Hertz Global Holdings, Inc. [1]
First Quarter 2007 Performance Results Including Non-GAAP Measures, Definitions and Use/Importance

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[1] Hertz Global Holdings, Inc.'s operating subsidiary, The Hertz Corporation, posted the same revenues, loss before income taxes and minority interest, Corporate EBITDA, adjusted pre-tax income, net loss and adjusted net income for the first quarter of 2007 as did Hertz Global Holdings, Inc.

Table 1

HERTZ GLOBAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
Unaudited

	Three Months Ended March 31,		As a Percent of Total Revenues	
	2007	2006	2007	2006
Total revenues	$ 1,921.5	$ 1,786.6	100.0 %	100.0 %
Expenses:				
Direct operating	1,114.3	1,070.1	58.0 %	59.9 %
Depreciation of revenue earning equipment	467.8	407.3	24.3 %	22.8 %
Selling, general and administrative	200.4	162.2	10.4 %	9.0 %
Interest, net of interest income	229.6	210.3	12.0 %	11.8 %
Total expenses	2,012.1	1,849.9	104.7 %	103.5 %
Loss before income taxes and minority interest	(90.6)	(63.3)	(4.7) %	(3.5) %
Benefit for taxes on income	32.1	17.3	1.6 %	0.9 %
Minority interest	(4.1)	(3.2)	(0.2) %	(0.2) %
Net loss	$ (62.6)	$ (49.2)	(3.3) %	(2.8) %
Loss per share:				
Basic	$ (0.20)	$ (0.21)		
Diluted	$ (0.20)	$ (0.21)		
Weighted average number of shares outstanding:				
Basic	320.6	229.5		
Diluted	320.6	229.5		

Table 2

HERTZ GLOBAL HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)
Unaudited

	Three Months Ended March 31, 2007			
	As Reported	Adjustments		As Adjusted
Total revenues	$ 1,921.5	$ -		$ 1,921.5
Expenses:				
Direct operating	1,114.3	(31.5)	(a)	1,082.8
Depreciation of revenue earning equipment	467.8	(4.3)	(b)	463.5
Selling, general and administrative	200.4	(22.5)	(c)	177.9
Interest, net of interest income	229.6	(48.4)	(d)	181.2
Total expenses	2,012.1	(106.7)		1,905.4
(Loss) income before income taxes and minority interest	(90.6)	106.7		16.1
Benefit (provision) for taxes on income	32.1	(37.8)	(e)	(5.7)
Minority interest	(4.1)	-		(4.1)
Net (loss) income	$ (62.6)	$ 68.9		$ 6.3

	Three Months Ended March 31, 2006			
	As Reported	Adjustments		As Adjusted
Total revenues	$ 1,786.6	$ -		$ 1,786.6
Expenses:				
Direct operating	1,070.1	(19.9)	(a)	1,050.2
Depreciation of revenue earning equipment	407.3	(1.9)	(b)	405.4
Selling, general and administrative	162.2	(0.7)	(c)	161.5
Interest, net of interest income	210.3	(29.2)	(d)	181.1
Total expenses	1,849.9	(51.7)		1,798.2
(Loss) income before income taxes and minority interest	(63.3)	51.7		(11.6)
Benefit (provision) for taxes on income	17.3	(13.3)	(e)	4.0
Minority interest	(3.2)	-		(3.2)
Net (loss) income	$ (49.2)	$ 38.4		$ (10.8)

(a) Represents the increase in amortization of other intangible assets, depreciation of property and equipment and accretion of certain revalued liabilities relating to purchase accounting. In 2007, also includes $12.9 million of restructuring charges.
(b) Represents the increase in depreciation of revenue earning equipment based upon their revaluation relating to purchase accounting.
(c) Represents the increase in depreciation of property and equipment relating to purchase accounting and CEO transition payments. In 2007, also includes $19.7 million of restructuring charges. In 2006, also includes a gain on the sale of swap derivative, net of a loss on the mark to market of the Euro denominated debt.
(d) Represents non-cash debt charges relating to the amortization of debt financing costs and debt discount. In 2007, also includes $16.1 million associated with the debt modification and $12.8 million associated with the ineffectiveness of our interest rate swaps.
(e) Represents a provision for income taxes derived utilizing a normalized income tax rate (35%).

