit or restrict the ability of the borrowers and the guarantors to dispose of assets, incur additional indebtedness, incur guarantee obligations, prepay other indebtedness, make dividends and other restricted payments, create liens, make investments, make acquisitions, engage in mergers, change the nature of their business, make capital expenditures, or engage in certain transactions with affiliates. Some of these agreements also require the maintenance of certain financial covenants. As of March 31, 2010, we were in compliance with all of these financial covenants.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

As of March 31, 2010, we had an aggregate principal amount outstanding of $1,355.1 million pursuant to our Senior Term Facility and no amounts outstanding in our Senior ABL Facility. As of March 31, 2010, Hertz was required under the Senior Term Facility to have a consolidated leverage ratio of not more than 4.75:1 and a consolidated interest expense coverage ratio of not less than 2.25:1. In addition, under our Senior ABL Facility, if there was less than $200.0 million of available borrowing capacity under that facility as of March 31, 2010, Hertz was required to have a consolidated leverage ratio of not more than 4.75:1 and a consolidated fixed charge coverage ratio of not less than 1:1 for the quarter then ended. Under the Senior Term Facility, as of March 31, 2010, we had a consolidated leverage ratio of 3.71:1 and a consolidated interest expense coverage ratio of 3.29:1. Since we had maintained sufficient borrowing capacity under our Senior ABL Facility as of March 31, 2010, and expect to maintain such capacity in the future, the consolidated fixed charge coverage ratio was not deemed relevant for presentation. For further information on the terms of our senior credit facilities, see Note 3 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data." In addition to the borrowings under our senior credit facilities, we have a significant amount of additional debt outstanding. For a discussion of the risks associated with our significant leverage, see "Item 1A Risk Factors" in our Annual Report.

Credit Facilities

As of March 31, 2010, the following credit facilities were available for the use of Hertz and its subsidiaries (in millions of dollars):

	Remaining Capacity	Availability Under Borrowing Base Limitation
Corporate Debt		
Senior Term Facility	$	$
Senior ABL Facility	1,636.1	866.1
Total Corporate Debt	1,636.1	866.1
Fleet Debt		
U.S. Fleet Debt	1,663.1	28.0
International Fleet Debt	899.6	101.6
International ABS Fleet Financing Facility	674.1	88.8
Fleet Financing Facility		
Brazilian Fleet Financing Facility	6.3	
Canadian Fleet Financing Facility	124.0	38.8
Belgian Fleet Financing Facility		
Capitalized Leases	107.0	
Total Fleet Debt	3,474.1	257.2
Total	$ 5,110.2	$ 1,123.3

As of March 31, 2010, the Senior Term Facility had approximately $4.1 million available under the letter of credit facility and the Senior ABL Facility had $96.1 million available under the letter of credit facility sublimit.

Our liquidity as of March 31, 2010 was $5,140.9 million, which consisted of $800.7 million of cash and cash equivalents, $866.1 million of unused commitments under our Senior ABL Facility and $3,474.1 million of unused commitments under our Fleet Financing Facilities. Taking into consideration the borrowing base limitations in our Senior ABL Facility and in our Fleet Debt, the amount that we had

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

available for immediate use as of March 31, 2010 under our Senior ABL Facility was $866.1 million and we had $257.2 million of over-enhancement that was available under our Fleet Debt. Accordingly, as of March 31, 2010 we had $1,924.0 million ($800.7 million in cash and cash equivalents, $866.1 million available under our Senior ABL Facility and $257.2 million available under our various Fleet Debt facilities) in liquidity that was available for our immediate use. Future availability of borrowings under these facilities will depend on borrowing base requirements and other factors, many of which are outside our control. See "Item 1A Risk Factors" in our Annual Report.

Also, substantially all of our revenue earning equipment and certain related assets are owned by special purpose entities, or are subject to liens in favor of our lenders under our various credit facilities. Substantially all our other assets in the United States are also subject to liens in favor of our lenders under our various credit facilities. None of these assets would be available to satisfy the claims of our general creditors, if we failed to perform our obligations to such creditors.

