

Hertz proposes sale to investors to exit bankruptcy

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The Covid-19 pandemic and ensuing drop in travel demand hit Hertz's business, pushing it into bankruptcy

American rental car company Hertz on Tuesday proposed exiting bankruptcy by selling shares to two investments firms in a deal valued at

up to \$4.2 billion.

Under the plan filed in US bankruptcy court, Knighthead Capital Management and Certares Opportunities would buy at least 50 percent of the company's shares, and could buy up to 100 percent depending on the participation of current creditors.

Together with other sources of cash, the money would be used to finance Hertz's fleet of vehicles in the United States and reduce its debt, the company said.

"The support of the plan sponsors demonstrates their confidence in Hertz's growth potential," Hertz President and Chief Executive Paul Stone said in a statement, adding the deal would allow Hertz to complete its restructuring by "early to mid summer."

The company filed for [bankruptcy protection](#) in the United States last May after the Covid-19 pandemic began. The decision allowed the company to temporarily continue its operations without pressure from creditors.

Hertz was in poor financial health before the pandemic, and [public health measures](#) discouraging travel caused a drop in rental car demand, leading the company cut 10,000 jobs in North America.

The bankruptcy court must approve the company's proposal before the sale can go ahead. A hearing is scheduled for April 16.

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