Table 3

HERTZ GLOBAL HOLDINGS, INC.
SEGMENT INFORMATION
(In millions, except per share amounts)
Unaudited

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Revenues:		
Car Rental	$ 1,529.7	$ 1,421.6
Equipment Rental	389.9	363.1
Corporate and Other	1.9	1.9
	$ 1,921.5	$ 1,786.6
Income (loss) before income taxes and minority interest		
Car Rental	$ (16.8)	$ (11.1)
Equipment Rental	46.0	34.5
Corporate and Other	(119.8)	(86.7)
	$ (90.6)	$ (63.3)
Corporate EBITDA:		
Car Rental	$ 74.0	$ 64.5
Equipment Rental	173.9	146.5
Corporate and Other	(9.9)	(12.3)
	$ 238.0	$ 198.7
Adjusted Pre-Tax Income (Loss)		
Car Rental	$ 36.9	$ 17.5
Equipment Rental	65.6	53.3
Corporate and Other	(86.4)	(82.4)
	$ 16.1	$ (11.6)
Adjusted Net Income (Loss):		
Car Rental	$ 24.0	$ 11.4
Equipment Rental	42.6	34.6
Corporate and Other	(60.3)	(56.8)
	$ 6.3	$ (10.8)
Adjusted Diluted Earnings (Loss) Per Share	$ 0.02	$ (0.03)
Pro forma post-IPO diluted number of shares outstanding	324.8	324.8

Table 4

HERTZ GLOBAL HOLDINGS, INC.
SELECTED OPERATING AND FINANCIAL DATA

	Three Months Ended, or as of March 31, 2007	Percent change from prior year period
Selected Car Rental Operating Data		
Worldwide transaction days (in thousands)	28,936	4.2 %
Domestic	20,846	3.2 %
International	8,090	6.6 %
Worldwide rental rate revenue per transaction day (a)	$ 44.72	0.0 %
Domestic	$ 44.39	(0.1) %
International (b)	$ 45.56	0.4 %
Worldwide average number of company-operated cars during period	423,400	5.1 %
Domestic	302,500	4.9 %
International	120,900	5.7 %
Worldwide revenue earning equipment, net (in millions of dollars)	$ 8,036.6	(1.7) %
Selected Worldwide Equipment Rental Operating Data		
Rental and rental related revenue (in millions of dollars) (a) (b)	$ 348.0	8.2 %
Same store revenue growth (a)	4.8%	(82.7) %
Average acquisition cost of rental equipment operated during period (in millions of dollars)	$ 3,092.1	12.1 %
Revenue earning equipment, net (in millions of dollars)	$ 2,422.4	10.4 %
Other Financial Data (in millions of dollars)		
Cash flows provided by operating activities	$ 1,124.8	(6.7) %
Levered after-tax cash flow before fleet growth (a)	441.1	21.5 %
Levered after-tax cash after fleet growth (a)	122.9	N/M
EBITDA (a)	663.8	7.7 %
Corporate EBITDA (a)	238.0	19.8 %

Selected Balance Sheet Data (in millions of dollars)

	March 31, 2007
Cash and equivalents	$ 476.9
Total revenue earning equipment, net	10,459.0
Total assets	18,526.8
Total debt	11,756.9
Net corporate debt (a)	4,414.4
Net fleet debt (a)	6,673.8
Stockholders' equity	2,482.8

(a) Represents a non-GAAP measure, see the accompanying reconciliations and definitions.
(b) Based on 12/31/06 foreign exchange rates.

Table 5 (pg. 1)

HERTZ GLOBAL HOLDINGS, INC.