Some of these special purpose entities are consolidated variable interest entities whose sole purpose is to provide commitments to lend in various currencies subject to borrowing bases comprised of rental vehicles and related assets of certain of Hertz International, Ltd.'s subsidiaries. As of March 31, 2010 and December 31, 2009, our International Fleet Funding and Hertz Fleet Limited variable interest entities had total assets primarily comprised of revenue earning equipment of $396.6 million and $367.6 million, respectively, and total liabilities primarily comprised of debt of $691.7 million and $710.3 million, respectively. For further information on the terms of our International Fleet Debt, see Note 3 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

Capital Expenditures

The following tables set forth the revenue earning equipment and property and equipment capital expenditures and related disposal proceeds received on a cash basis consistent with our revised consolidated statements of cash flows for the first quarter of 2010 and 2009 (in millions of dollars).

	Revenue Earning Equipment			Property and Equipment		
	Capital Expenditures	Disposal Proceeds	Net Capital Expenditures (Disposal Proceeds)	Capital Expenditures	Disposal Proceeds	Net Capital Expenditures
2010						
First Quarter	$ 2,214.5	$ (1,589.9)	$ 624.6	$ 51.3	$ (6.7)	$ 44.6
2009						
First Quarter	$ 1,399.6	$ (2,026.1)	$ (626.5)	$ 26.7	$ (5.2)	$ 21.5

	Three Months Ended March 31,			
	2010	2009	$ Change	% Change
Revenue earning equipment expenditures				
Car rental	$ 2,181.8	$ 1,371.6	$ 810.2	59.1%
Equipment rental	32.7	28.0	4.7	16.8%
Total	$ 2,214.5	$ 1,399.6	$ 814.9	58.2%

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

	Three Months Ended March 31,			
	2010	2009	$ Change	% Change
Property and equipment expenditures				
Car rental	$ 44.4	$ 21.8	$ 22.6	103.7%
Equipment rental	3.3	3.7	(0.4)	(10.8)%
Other	3.6	1.2	2.4	200.0%
Total	$ 51.3	$ 26.7	$ 24.6	92.1%

The increase in our car rental operations revenue earning equipment expenditures was primarily due to higher rental volumes during the three months ended March 31, 2010 as compared to the three months ended March 31, 2009, which required us to increase our fleet levels. The increase in our equipment rental operations revenue earning equipment expenditures was primarily due to our efforts to meet current year's goal in updating aged fleet during the three months ended March 31, 2010 as compared to the three months ended March 31, 2009.

The increase in car rental property and equipment expenditures are due to increased spending in response to an increase in demand. The level of expenditures in our equipment rental operations remained relatively the same.

Off-Balance Sheet Commitments

As of March 31, 2010 and December 31, 2009, the following guarantees (including indemnification commitments) were issued and outstanding:

Indemnifications

In the ordinary course of business, we execute contracts involving indemnifications standard in the relevant industry and indemnifications specific to a transaction such as the sale of a business. These indemnifications might include claims relating to the following: environmental matters; intellectual property rights; governmental regulations and employment-related matters; customer, supplier and other commercial contractual relationships; and financial matters. Performance under these indemnities would generally be triggered by a breach of terms of the contract or by a third party claim. We regularly evaluate the probability of having to incur costs associated with these indemnifications and have accrued for expected losses that are probable and estimable. The types of indemnifications for which payments are possible include the following:

Sponsors; Directors

Hertz has entered into customary indemnification agreements with Hertz Holdings, the Sponsors and our stockholders affiliated with the Sponsors, pursuant to which Hertz Holdings and Hertz will indemnify the Sponsors, our stockholders affiliated with the Sponsors and their respective affiliates, directors, officers, partners, members, employees, agents, representatives and controlling persons, against certain liabilities arising out of performance of a consulting agreement with Hertz Holdings and each of the Sponsors and certain other claims and liabilities, including liabilities arising out of financing arrangements or securities offerings. We also entered into indemnification agreements with each of our directors. We do not believe that these indemnifications are reasonably likely to have a material impact on us.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Environmental

We have indemnified various parties for the costs associated with remediating numerous hazardous substance storage, recycling or disposal sites in many states and, in some instances, for natural resource damages. The amount of any such expenses or related natural resource damages for which we may be held responsible could be substantial. The probable expenses that we expect to incur for such matters have been accrued, and those expenses are reflected in our condensed consolidated financial statements. As of March 31, 2010 and December 31, 2009, the aggregate amounts accrued for environmental liabilities, including liability for environmental indemnities, reflected in our condensed consolidated balance sheet in "Accrued liabilities" were $1.8 million and $2.0 million, respectively. The accrual generally represents the estimated cost to study potential environmental issues at sites deemed to require investigation or clean-up activities, and the estimated cost to implement remediation actions, including on-going maintenance, as required. Cost estimates are developed by site. Initial cost estimates are based on historical experience at similar sites and are refined over time on the basis of in-depth studies of the sites. For many sites, the remediation costs and other damages for which we ultimately may be responsible cannot be reasonably estimated because of uncertainties with respect to factors such as our connection to the site, the materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies, and remediation to be undertaken (including the technologies to be required and the extent, duration, and success of remediation).

