

Hertz Gives Competing Ch. 11 Sponsor A Week For New Offer

By **Vince Sullivan**

Law360 (April 26, 2021, 7:19 PM EDT) -- Bankrupt car rental giant Hertz Global asked a Delaware judge Monday for approval of a timetable under which a competing equity sponsor group can submit a new proposal challenging the current Chapter 11 plan while still allowing Hertz to move toward a June confirmation date.

In a pair of motions, Hertz said that it is still soliciting creditor votes on an existing bankruptcy plan underpinned by an equity sponsorship led by Centerbridge Partners LP, but that it wants to give a competing group led by Certares Opportunities LLC and Knighthead Capital Management a fair shot to submit a final, best offer by May 2.

"The bid procedures ... will allow the alternative sponsor group a full and fair opportunity to develop its proposal into a superior transaction, the plan sponsors to offer a response, and the debtors to consider any and all proposals, in an organized manner that will not jeopardize the debtors' confirmation schedule," the motion said.

Under the proposal, the Certares/Knighthead group would have until May 2 to submit its proposal, and Hertz would have until May 4 to determine if the offer is better than the plan it currently has on file with the court. If the debtor determines in its business judgment that the new offer is not superior to the Centerbridge group's proposal, the bidding process will end. If Hertz decides the new deal has better terms than the current plan, the Centerbridge group will have the opportunity to counter the deal by informing Hertz of their intent to do so by May 7.

An auction will occur on May 10 if the Certares/Knighthead offer is determined to be a better deal and the Centerbridge group decides to counter. If there is not a counteroffer, Hertz will pivot to the Certares/Knighthead deal and file new plan documents with the court reflecting the new path.

U.S. Bankruptcy Judge Mary F. Walrath signed an order Monday afternoon granting Hertz's request to shorten notice on its motion for approval of the new bid procedures, setting a hearing for April 28 at 2 p.m.

The motion is the latest development in efforts by Hertz to complete a financial restructuring that has already seen a pivot between these equity sponsor groups. In early March, Hertz proposed a Chapter 11 plan underpinned by the Certares/Knighthead group, but switched to the deal offered by Centerbridge on March 31.

On the eve of a plan disclosure statement hearing in mid-April, the Certares/Knighthead group submitted a new offer intended to top the Centerbridge plan, but Hertz attorneys said it was committed to moving forward with the plan it had prepared and filed already. That plan is centered on a \$2.5 billion equity sponsorship offer and commitments for \$9.8 billion in new financing.

Judge Walrath adjourned the disclosure statement approval to allow Hertz more time to consider the new Certares/Knighthead offer, reconvening the hearing on April 21 and approving the existing disclosure statement to be sent to affected creditors. Hertz said at the time that it had a fiduciary duty to consider any potential topping offers and submitted the proposed bid procedures to exercise that duty while also protecting its case timeline.

Emerging from bankruptcy before the end of June is critical to the survival of Hertz, its papers say, because the market for equities won't stay "hot" forever and could drive down the sponsorship prices being offered by the two competing groups. The debtor's European affiliates are also in need of cash to maintain its operations and the domestic arm of Hertz needs to be back to normal operations to take advantage of the busy summer rental season.

Representatives for the Certares/Knighthead group declined to comment on the filing. Representatives for the debtor did not immediately respond late Monday to a request for comment.

Hertz and its affiliates are represented by Thomas E. Lauria, Matthew C. Brown, J. Christopher Shore, David M. Turetsky, Andrew T. Zatz, Andrea Amulic, Jason N. Zakia, Roberto J. Kampfner, Ronald K. Gorsich, Aaron Colodny, Andrew Mackintosh and Doah Kim of White & Case LLP and Mark D. Collins, John H. Knight, Brett M. Haywood, Christopher M. DeLillo and J. Zach Noble of Richards Layton & Finger PA.

The ad hoc committee of shareholders is represented by Robert J. Dehney, Eric D. Schwartz, Joseph C. Barsalona II and Brett S. Turlington of Morris Nichols Arsht & Tunnell LLP and Andrew K. Glenn, Shai Schmidt, Richard Ramirez and Naznen Rahman of Glenn Agre Bergman & Fuentes LLP.

The Knighthead group is represented by Michael W. Yurkewicz and Morton R. Branzburg of Klehr Harrison Harvey Branzburg LLP and Stephen E. Hessler, AnnElyse Scarlett Gains and John R. Luze of Kirkland & Ellis LLP.

The ad hoc noteholder group is represented by Rachel C. Strickland, Daniel Forman and Agustina G. Berro of Willkie Farr & Gallagher LLP and Edmon L. Morton, Matthew B. Lunn and Joseph M. Mulvihill of Young Conaway Stargatt & Taylor LLP.

The unsecured creditors are represented by Jennifer R. Hoover, Kevin M. Capuzzi and John C. Gentile of Benesch Friedlander Coplan & Aronoff LLP and Thomas Moers Mayer, Amy Caton and Alice J. Byowitz of Kramer Levin Naftalis & Frankel LLP.

The case is In re: The Hertz Corp. et al., case number 1:20-bk-11218, in the U.S. Bankruptcy Court for the District of Delaware.

--Additional reporting by Rick Archer. Editing by Amy Rowe.