CLASS 8 SLIDES

Unit 7. Hertz/Avis Budget/Dollar Thrifty

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September 22, 2022

Hertz/Avis Budget/Dollar Thrifty

What was the antitrust risk in this deal?

1. How serious is the inquiry risk?
   - Deal HSR reportable
   - Highly visible companies—Likely to receive considerable press
   - *Query*: Any likely interest from state AGs?
   - *Query*: Would any customers likely complain to the DOJ/FTC?
   - *Query*: Would any competitors likely complain to the DOJ/FTC?

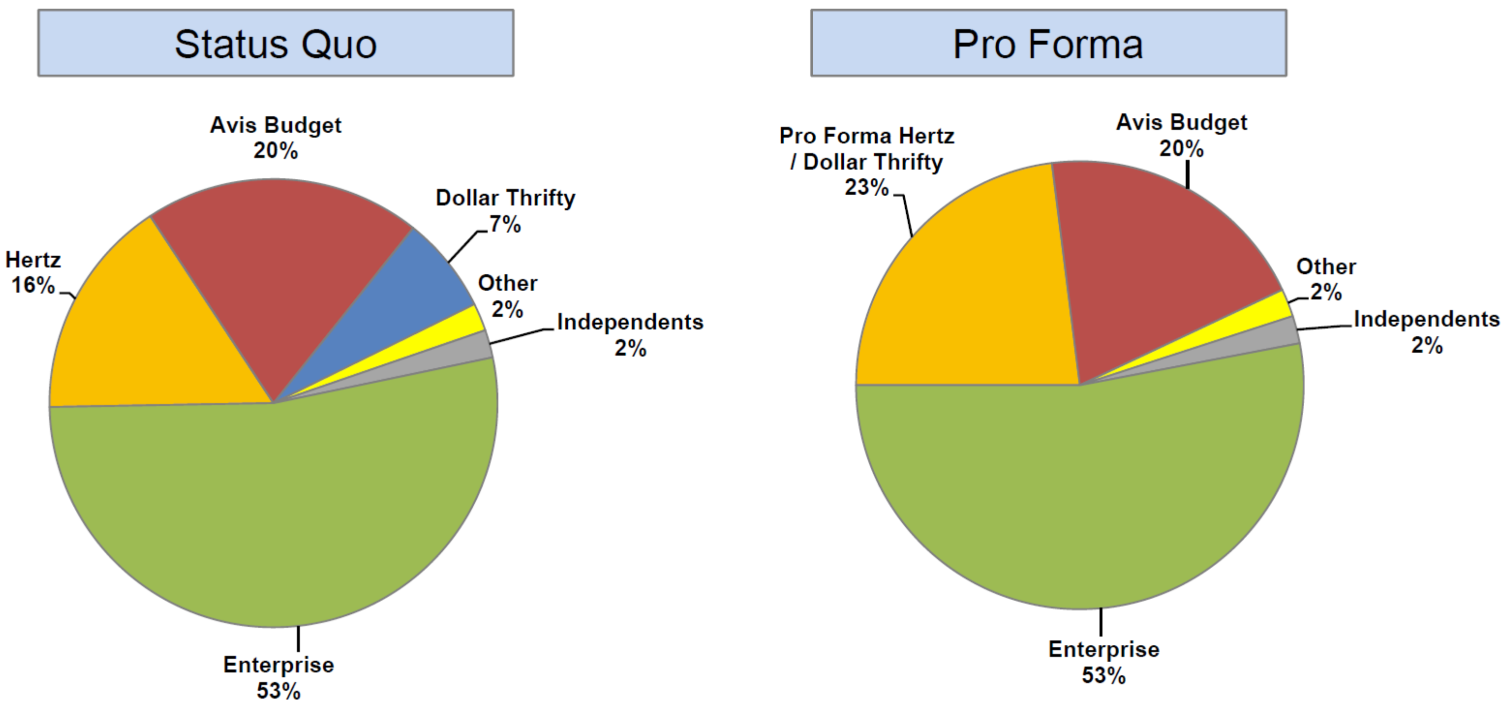
Bottom line:

- *The DOJ/FTC is almost certain to investigate the transaction*
- *Other significant challenges are unlikely and in any event insignificant compared to the DOJ/FTC*

What was the antitrust risk in this deal?