Risk Management

For a discussion of additional risks arising from our operations, including vehicle liability, general liability and property damage insurable risks, see "Item 1 Business Risk Management" in our Annual Report.

Market Risks

We are exposed to a variety of market risks, including the effects of changes in interest rates, foreign currency exchange rates and fluctuations in gasoline prices. We manage our exposure to these market risks through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Derivative financial instruments are viewed as risk management tools and have not been used for speculative or trading purposes. In addition, derivative financial instruments are entered into with a diversified group of major financial institutions in order to manage our exposure to counterparty nonperformance on such instruments. For more information on these exposures, see Note 12 to the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

Interest Rate Risk

From time to time, we may enter into interest rate swap agreements and/or interest rate cap agreements to manage interest rate risk. See Notes 8 and 14 to the Notes to our condensed consolidated financial statements included in this Report and Notes 3 and 12 to the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data."

We have a significant amount of debt (including under our U.S. and International Fleet Debt facilities, other international fleet debt facilities, International ABS Fleet Financing Facility and Senior ABL Facility) with variable rates of interest based generally on LIBOR, Euro inter-bank offered rate, or "EURIBOR," or their equivalents for local currencies plus an applicable margin. Increases in interest rates could

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

therefore significantly increase the associated interest payments that we are required to make on this debt.

We have assessed our exposure to changes in interest rates by analyzing the sensitivity to our earnings assuming various changes in market interest rates. Assuming a hypothetical increase of one percentage point in interest rates on our debt portfolio as of March 31, 2010, our net income would decrease by an estimated $23.9 million over a twelve-month period.

Consistent with the terms of the agreements governing the respective debt obligations, we may hedge a portion of the floating rate interest exposure under the Senior Credit Facilities, the U.S. and International Fleet Debt and International ABS Fleet Financing Facility to provide protection in respect of such exposure.

Foreign Currency Risk

We manage our foreign currency risk primarily by incurring, to the extent practicable, operating and financing expenses in the local currency in the countries in which we operate, including making fleet and equipment purchases and borrowing for working capital needs. Also, we have purchased foreign exchange options to manage exposure to fluctuations in foreign exchange rates for selected marketing programs. The effect of exchange rate changes on these financial instruments would not materially affect our consolidated financial position, results of operations or cash flows. Our risks with respect to foreign exchange options are limited to the premium paid for the right to exercise the option and the future performance of the option's counterparty.

We also manage exposure to fluctuations in currency risk on intercompany loans we make to certain of our subsidiaries by entering into foreign currency forward contracts at the time of the loans which are intended to offset the impact of foreign currency movements on the underlying intercompany loan obligations.

On October 1, 2006, we designated our Senior Euro Notes as an effective net investment hedge of our Euro-denominated net investment in our international operations.

See Note 14 to the Notes to our condensed consolidated financial statements included in this Report.

Other Risks

We purchase unleaded gasoline and diesel fuel at prevailing market rates. In January 2009, we began a program to manage our exposure to changes in prices through the use of derivative commodity instruments. See Note 14 to the Notes to our condensed consolidated financial statements included in this Report.

Inflation

The increased cost of vehicles is the primary inflationary factor affecting us. Many of our other operating expenses are also expected to increase with inflation, including health care costs and gasoline. Management does not expect that the effect of inflation on our overall operating costs will be greater for us than for our competitors.

