
ML HERTZ CO-INVESTOR, L.P.

Unaudited Financial Statement as of and for the
Year Ended December 31, 2010

ML HERTZ CO-INVESTOR, L.P.

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DECEMBER 31, 2010**

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ML HERTZ CO-INVESTOR, L.P.

**UNAUDITED STATEMENT OF ASSETS AND LIABILITIES
AS OF DECEMBER 31, 2010**

ASSETS

Portfolio investment, at fair value (cost \$14,141,185)	\$ 44,935,475
Cash and cash equivalents	<u>383,566</u>
TOTAL ASSETS	\$ <u>45,319,041</u>

LIABILITIES AND PARTNERS' CAPITAL

LIABILITIES	<u>\$ -</u>
COMMITMENTS AND CONTINGENCIES	-
PARTNERS' CAPITAL	
General Partner	4,572,289
Limited Partners	<u>40,746,752</u>
TOTAL PARTNERS' CAPITAL	<u>45,319,041</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ <u>45,319,041</u>

See notes to the unaudited financial statements.

ML HERTZ CO-INVESTOR, L.P.

**UNAUDITED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**

PARTNERSHIP INCOME:

Dividend Income \$ 555

PARTNERSHIP EXPENSES:

Professional fees 10,220

Miscellaneous 330

Total expenses 10,550

NET INVESTMENT LOSS (9,995)

UNREALIZED GAIN ON INVESTMENT:

Net unrealized change in investment 7,969,922

NET INCREASE IN PARTNERS' CAPITAL RESULTING
FROM OPERATIONS \$ 7,959,927

See notes to the unaudited financial statements.

ML HERTZ CO-INVESTOR, L.P.

**UNAUDITED STATEMENT OF CHANGES IN PARTNERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Partner	Limited Partners	Total
Balance at December 31, 2009	\$ 3,769,140	\$ 33,589,974	\$ 37,359,114
Net investment loss	(10)	(9,985)	(9,995)
Net unrealized change in investment	803,159	7,166,763	7,969,922
Balance at December 31, 2010	<u>\$ 4,572,289</u>	<u>\$ 40,746,752</u>	<u>\$ 45,319,041</u>

See notes to the unaudited financial statements.

ML HERTZ CO-INVESTOR, L.P.

**UNAUDITED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase in partners' capital resulting from operations	\$ 7,959,927
Adjustments to reconcile net increase in partners' capital resulting from operations to net cash used in operating activities:	
Net unrealized change in investment	<u>(7,969,922)</u>
Net cash used in operating activities	<u>(9,995)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (9,995)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 393,561

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 383,566

See notes to the unaudited financial statements.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. ORGANIZATION AND PURPOSE

ML Hertz Co-Investor, L.P. (the "Partnership") is a Delaware limited partnership organized on November 8, 2005. ML Hertz Co-Investor GP, L.L.C., a wholly-owned subsidiary of Merrill Lynch & Co., Inc. ("ML&Co."), is the General Partner of the Partnership and, as such, manages the business and affairs of the Partnership and invests the Partnership's capital. ML&Co. is a wholly-owned subsidiary of Bank of America Corporation ("BAC"). All of the direct and indirect subsidiaries of ML&Co., including the Partnership, are indirect subsidiaries of BAC. The Partnership is governed by its amended and restated agreement of limited partnership dated December 9, 2005 (the "Limited Partnership Agreement").

The Partnership was formed to seek long-term capital appreciation by acquiring, holding and disposing of the investment in The Hertz Corporation ("Hertz"), a worldwide general use car rental company and one of the largest equipment rental businesses in North America. The Partnership's investment has been made directly or through the use of special purpose entities to facilitate its investment in Hertz, including entities which may be formed by the General Partner to make investments which have certain regulatory, tax and other considerations. As of December 31, 2010, the Partnership indirectly owns approximately 0.75% of Hertz through an equity interest in Hertz Global Holdings, Inc. ("Holdings") (formerly CCMG Holdings, Inc.), the company formed by Merrill Lynch Global Private Equity, Clayton, Dubilier & Rice and The Carlyle Group.

In accordance with the terms of the Limited Partnership Agreement, the existence of the Partnership shall continue until the expiration of the commitment period and disposition of investment, or a decision by the General Partner, in its sole discretion, to dissolve the Partnership, or other certain events.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars as the Partnership's functional currency.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, primarily investments, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such differences may be material to the financial statements.

Valuation of Investments - Portfolio investments are fair valued by the General Partner and are initially carried at cost if the General Partner determines that cost approximates fair value. The fair valuations of such investments are adjusted by the General Partner, when changes in the underlying fair values are readily ascertainable, generally based on specific events, or expected cash flows and market comparables of similar companies. Comparable trading multiples are applied where such comparable multiples are available and appropriate. Otherwise, a discounted cash flow analysis or another appropriate methodology is performed to estimate fair value.