2. How serious is the substantive risk?

Total U.S. Rental Car Market Revenue Share 2009

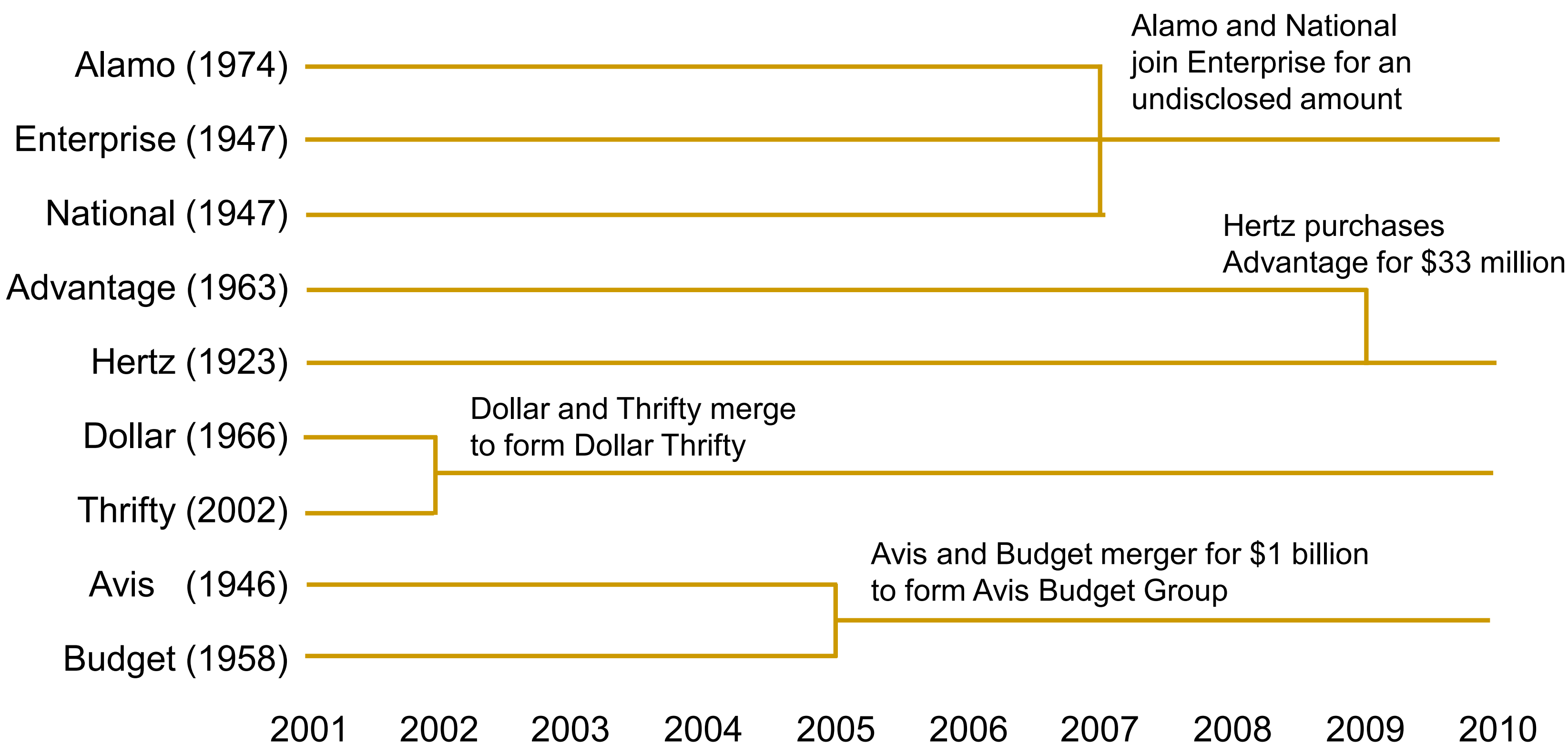


Source: Auto Rental News, 2010 Fact Book

Does not look like much changes with the acquisition

What was the antitrust risk in this deal?

2. How serious is the substantive risk?
   - BUT extensive consolidation in the rental car industry



What was the antitrust risk in this deal?

2. How serious is the substantive risk?
   - AND the market could be further segmented by location
     - Individual airport markets
     - Some in-town markets
     - National accounts

What was the antitrust risk in this deal?

2. How serious is the substantive risk?

U.S. Rental Car Market 2011

Company	Cars	Locations	%Cars
Enterprise Holdings (Alamo, Enterprise, National)	920,861	6,187	52.3%
Hertz (includes Advantage)	320,000	2,500	18.2%
Avis Budget Group	285,000	2,300	16.2%
Dollar Thrifty Automotive Group	118,000	445	6.7%
U-Save Auto Rental System	11,500	325	0.7%
Fox Rent A Car	11,000	13	0.6%
Payless Car Rental System	10,000	32	0.6%
ACE Rent A Car	9,000	90	0.5%
Zipcar	7,400	128	0.4%
Rent-A-Wreck of America	5,500	181	0.3%
Triangle Rent-A-Car	4,200	28	0.2%
Affordable/Sensible	3,300	179	0.2%
Independents	55,000	5,350	3.1%
	1,760,761		100.0%

Combined national share = 24.9%

What was the antitrust risk in this deal?