Income Taxes

In January 2006, we implemented a LKE Program for our U.S. car rental business. Pursuant to the program, we dispose of vehicles and acquire replacement vehicles in a form intended to allow such dispositions and replacements to qualify as tax-deferred "like-kind exchanges" pursuant to section 1031

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

of the Internal Revenue Code. The program has resulted in deferral of federal and state income taxes for fiscal 2007, 2008 and 2009. A LKE Program for HERC has been in place for several years. The program allows tax deferral if a qualified replacement asset is acquired within a specific time period after asset disposal. Accordingly, if a qualified replacement asset is not purchased within this limited time period, taxable gain is recognized. For strategic purposes, such as cash management and fleet reduction, we have triggered some taxable gains in the program. The bankruptcy filing of an OEM also resulted in minimal gain recognition. We had sufficient net operating losses to fully offset the taxable gains recognized. We cannot offer assurance that the expected tax deferral will continue or that the relevant law concerning the programs will remain in its current form. An extended reduction in purchases or downsizing of our car rental fleet could result in reduced deferrals in the future, which in turn could require us to make material cash payments for federal and state income tax liabilities. Our inability to obtain replacement financing as our fleet financing facilities mature would likely result in an extended reduction in purchases or downsizing of the fleet. However, we believe the likelihood of making material cash payments in the near future is low because of our significant net operating losses. For a discussion of risks related to our reliance on asset-backed financing to purchase cars, see "Item 1A Risk Factors" in our Annual Report.

On January 1, 2009, Bank of America acquired Merrill Lynch & Co., Inc., the parent company of MLGPE. Accordingly, Bank of America is now an indirect beneficial owner of our common stock held by MLGPE and certain of its affiliates. For U.S. income tax purposes the transaction, when combined with other unrelated transactions during the previous 36 months, resulted in a change in control as that term is defined in Section 382 of the Internal Revenue Code. Consequently, utilization of all pre-2009 U.S. net operating losses is subject to an annual limitation. The limitation is not expected to result in a loss of net operating losses or have a material adverse impact on taxes.

Employee Retirement Benefits

Pension

We sponsor defined benefit pension plans worldwide. Pension obligations give rise to significant expenses that are dependent on assumptions discussed in Note 4 of the Notes to our audited annual consolidated financial statements included in our Annual Report under the caption "Item 8 Financial Statements and Supplementary Data." Based on present assumptions, our 2010 worldwide pre-tax pension expense is expected to be approximately $39.1 million, which would represent an increase of $3.2 million from 2009. The anticipated increase in expense compared to 2009 is primarily due to the lower discount rates. We expect to contribute up to $65 million to our U.S. pension plan in the full year of 2010. These contributions are necessary primarily because of the significant decline in asset values.

We participate in various "multiemployer" pension plans administered by labor unions representing some of our employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. In the event that we withdraw from participation in one of these plans, then applicable law could require us to make an additional lump-sum contribution to the plan, and we would have to reflect that as an expense in our consolidated statement of operations and as a liability on our condensed consolidated balance sheet. Our withdrawal liability for any multiemployer plan would depend on the extent of the plan's funding of vested benefits. In the ordinary course of our renegotiation of collective bargaining agreements with labor unions that maintain these plans, we could decide to discontinue participation in a plan, and in that event, we could face a withdrawal liability. Some multiemployer plans, including one in which we participate, are reported to have significant underfunded liabilities. Such underfunding could increase the size of our potential withdrawal liability.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 3 to the Notes to our condensed consolidated financial statements included in this Report.

Other Financial Information

The interim financial information included in this Report has not been audited by PricewaterhouseCoopers LLP, or "PwC." In reviewing this interim financial information, PwC has applied limited procedures in accordance with professional standards for reviews of interim financial information. Accordingly, reliance on their reports on this information should be restricted. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for its reports on the interim financial information because their reports do not constitute "reports" or "parts" of registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There is no material change in the information reported under "Part II, Item 7A Quantitative and Qualitative Disclosures About Market Risk," contained in our Annual Report for the fiscal year ended December 31, 2009. See "Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Market Risks," included in this Report.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of our disclosure controls and procedures was performed under the supervision of, and with the participation of, management, including our Chief Executive Officer and Chief Financial Officer, as of the end of the period covered by this Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

An evaluation of our internal controls over financial reporting was performed under the supervision of, and with the participation of, management, including our Chief Executive Officer and Chief Financial Officer, to determine whether any changes have occurred during the period covered by this Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that no changes in our internal control over financial reporting have occurred during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of certain pending legal proceedings, see Note 10 to the Notes to our annual audited consolidated financial statements included in our Annual Report.