RECONCILIATION OF GAAP TO NON-GAAP EARNINGS MEASURES

(In millions, except per share amounts)

ADJUSTED PRE-TAX INCOME (LOSS) AND ADJUSTED NET INCOME (LOSS)

	Three Months Ended March 31, 2007			
	Car Rental	Equipment Rental	Corporate and Other	Total
(Loss) income before income taxes and minority interest	$ (16.8)	$ 46.0	$ (119.8)	$ (90.6)
Adjustments:				
Purchase accounting (a)	7.7	15.0	0.4	23.1
Non-cash debt charges (b)	26.3	2.8	19.3	48.4
Restructuring charges	19.7	1.8	11.1	32.6
CEO transition costs	-	-	2.6	2.6
Adjusted pre-tax income (loss)	36.9	65.6	(86.4)	16.1
Assumed (provision) benefit for income taxes of 35%	(12.9)	(23.0)	30.2	(5.7)
Minority interest	-	-	(4.1)	(4.1)
Adjusted net income (loss)	$ 24.0	$ 42.6	$ (60.3)	$ 6.3
Adjusted Diluted Earnings Per Share				$ 0.02
Pro forma post-IPO diluted number of shares outstanding				324.8

	Three Months Ended March 31, 2006			
	Car Rental	Equipment Rental	Corporate and Other	Total
(Loss) income before income taxes and minority interest	$ (11.1)	$ 34.5	$ (86.7)	$ (63.3)
Adjustments:				
Purchase accounting (a)	6.5	14.9	0.6	22.0
Non-cash debt charges (b)	22.1	3.9	3.2	29.2
Mark-to-market Euro denominated debt (c)	-	-	6.5	6.5
Gain on sale of swap derivative	-	-	(6.6)	(6.6)
CEO transition costs	-	-	0.6	0.6
Adjusted pre-tax income (loss)	17.5	53.3	(82.4)	(11.6)
Assumed (provision) benefit for income taxes of 35%	(6.1)	(18.7)	28.8	4.0
Minority interest	-	-	(3.2)	(3.2)
Adjusted net income (loss)	$ 11.4	$ 34.6	$ (56.8)	$ (10.8)
Adjusted Diluted Loss Per Share				$ (0.03)
Pro forma post-IPO diluted number of shares outstanding				324.8

EBITDA, CORPORATE EBITDA, UNLEVERED PRE-TAX CASH FLOW,
LEVERED AFTER-TAX CASH FLOW BEFORE FLEET GROWTH AND AFTER FLEET GROWTH

	Three Months Ended March 31, 2007			
	Car Rental	Equipment Rental	Corporate and Other	Total
(Loss) income before income taxes and minority interest	$ (16.8)	$ 46.0	$ (119.8)	$ (90.6)
Depreciation and amortization	437.4	89.9	1.6	528.9
Interest, net of interest income	105.4	35.0	89.2	229.6
Minority interest	-	-	(4.1)	(4.1)
EBITDA	526.0	170.9	(33.1)	663.8
Adjustments:				
Car rental fleet interest	(102.8)	-	-	(102.8)
Car rental fleet depreciation	(395.9)	-	-	(395.9)
Non-cash expenses and charges (d)	27.0	1.2	9.5	37.7
Extraordinary, unusual or non-recurring gains and losses (e)	19.7	1.8	13.7	35.2
Corporate EBITDA	$ 74.0	$ 173.9	$ (9.9)	238.0
Equipment rental maintenance capital expenditures, net				(62.6)
Non-fleet capital expenditures, net				(32.1)
Changes in working capital				447.4
Changes in other assets and liabilities				(43.5)
Unlevered pre-tax cash flow (f)				547.2
Corporate net cash interest				(102.9)
Corporate cash taxes				(3.2)
Levered after-tax cash flow before fleet growth (f)				441.1
Equipment rental fleet growth capital expenditures				6.5
Car rental net fleet equity requirement				(324.7)
Levered after-tax cash flow after fleet growth (f)				$ 122.9