Comparable public companies are determined based on industry, size, developmental stage, strategy, etc, and then a trading multiple is calculated by dividing the enterprise value of the comparable company by its earnings before interest, taxes, depreciation and amortization ("EBITDA"). In certain instances, the inputs used in the calculation of the trading multiples may vary based on the industry. For example, insurance companies may be valued using price/book value multiples and venture companies may be valued using revenue multiples instead of EBITDA multiples. The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies and the portfolio company, based on specific facts and circumstances. The average of the calculated multiples is then applied to the underlying portfolio company's EBITDA (which may be normalized to

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (CONTINUED)**

adjust for certain non-recurring events), to calculate the enterprise value of such portfolio company. The enterprise value may be further adjusted for portfolio company specific facts and circumstances such as litigation, recent round of financing, etc. The enterprise value is then allocated across various outstanding instruments based on liquidation preferences and other factors to estimate the fair value of the security.

The discounted cash flow method incorporates expected timing and level of cash flows, using internally developed models, and management determined discount rates.

Illiquidity may be a factor in the valuation when there is a market perception of increased credit risk. This may be due to various reasons affecting a single underlying portfolio company or a specific market sector. When illiquidity is a factor, fair value is determined based on available market information, analysis of the issuer's financial statements, and relevant changes in credit ratings made by one or more credit rating agencies.

Securities for which market quotations are readily available are valued by reference to such markets quotations, using the last trade price (if reported) or the last bid price for the period. Although the General Partner uses its best judgment in estimating the fair value of investments, there are inherent limitations in any estimation technique. The fair value estimates presented herein are not necessarily indicative of an amount that the Partnership could realize in a current transaction. Future confirming events will also affect the estimates of fair value and the effect of such events on the estimates of fair value, including the ultimate liquidation of investments, could be material to the Partnership's financial statements.

Money market investments, which are included in cash and cash equivalents, are carried at fair value.

Investment Transactions - Investment transactions are recorded on the trade/contract date (the date on which the transaction was entered). Legal and other costs incurred in connection with the acquisition of investments are included in the cost of such investments.

Income Recognition - Interest income is recognized on an accrual basis. Dividend income is recorded on the ex-dividend date. Interest and dividend income are recorded net of withholding taxes, if any. Realized gains and losses on investments sold are computed on a specific identification basis.

Partnership Distributions and Allocations - All items of income, expense, gain and loss, are generally allocated pro-rata based on Percentage Interest pursuant to the Limited Partnership Agreement, except for certain expenses paid directly by the General Partner and the General Partner's carried interest as explained in Note 4. Distributions are made in the same manner. At the sole discretion of the General Partner, distributions may be made in cash, marketable securities or other in-kind distributions of securities, provided that, other than in connection with a liquidation of the Partnership, the General Partner shall use its best efforts not to distribute securities in-kind unless they are marketable securities and are freely tradable.

Income Taxes - The Partnership is a Delaware limited partnership and is not a taxable entity for federal, state and local income tax purposes. Accordingly, no income tax provision is required in these financial statements. Dividends and certain other income earned by the Partnership may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. Individual partners may be taxed on their proportionate share of Partnership income based on their individual circumstances.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (CONTINUED)**

The General Partner is required to determine whether a tax position of the Partnership is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation by the applicable taxing authority, based on the technical merits of the position. The tax benefits to be recognized are measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement which could result in the Partnership recording a tax liability that would reduce partners' capital. The Partnership did not have any unrecognized tax benefits or liabilities resulting from tax positions related to either the year ended December 31, 2010, or prior periods. The General Partner does not expect any change in unrecognized tax benefits or liabilities within the next year. At December 31, 2010, no examinations were being conducted by the Internal Revenue Service or any other taxing authority. The Partnership had the following open tax years for federal purposes: 2007, 2008, 2009 and 2010.

Cash and Cash Equivalents - The Partnership considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents are recorded at cost plus accrued interest which approximates fair value. Additional information on cash receipts and payments is presented in the Statement of Cash Flows.

3. FAIR VALUE MEASUREMENTS

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the Partnership discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3: Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the General Partner. The General Partner considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (CONTINUED)**

The following table summarizes the valuation of the Partnership's investments by class of asset within the fair value hierarchy as of December 31, 2010:

Investment	Total	Level I	Level II	Level III
Common Stock	\$ 44,935,475	\$ 44,935,475	\$ -	\$ -

The Partnership's policy is to record any transfers at the transfer date. There were no transfers between levels for the year ended December 31, 2010.

4. RELATED PARTY TRANSACTIONS

Under the terms of the Limited Partnership Agreement, the Partnership is responsible for all costs and expenses related to the Partnership's activities, investments, and operations, and will promptly reimburse the General Partner or its affiliates for costs and expenses paid on the Partnership's behalf. The General Partner is responsible for all ordinary overhead costs incurred by the Partnership.

The General Partner is entitled, as a fee in respect of services provided by the General Partner and/or its affiliates to the Partnership and associated expenses, to the amounts paid to the General Partner as Resource Payments which represents 1% of each Limited Partners' capital contribution.

