

Hertz Says New Ch. 11 Sponsor Bid Tops Centerbridge Deal

By **Vince Sullivan**

Law360 (May 5, 2021, 4:59 PM EDT) -- Bankrupt car rental giant Hertz Global announced Wednesday that a competing bid from a prospective sponsor for its Chapter 11 plan beat the existing deal the company has with a group of sponsors led by Centerbridge Partners, triggering a potential auction if Centerbridge decides to counter the offer.

In a statement, Hertz said it designated a plan sponsorship bid from a group led by Certares Opportunities LLC and Knighthead Capital Management LLC as an offer that is superior to the existing bid from Centerbridge that underpins the debtor's currently filed Chapter 11 plan.

The Certares/Knighthead group had a May 2 deadline to submit a final offer to Hertz under bidding procedures approved by the Delaware bankruptcy court last week, and Hertz had a 5 p.m. deadline Tuesday to determine if it was a superior offer.

"If the current plan sponsors inform Hertz by May 7, 2021, that the current plan sponsors intend to make a counteroffer to the proposal by the KHC group, then the company will proceed to an auction on May 10, 2021, in accordance with the process established by the bankruptcy court," Hertz said in the announcement.

The announcement did not include any details on the Certares/Knighthead offer, which has bested Centerbridge's bid to underwrite the debtor's plan to raise \$5.8 billion in stock sales and rights offerings and pay all creditors in full.

If Centerbridge doesn't counter the new topping bid, then Hertz has said it will pivot to the Certares/Knighthead deal and seek approval from U.S. Bankruptcy Judge Mary F. Walrath for new plan documents detailing the arrangement next week.

Representatives for the parties declined to comment Wednesday.

Hertz filed for Chapter 11 protection in May with about \$20 billion of debt, citing a major downturn in business as the COVID-19 pandemic ravaged the travel industry. The company said its business declined by 75% almost immediately after widespread business and travel restrictions were implemented in March 2020.

The case opened with a sponsorship commitment from Knighthead and Certares, but switched to the deal offered by Centerbridge on March 31. Knighthead and Certares countered at the 11th hour in mid-April, just ahead of a plan disclosure hearing.

The bankruptcy court approved Hertz's request to begin soliciting creditor votes on the Chapter 11 plan featuring the Centerbridge deal but said the debtor should allow for competing offers to be finalized and presented to Hertz.

The debtor received approval last week for the last-ditch bidding procedures that resulted in the new topping offer.

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 Knighthood 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.

Centerbridge Partners LP is represented by Andrew Harmeyer, Nelly R. Almeida and Gerard Uzi of Milbank LLP and David B. Stratton of Troutman Pepper Hamilton Sanders 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 Jeff Montgomery and Rick Archer. Editing by Stephen Berg.