	Three Months Ended March 31, 2006			
	Car Rental	Equipment Rental	Corporate and Other	Total
(Loss) income before income taxes and minority interest	$ (11.1)	$ 34.5	$ (86.7)	$ (63.3)
Depreciation and amortization	391.5	79.4	1.4	472.3
Interest, net of interest income	104.0	31.4	74.9	210.3
Minority interest	-	-	(3.2)	(3.2)
EBITDA	484.4	145.3	(13.6)	616.1
Adjustments:				
Car rental fleet interest	(98.0)	-	-	(98.0)
Car rental fleet depreciation	(345.6)	-	-	(345.6)
Non-cash expenses and charges (d)	23.7	1.2	6.5	31.4
Extraordinary, unusual or non-recurring gains and losses (e)	-	-	(6.0)	(6.0)
Sponsors' fees	-	-	0.8	0.8
Corporate EBITDA	$ 64.5	$ 146.5	$ (12.3)	198.7
Equipment rental maintenance capital expenditures, net				(52.8)
Non-fleet capital expenditures, net				(48.9)
Changes in working capital				371.2
Changes in other assets and liabilities				1.9
Unlevered pre-tax cash flow (f)				470.1
Corporate net cash interest				(104.0)
Corporate cash taxes				(3.2)
Levered after-tax cash flow before fleet growth (f)				362.9
Equipment rental fleet growth capital expenditures				(124.6)
Car rental net fleet equity requirement				(285.4)
Levered after-tax cash flow after fleet growth (f)				$ (47.1)

(a) Includes the purchase accounting effects of the acquisition of all of Hertz's common stock on December 21, 2005, 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 damages liabilities.

(b) Non-cash debt charges represents the amortization of deferred financing costs and debt discount. In 2007, also includes $16.1 million associated with the debt modification and $12.8 million associated with the ineffectiveness of our interest rate swaps.

(c) Represents unrealized losses on currency translation of Euro denominated debt.

(d) As defined in the credit agreements for the senior credit facilities, Corporate EBITDA excludes the impact of certain non-cash expenses and charges. The adjustments reflect the following:

	Three Months Ended March 31, 2007			
Non-Cash Expenses and Charges	**Car Rental**	**Equipment Rental**	**Corporate and Other**	**Total**
Non-cash amortization of debt costs included in car rental fleet interest	$ 25.7	$ -	$ -	$ 25.7
Non-cash charges for workers' compensation	1.3	1.2	-	2.5
Corporate non-cash stock-based employee compensation charges	-	-	6.1	6.1
Corporate non-cash charges for pension	-	-	1.3	1.3
Corporate non-cash charges for public liability and property damage	-	-	1.8	1.8
Corporate unrealized loss on derivatives	-	-	0.3	0.3
Total non-cash expenses and charges	$ 27.0	$ 1.2	$ 9.5	$ 37.7

	Three Months Ended March 31, 2006			
	Car Rental	**Equipment Rental**	**Corporate and Other**	**Total**
Non-cash amortization of debt costs included in car rental fleet interest	$ 21.5	$ -	$ -	$ 21.5
Non-cash charges for workers' compensation	2.2	1.2	-	3.4
Corporate unrealized losses on currency translation of Euro denominated debt	-	-	6.5	6.5
Total non-cash expenses and charges	$ 23.7	$ 1.2	$ 6.5	$ 31.4

(e) As defined in the credit agreements for the senior credit facilities, Corporate EBITDA excludes the impact of extraordinary, unusual or non-recurring gains or losses or charges or credits. The adjustments reflect the following:

	Three Months Ended March 31, 2007			
Extraordinary, Unusual or Non-Recurring Items	**Car Rental**	**Equipment Rental**	**Corporate and Other**	**Total**
Restructuring charges	$ 19.7	$ 1.8	$ 11.1	$ 32.6
CEO transition costs	-	-	2.6	2.6
Total extraordinary, unusual or non-recurring items	$ 19.7	$ 1.8	$ 13.7	$ 35.2

	Three Months Ended March 31, 2006			
	Car Rental	**Equipment Rental**	**Corporate and Other**	**Total**
Gain on sale of swap derivative	$ -	$ -	$ (6.6)	$ (6.6)
CEO transition costs	-	-	0.6	0.6
Total extraordinary, unusual or non-recurring items	$ -	$ -	$ (6.0)	$ (6.0)

(f) Amounts include the effect of fluctuations in foreign currency.