In addition, the General Partner established a reserve account in which it allocated 1% of each Limited Partners' capital contribution for the payment of Partnership expenses.

The Partnership is not charged a management fee by ML&Co. or any of its affiliates.

In accordance with the Limited Partnership Agreement, subject to recoupment of the Limited Partners' Realized Capital and Realized Partnership Costs, an amount equal to 10% of the net profits allocated to each Limited Partner shall be reallocated to the General Partner. Accrued carried interest for the year ended December 31, 2010 was \$795,197.

The General Partner and/or its affiliates may provide services to other investment funds having similar strategies as the Partnership and, in their discretion, may make co-investments with other investors and/or one or more limited partners.

All cash and cash equivalents are held with affiliated companies.

5. PARTNERS' CAPITAL

As of the closing of the Partnership, the Limited Partners and the General Partner committed \$40,440,000, all of which has been fully contributed.

6. INVESTMENT

As of December 31, 2010, the Partnership holds 3,101,137 shares of Holdings, with a cost basis of \$14,141,185 and market value of \$44,935,475.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (CONTINUED)**

7. RISKS

The following summary of certain risk factors is not intended to be a comprehensive summary of all risks inherent in investing in the Partnership.

The Partnership's investment is subject to various risk factors including market and credit risk. The Partnership invests in Holdings and thus may have concentrations in Holdings, its industry and its geographic location. The Partnership's investment is also subject to the risk associated with investing in private equity securities. The investments in private equity securities are generally illiquid, non-marketable and long term in nature and there can be no assurance that the Partnership will be able to realize the value of such investments in a timely manner. The portfolio investment held by the Partnership involves a high degree of business and financial risk that can result in substantial losses.

The Partnership's portfolio investment may utilize credit facilities from third party lending institutions as important components of their capital structure. Certain economic conditions or company specific factors could increase funding costs, limit access to the credit markets or result in a decision by lenders not to extend credit to the portfolio investment. These circumstances, among others, may ultimately impact the value of the Partnership's investment.

Cash and cash equivalents held as deposits may exceed the amount of insurance provided on such deposits and are therefore subject to credit risk.

As discussed in the Limited Partnership Agreement, Limited Partners cannot redeem or withdraw their capital and there are restrictions applicable to the sale or transfer of a partner's interest.

The General Partner provides investment management services to the Partnership. The Partnership could be materially affected by the actions and liquidity of the General Partner.

Cash and cash equivalents held as deposits may exceed the amount of insurance provided on such deposits and are therefore subject to credit risk.

As discussed in the Limited Partnership Agreement, Limited Partners cannot redeem or withdraw their capital and there are restrictions applicable to the sale or transfer of a partner's interest.

The General Partner provides investment management services to the Partnership. The Partnership could be materially affected by the actions and liquidity of the General Partner.

8. COMMITMENTS AND CONTINGENCIES

There were no unfunded investment commitments at December 31, 2010.

In the normal course of business, the Partnership enters into a variety of undertakings containing a variety of warranties and indemnifications that expose the Partnership to some risk of loss. The amount of future losses, arising from such undertakings, while not quantifiable, is not expected to be significant. The Partnership's involvement with the portfolio investment may expose the Partnership to legal matters which may result in contingencies. Management is not aware of any such circumstances that have a material impact at this time.

**NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (CONCLUDED)**

9. FINANCIAL HIGHLIGHTS

Financial highlights for the Limited Partners of the Partnership for the year ended December 31, 2010 were as follows:

Ratio to average Limited Partners' capital:

Expenses	(0.03%)
Net investment loss	(0.03%)
Internal Rate of Return (inception to December 31, 2010)	34.08%
Internal Rate of Return (inception to December 31, 2009)	36.00%

The internal rate of return is computed based on actual dates of cash inflows, cash outflows, and ending Limited Partners' capital value assuming period end disposition of assets at the fair values reported on the Statement of Assets and Liabilities. The average Limited Partners' capital is measured using the partners' capital at the end of each month.

The actual ratios and internal rate of returns of each individual investor may vary due to a variety of factors including the specific allocations of income and expense to such investor and the timing of capital transactions.

10. SUBSEQUENT EVENTS

Subsequent events were evaluated by management through April 29, 2011, which is the date the financial statements were made available to be issued.

During March 2011, the Partnership sold 738,890 common shares of Holdings at \$16.27 per share, net of approximately a 4.0% underwriter's discount, for proceeds totaling \$11,543,547. On April 18, 2011, the Partnership distributed \$11,543,549 to its Partners. The General Partner received carried interest totaling \$1,153,202. The Partnership continues to hold 2,362,247 shares of Holdings.

During April 2011, BAC reached an understanding with certain members of BAML Capital Partners' management pursuant to which such management intends to separate from the bank and form an independent private equity management company. It is expected that BAC will enter into an agreement with the new management company during the second quarter 2011 to provide advice on the management of the Partnership's portfolio investment.