The following recent developments pertaining to legal proceedings described in our Annual Report are furnished on a supplemental basis:

In March 2010, in *Janet Sobel, Daniel Dugan, PhD. and Lydia Lee, individually and on behalf of all others similarly situated v. The Hertz Corporation and Enterprise Rent-A-Car Company*, the court ruled on the cross motions for summary judgment holding that Hertz violated the since amended Nevada "bundled pricing" statute by separately disclosing and charging airport concession fee recoveries. However, the court also found that Hertz's full disclosure of the estimated total price of the airport rentals was not deceptive within the meaning of Nevada's Deceptive Trade Practices Act. Some additional discovery will now be taken and additional motions are expected to be filed by both sides in the coming months.

Aside from the above mentioned, there were no material changes in the legal proceedings described in our Annual Report and we are not otherwise required to disclose any pending legal proceedings in response to Item 103 of Regulation S-K.

ITEM 1A. RISK FACTORS

There is no material change in the information reported under "Item 1A Risk Factors" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 with the exception of the following.

If we are unable to complete our contemplated acquisition of Dollar Thrifty Automotive Group, our expected financial results could be adversely affected.

On April 26, 2010, we announced that we entered into a definitive merger agreement under which we will acquire Dollar Thrifty Automotive Group, or "Dollar Thrifty," in a cash and stock transaction valued on that date at $41 per share, or a total of $1.27 billion. Consummation of the merger is subject to customary conditions to closing, including the receipt of required regulatory approvals and the approval of Dollar Thrifty's shareholders. If any condition to the merger is not satisfied or waived, the merger will not be completed. We and Dollar Thrifty also may terminate the merger agreement under certain circumstances. As explained elsewhere in this Report, the Avis Budget Group, Inc. recently sent a letter to the Dollar Thrifty Board of Directors making certain requests for the stated purpose of formulating a competing offer. Any or all of the preceding could jeopardize our ability to consummate the merger on the already negotiated terms. To the extent the transaction is not completed for any reason, we would have devoted substantial resources and management attention to the transaction without realizing the accompanying benefits expected by our management, and our stock price, financial condition and results of operations may be adversely affected.

While we anticipate that we have sufficient liquidity to consummate the acquisition of Dollar Thrifty without raising additional funds, it is likely that we will incur additional financing either before or after the acquisition to replenish our liquidity levels. There can be no assurance that we will be able to raise the necessary financing on acceptable terms, if at all. If we are unable to generate additional liquidity when needed or on acceptable terms, we may be in breach of the financial covenants contained in certain of our debt instruments and credit facilities.

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ITEM 1A. RISK FACTORS (Continued)

Even if the Dollar Thrifty acquisition is consummated, we may fail to realize all of the anticipated benefits of the acquisition.

We agreed to acquire Dollar Thrifty because we believe that the merger will be beneficial to us and our stockholders. To realize these anticipated benefits, after the completion of the merger, we expect to achieve significant cost savings as we integrate our respective businesses. However, there is no assurance that if the Dollar Thrifty acquisition is consummated, we will be able to integrate the operations of Dollar Thrifty without encountering unexpected difficulties, including unanticipated costs, difficulty in retaining customers, challenges associated with information technology integration, and failure to retain key employees. We may also incur substantial delays or costs in connection with the completion of the acquisition, including with respect to any legal proceedings instituted against us or Dollar Thrifty as a result of the acquisition. As explained elsewhere in this Report, at least one class action lawsuit has been filed seeking to block consummation of the merger. Additionally, as a condition to their approval of the merger, regulatory agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the combined company's business. Any or all of the preceding could jeopardize our ability to obtain the anticipated benefits of the merger, which could have a material adverse effect on our stock price, financial condition and results of operations.

ITEM 6. EXHIBITS

(a) Exhibits:

Exhibit Number	Description
15	Letter from PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, dated May 5, 2010, relating to Financial Information
31.1 31.2	Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer and Chief Financial Officer
32.1 32.2	18 U.S.C. Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer

Note: Certain instruments with respect to various additional obligations, which could be considered as long-term debt, have not been filed as exhibits to this Report because the total amount of securities authorized under any such instrument does not exceed 10% of our total assets on a consolidated basis. We agree to furnish to the SEC upon request a copy of any such instrument defining the rights of the holders of such long-term debt.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 5, 2010

HERTZ GLOBAL HOLDINGS, INC.
(Registrant)

By: /s/ ELYSE DOUGLAS

Elyse Douglas
Executive Vice President and Chief Financial Officer
(principal financial officer and duly authorized officer)

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EXHIBIT INDEX

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