Table 6

HERTZ GLOBAL HOLDINGS, INC.
RECONCILIATION OF GAAP TO NON-GAAP EARNINGS MEASURES
(In millions of dollars, except as noted)

Reconciliation from Operating Cash Flows to EBITDA:	**Three Months Ended March 31, 2007**	**2006**
Net cash provided by operating activities	$ 1,124.8	$ 1,205.0
Amortization of debt costs and debt modification costs	(35.6)	(29.2)
Provision for losses on doubtful accounts	(2.9)	(4.6)
Loss on revaluation of foreign denominated debt	-	(6.5)
(Loss) gain on ineffectiveness of interest rate swaps	(12.8)	1.0
Stock-based employee compensation	(6.1)	-
Provision for public liability and property damage	(47.0)	(45.8)
Minority interest	(4.1)	(3.2)
Deferred income taxes	24.2	(0.6)
Payments of public liability and property damage claims and expenses	45.2	44.0
Benefit for taxes on income	(32.1)	(17.3)
Interest, net of interest income	229.6	210.3
Net changes in assets and liabilities	(619.4)	(737.0)
EBITDA	$ 663.8	$ 616.1

Net Corporate Debt & Net Fleet Debt	**March 31, 2007**	**December 31, 2006**
Corporate Debt		
Debt, less:	$ 11,756.9	$ 12,276.2
U.S Fleet Debt and Pre-Acquisition Notes	4,860.0	4,845.2
International Fleet Debt	1,692.7	1,987.8
Fleet Financing Facility	173.0	165.9
Other International Facility	24.6	-
Fleet Debt	$ 6,750.3	$ 6,998.9
Corporate Debt	$ 5,006.6	$ 5,277.3
Corporate Restricted Cash		
Restricted Cash, less:	$ 191.8	$ 552.5
Restricted Cash Associated with Fleet Debt	(76.5)	(487.0)
Corporate Restricted Cash	$ 115.3	$ 65.5
Net Corporate Debt		
Corporate Debt, less:	$ 5,006.6	$ 5,277.3
Cash and Equivalents	(476.9)	(674.5)
Corporate Restricted Cash	(115.3)	(65.5)
Net Corporate Debt	$ 4,414.4	$ 4,537.3
Net Fleet Debt		
Fleet Debt, less:	$ 6,750.3	$ 6,998.9
Restricted Cash Associated with Fleet Debt	(76.5)	(487.0)
Net Fleet Debt	$ 6,673.8	$ 6,511.9

Car rental rate revenue per transaction day (a)	**Three Months Ended March 31, 2007**	**2006**
Car rental revenue per statement of operations	$ 1,505.1	$ 1,399.6
Non-rental rate revenue	(211.4)	(189.1)
Foreign currency adjustment	0.4	31.4
Rental rate revenue	$ 1,294.1	$ 1,241.9
Transactions days (in thousands)	28,936	27,783
Rental rate revenue per transaction day (in whole dollars)	$ 44.72	$ 44.70

Equipment rental and rental related revenue (a)	**Three Months Ended March 31, 2007**	**2006**
Equipment rental revenue per statement of operations	$ 389.8	$ 363.0
Equipment sales and other revenue	(41.7)	(44.1)
Foreign currency adjustment	(0.1)	2.7
Rental and rental related revenue	$ 348.0	$ 321.6

(a) Based on 12/31/06 foreign exchange rates.

<u>Non-GAAP Measures: Definitions and Use/Importance</u>

On December 21, 2005 ("Closing Date") an indirect, wholly owned subsidiary of Hertz Global Holdings, Inc. ("Hertz Holdings") acquired all of The Hertz Corporation's ("Hertz") common stock from Ford Holdings LLC ("Ford Holdings") pursuant to a Stock Purchase Agreement, dated as of September 12, 2005, among Ford Motor Company ("Ford"), Ford Holdings and Hertz Holdings (previously known as CCMG Holdings, Inc.). As a result of this transaction, investment funds associated with or designated by Clayton, Dubilier & Rice, Inc., The Carlyle Group and Merrill Lynch Global Private Equity (collectively, the "Sponsors"), owned over 99% of the common stock of Hertz Holdings. As a result of an initial public offering of the common stock of Hertz Holdings in November 2006, the Sponsors now own approximately 72% of the common stock of Hertz Holdings. We refer to the acquisition of all of Hertz's common stock as the "Acquisition." We refer to the Acquisition, together with related transactions entered into to finance the cash consideration for the Acquisition, to refinance certain of our existing indebtedness and to pay related transaction fees and expenses, as the "Transactions." The term "GAAP" refers to accounting principles generally accepted in the United States of America.

