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Private Equity Beat

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Hertz Tackles That Not-So-New Car Smell

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By Josh Beckerman

Hertz Global Holdings Inc. has been working hard this year to counteract a decline in travel brought about by the recession.

An offering of stock and notes brought in about \$990 million of net proceeds, with Clayton Dubilier & Rice Inc. and Carlyle Group boosting their holdings. (Merrill Lynch Global Private Equity is also a backer of the publicly traded company.) Hertz also bought the assets of Advantage Rent A Car for about \$33 million in a bankruptcy auction, and has completed deals for car-sharing technology and equipment rental companies as well.

But the car rental company's latest announcement might be of more immediate importance to customers - not to mention making the green lobby happy.

Hertz is "using the latest technology to ensure its rental cars are odor free by partnering with OMI Industries, manufacturer of Fresh Wave IAQ, an all-natural odor neutralizing technology," according to a press release.

The products, derived from natural plant extracts, are biodegradable and non-toxic, "making them ideal for commercial businesses interested in green/sustainable practices," Hertz said.

Private equity firms have been placing more importance on being green, with groups including Kohlberg Kravis Roberts & Co. and the Riverside Cos. doing research on the cost-effectiveness of building more environmentally friendly portfolio companies.

Still, we're guessing that car renters who were annoyed by stinky vehicles haven't spent a lot of time contemplating the environmental ethics of odor removal. But they do, apparently, ask for replacement cars, which illustrates that this announcement, beyond reminding us of one or more Seinfeld episodes, does have financial relevance.

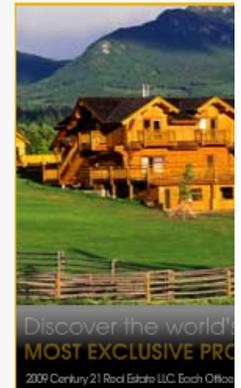
Odor problems are costly, as they "can keep cars off the road and result in dissatisfied customers," the company said.

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Produced by the editors of Dow and Private Equity Analyst, Private Equity Beat provides an inside view into the deals and emerging trends in the private equity industry. Lead editor Jennifer Ross and other writers give insight and perspective on private equity capital on Wall Street from a unique perspective. For more products covering private equity visit www.fis.dowjones.com.

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