

# BUSINESS

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LAST UPDATED ON 9/9/14, 4:18 EDT

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## Hertz's CEO Steps Down

*Brian MacDonald, Head of Equipment-Rental Business, to Fill Role on Interim Basis*



Mark Frissora and Hertz's board agreed to the resignation.

By Joann S. Lublin and David Benoit

The chief executive of [Hertz Global Holdings](#) Inc. stepped down over the weekend amid disappointing results and accounting problems that had drawn outcries from activist investor Carl Icahn and other shareholders.

Hertz's directors and Chairman and Chief Executive Mark Frissora mutually agreed to the 59-year-old's

resignation, people familiar with the decision said. The auto-rental company cited "personal reasons" for the CEO's exit in a release Monday.

Hertz said that Mr. Frissora, who has been chief executive since 2006, would be replaced on an interim basis by Brian MacDonald, the recently hired head of its equipment-rental business. Hertz's board is planning a search for a successor.

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Shares closed up four cents to \$28.50.

Mr. Frissora's departure comes amid a rough period for Hertz. The company is reviewing its financial statements from 2011 through 2013 and hasn't filed quarterly results for 2014.

Last month, Hertz warned that its accounting review could be worse than expected. It also disclosed that its results for this year were "well below" expectations and said it was withdrawing its financial guidance. And it said its lead independent director, George W. Tamke, was retiring.

Hertz drew the attention of investors and analysts late last year when it adopted a defense

mechanism, known as a poison pill, that restricted some investors from buying more than 10% of its stock.

In March, the company announced a plan to separate its equipment-rental business. But that separation could be delayed amid the accounting review, the company has said.

After the disclosures in August, Fir Tree Inc., a New York hedge fund, publicly declared that management had "lost credibility." Fir Tree, owners of a 3.1% stake, believed that the company was "eminently fixable" but the CEO needed to be changed quickly, according to a person familiar with the firm's thinking.

Mr. Icahn also revealed his 8.5%

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stake and said in a filing that he had a "lack of confidence in management" and would seek discussions with the board about what he called "operational failures" and "underperformance" compared with peers. Mr. Icahn had purchased a significant portion of his stake as Hertz shares dropped in the wake of the company's August disclosures, the filing showed.

Mr. Frissora stepped down because of "a broad number of things" and not solely because of activist pressure, a person close to the matter said Monday. Mr. Frissora is now negotiating a separation agreement with Hertz, another person said.

As for the replacement search, Hertz has yet to choose a search

firm, and the board will hold a competitive "shootout" to select a recruiter, a third person said.

Independent lead director Linda Fayne Levinson has been appointed nonexecutive chairman. In the company's release, Ms. Levinson said Mr. Frissora had transformed Hertz from a single car-rental brand focused on airports to a company with a portfolio of brands that reach multiple consumer and business segments.

Mr. MacDonald, 48, has served as president and CEO of Hertz's equipment-rental business since June.

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