Definitions of non-GAAP financial and other measures utilized in Hertz Holdings' April 26, 2007 Press Release are set forth below. Also set forth below is a summary of the reasons why management of Hertz Holdings and Hertz believe that presentation of the non-GAAP financial measures included in the Press Release provide useful information regarding Hertz Holdings' and Hertz's financial condition and results of operations and additional purposes, if any, for which management of Hertz Holdings and Hertz utilize the non-GAAP financial measures.

<u>1. Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") and Corporate EBITDA</u>

We present EBITDA and Corporate EBITDA to provide investors with supplemental measures of our operating performance and liquidity and, in the case of Corporate EBITDA, information utilized in the calculation of the financial covenants under Hertz's senior credit facilities. EBITDA is defined as consolidated net income before net interest expense, consolidated income taxes and consolidated depreciation and amortization. Corporate EBITDA differs from the term "EBITDA" as it is commonly used. Corporate EBITDA means "EBITDA" as that term is defined under Hertz's senior credit facilities, which is generally consolidated net income before net interest expense (other than interest expense relating to certain car rental fleet financing), consolidated income taxes, consolidated depreciation (other than depreciation related to the car rental fleet) and amortization and before certain other items, in each case as more fully defined in the agreements governing Hertz's senior credit facilities. The other items excluded in this calculation include, but are not limited to: non-cash expenses and charges; extraordinary, unusual or non-recurring gains or losses; gains or losses associated with the sale or write-down of assets not in the ordinary course of business; certain management fees paid to the Sponsors; and earnings to the extent of cash dividends or distributions paid from non-controlled affiliates. Further, the covenants in Hertz's senior credit facilities are calculated using Corporate EBITDA for the most recent four fiscal quarters as a whole. As a result, the measure can be disproportionately affected by a particularly strong or weak quarter. Further, it may not be comparable to the measure for any subsequent four-quarter period or for any complete fiscal year.

Management uses EBITDA and Corporate EBITDA as performance and cash flow metrics for internal monitoring and planning purposes, including the preparation of our annual operating budget and monthly operating reviews, as well as to facilitate analysis of investment decisions. In addition, both metrics are important to allow us to evaluate profitability and make performance trend comparisons between us and our competitors. Further, we believe EBITDA and Corporate EBITDA are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industries.

EBITDA is also used by management and investors to evaluate our operating performance exclusive of financing costs and depreciation policies. Further, because we have two business segments that are financed differently and have different underlying depreciation characteristics, EBITDA enables investors to isolate the effects on profitability of operating metrics such as revenue, operating expenses and selling, general and administrative expenses. In addition to its use to monitor performance trends, EBITDA provides a comparative metric to management and investors that is consistent across companies with different capital structures and depreciation policies. This enables management and investors to compare our performance on a consolidated basis and on a segment basis to that of our peers. In addition, our management uses consolidated EBITDA as a proxy for cash flow available to finance fleet expenditures and the costs of our capital structure on a day-to-day basis so that we can more easily monitor our cash flows when a full statement of cash flows is not available.

Corporate EBITDA also serves as an important measure of our performance. Corporate EBITDA for our car rental segment enables us to assess our operating performance inclusive of fleet management performance, depreciation assumptions and the cost of financing our fleet. In addition, Corporate EBITDA for our car rental segment allows us to compare our performance, inclusive of fleet mix and financing decisions, to the performance of our competitors. Since most of our competitors utilize asset-backed fleet debt to finance fleet acquisitions, this measure is relevant for evaluating our operating efficiency inclusive of our fleet acquisition and utilization. For our equipment rental segment, Corporate EBITDA provides an appropriate measure of performance because the investment in our equipment fleet is longer-term in nature than for our car rental segment and therefore Corporate EBITDA allows management to assess operating performance exclusive of interim changes in depreciation assumptions. Further, unlike our car rental segment, our equipment rental fleet is not financed through separate securitization-based fleet financing facilities, but rather through our corporate debt. Corporate EBITDA for our equipment rental segment is a key measure used to make investment decisions because it enables us to evaluate return on investments. For both segments, Corporate EBITDA provides a relevant profitability metric for use in comparison of our performance against our public peers, many of whom publicly disclose a comparable metric. In addition, we believe that investors, analysts and rating agencies consider EBITDA and Corporate EBITDA useful in measuring our ability to meet our debt service obligations and make capital expenditures. Several of Hertz's material debt covenants are based on financial ratios utilizing Corporate EBITDA and non-compliance with those covenants could result in the requirement to immediately repay all amounts outstanding under those agreements, which could have a material adverse effect on our results of operations, financial position and cash flows.

EBITDA and Corporate EBITDA are not recognized measurements under GAAP. When evaluating our operating performance or liquidity, investors should not consider EBITDA and Corporate EBITDA in isolation of, or as a substitute for, measures of our financial performance and liquidity as determined in accordance with GAAP, such as net income, operating income or net cash provided by operating activities. EBITDA and Corporate EBITDA may have material limitations as performance measures because they exclude items that are necessary elements of our costs and operations. Because other companies may calculate EBITDA and Corporate EBITDA differently than we do, EBITDA may not be, and Corporate EBITDA as presented is not, comparable to similarly titled measures reported by other companies.

Borrowings under Hertz's senior credit facilities are a key source of our liquidity. Hertz's ability to borrow under these senior credit facilities depends upon, among other things, the maintenance of a sufficient borrowing base and compliance with the financial ratio covenants based on Corporate EBITDA set forth in the credit agreements for Hertz's senior credit facilities. Hertz's senior term loan facility requires it to maintain a specified consolidated leverage ratio and a consolidated interest expense coverage ratio based on Corporate EBITDA, while its senior asset-based loan facility requires that a specified consolidated leverage ratio and consolidated fixed charge coverage ratio be maintained for periods during which there is less than $200 million of available borrowing capacity under the senior asset-based loan facility. These financial covenants became applicable to Hertz on September 30, 2006, reflecting the four quarter period ending thereon. Failure to comply with these financial ratio covenants would result in a default under the credit agreements for Hertz's senior credit facilities and, absent a waiver or an amendment from the lenders, permit the acceleration of all outstanding borrowings under the senior credit facilities. As of March 31, 2007, we performed the calculations associated with the above noted financial covenants and determined that Hertz is in compliance with such covenants.

2. Adjusted Pre-Tax Income

Adjusted pre-tax income is calculated as income before income taxes and minority interest plus non-cash purchase accounting charges, non-cash debt charges relating to the amortization of debt financing costs and debt discounts, unrealized transaction gain (loss) on Euro denominated debt and certain one-time charges and non-operational items. Adjusted pre-tax income is important to management and investors because it represents a measure of our operational performance exclusive of the effects of purchase accounting, one-time charges and items that are not operational in nature or comparable to those of our competitors.

3. Adjusted Net Income

Adjusted net income is calculated as adjusted pre-tax income less a provision for income taxes derived utilizing a normalized income tax rate and minority interest. Adjusted net income is important to management and investors because it represents a measure of our operational performance exclusive of the effects of purchase accounting adjustments, one-time charges and items that are not operational in nature or comparable to those of our competitors.

4. Adjusted Diluted Earnings Per Share

Adjusted diluted earnings per share is calculated as adjusted net income divided by the post-IPO pro forma number of shares outstanding. Adjusted diluted earnings per share is important to management and investors because it represents a measure of our operational performance exclusive of the effects of purchase accounting adjustments, one-time charges and items that are not operational in nature or comparable to those of our competitors. Utilizing the post-IPO pro forma number of shares outstanding is important to management and investors because it represents a measure of our earnings per share as if the effects of the initial public offering were applicable to all periods.

5. Transaction Days

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

6. Car Rental Rate Revenue and Rental Rate Revenue Per Transaction Day

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 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 management and investors 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.

7. Equipment Rental and Rental Related Revenue

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 and to investors 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.

8. Same Store Revenue Growth

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.

9. Unlevered Pre-Tax Cash Flow

Unlevered pre-tax cash flow is calculated as Corporate EBITDA less equipment rental fleet depreciation including gain (loss) on sale, non-fleet capital expenditures, net of non-fleet disposals, plus changes in working capital (accounts receivable, inventories, prepaid expenses, accounts payable and accrued liabilities), and changes in other assets and liabilities (including public liability and property damage, U.S. pension liability, other assets and liabilities, equity and minority interest). Unlevered pre-tax cash flow is important to management and investors as it represents funds available to pay corporate interest and taxes and to grow our fleet or reduce debt.

10. Levered After-Tax Cash Flow Before Fleet Growth

Levered after-tax cash flow before fleet growth is calculated as Unlevered Pre-Tax Cash Flow less corporate net cash interest and corporate cash taxes. Levered after-tax cash flow before fleet growth is important to management and investors as it represents the funds available to grow our fleet or reduce our debt.

11. Levered After-Tax Cash Flow After Fleet Growth

Levered after-tax cash flow after fleet growth is calculated as Levered After-Tax Cash Flow Before Fleet Growth less equipment rental fleet growth capital expenditures and less gross car rental fleet growth capital expenditures plus car rental fleet financing. Levered after-tax cash flow after fleet growth is important to management and investors as it represents the funds available for the reduction of corporate debt.

12. Corporate Net Cash Interest (used in the calculation of Levered After-Tax Cash Flow Before Fleet Growth)

Corporate net cash interest represents total interest expense, net of total interest income less car rental fleet interest expense, net of car rental interest income and non-cash corporate interest charges. Non-cash corporate interest charges represent the amortization of corporate debt financing costs and corporate debt discounts. Corporate net cash interest helps management and investors measure the ongoing costs of financing the business exclusive of the costs associated with the fleet financing.

13. Corporate Cash Taxes (used in the calculation of Levered After-Tax Cash Flow Before Fleet Growth)

Corporate cash taxes represents cash paid by the Company during the period for income taxes.

14. Net Corporate Debt

Net corporate debt is calculated as total debt excluding fleet debt less cash and equivalents and short-term investments, if any, and "corporate restricted cash." Corporate debt consists of senior notes and Euro medium term notes issued prior to the Acquisition; borrowings under our Senior Term Facility; borrowings under our Senior ABL Facility; our Senior Notes; our Senior Subordinated Notes; and certain other indebtedness of our domestic and foreign subsidiaries. Net Corporate Debt is important to management, investors and ratings agencies as it helps measure our leverage. Net Corporate Debt also assists in the evaluation of our ability to service our non-fleet-related debt without reference to the expense associated with the fleet debt, which is fully collateralized by assets not available to lenders under the non-fleet debt facilities.

15. Net Fleet Debt

Net fleet debt is calculated as total fleet debt less “restricted cash associated with fleet debt.” Fleet debt consists of our U.S. ABS Fleet Debt, the Fleet Financing Facility, obligations incurred under our International Fleet Debt Facilities, capital lease financings relating to revenue earning equipment that are outside the International Fleet Debt Facilities and the pre-Acquisition ABS Notes. This measure is important to management, investors and ratings agencies as it helps measure our leverage.

16. Corporate Restricted Cash (used in the calculation of Net Corporate Debt)

Total restricted cash includes cash and investments that are not readily available for our normal disbursements. Total restricted cash and investments are restricted for the acquisition of vehicles and other specified uses under our U.S. ABS Fleet Debt and to satisfy certain or our self insurance reserve requirements. Corporate restricted cash is calculated as total restricted cash less “restricted cash associated with fleet debt.”

17. Restricted Cash Associated with Fleet Debt (used in the calculation of Net Fleet Debt and Corporate Restricted Cash)

Total restricted cash includes cash and investments that are not readily available for our normal disbursements. Restricted cash associated with fleet debt is restricted for the acquisition of vehicles and other specified uses under our U.S. ABS Fleet Debt.