2. How serious is the substantive risk?

U.S. Rental Car Market 2011

Combined national airport share = 37.0%

Company	**Cars**	**Locations**	**%Cars**	**Overall Airport**
Enterprise Holdings (Alamo, Enterprise, National)	920,861	6,187	52.3%	34.0%
Hertz (includes Advantage)	320,000	2,500	18.2%	25.0%
Avis Budget Group	285,000	2,300	16.2%	26.0%
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Examples of Significant Airport Overlaps

1	Albuquerque, New Mexico (Albuquerque International Sunport Airport)
2	Atlanta, Georgia (Hartsfield-Jackson International Airport)
3	Austin, Texas (Austin-Bergstrom International Airport)
4	Baltimore, Maryland (Baltimore/Washington International Thurgood Marshall Airport)
5	Boston, Massachusetts (Logan International Airport)
6	Burbank, California (Burbank Bob Hope Airport)
7	Burlington, Vermont (Burlington International Airport)
8	Charleston, South Carolina (Charleston International Airport)
9	Charlotte, North Carolina (Charlotte Douglas International Airport)
10	Chicago, Illinois (Chicago Midway International Airport)
11	Chicago, Illinois (Chicago O’Hare International Airport)
12	Cincinnati, Ohio (Cincinnati/Northern Kentucky International Airport)
13	Cleveland, Ohio (Cleveland Hopkins International Airport)
14	Colorado Springs, Colorado (Colorado Springs Airport)
15	Dallas, Texas (Dallas Love Field Airport)
16	Dallas, Texas (Dallas/Fort Worth International Airport)
17	Detroit, Michigan (Detroit Metro Airport)
18	Denver, Colorado (Denver International Airport)
19	Des Moines, Iowa (Des Moines Airport)
20	El Paso, Texas (El Paso Airport)
21	Fort Lauderdale, Florida (Fort Lauderdale-Hollywood Airport)
22	Fort Myers, Florida (Southwest Florida International Airport)
23	Fort Walton Beach, Florida (Fort Walton Beach Regional Airport)

What was the antitrust risk in this deal?

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Examples of Significant Airport Overlaps

24	Harlingen, Texas (Valley International Airport)
25	Hartford, Connecticut (Bradley International Airport)
26	Hilo, Hawaii (Hilo International Airport)
27	Honolulu, Hawaii (Honolulu International Airport)
28	Houston, Texas (George Bush Intercontinental Airport)
29	Houston, Texas (William P. Hobby Airport)
30	Jacksonville, Florida (Jacksonville International Airport)
31	Kahului, Hawaii (Kahului Airport)
32	Las Vegas, Nevada (McCarran International Airport)
33	Lihue, Hawaii (Lihue Airport)
34	Los Angeles, California (Los Angeles International Airport)
35	Louisville, Kentucky (Louisville International Airport)
36	Manchester, New Hampshire (Manchester-Boston Regional Airport)
37	Miami, Florida (Miami International Airport)
38	Milwaukee, Wisconsin (Milwaukee International Airport)
39	Minneapolis-St. Paul, Minnesota (Minneapolis-St. Paul International Airport)
40	Nashville, Tennessee (Nashville International Airport)
41	New York, New York (LaGuardia Airport)
42	New York, New York (John F. Kennedy International Airport)
43	Newark, New Jersey (Newark Liberty International Airport)
44	Norfolk, Virginia (Norfolk International Airport)
45	Oakland, California (Oakland International Airport)
46	Oklahoma City, Oklahoma (Will Rogers World Airport)

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Examples of Significant Airport Overlaps

47	Omaha, Nebraska (Omaha Airport)
48	Los Angeles, California (Ontario International Airport)
49	Orange County, California (John Wayne Airport)
50	Orlando, Florida (Orlando International Airport)
51	Pensacola, Florida (Pensacola International Airport)
52	Phoenix, Arizona (Sky Harbor Airport)
53	Pittsburgh, Pennsylvania (Pittsburgh International Airport)
54	Portland, Oregon (Portland International Airport)
55	Providence, Rhode Island (T.F. Green Airport)
56	Raleigh-Durham, North Carolina (Raleigh-Durham International Airport)
57	Reno, Nevada (Reno-Tahoe International Airport)
58	Richmond, Virginia (Richmond International Airport)
59	Sacramento, California (Sacramento International Airport)
60	Salt Lake City, Utah (Salt Lake City International Airport)
61	San Antonio, Texas (San Antonio International Airport)
62	San Diego, California (San Diego International Airport)
63	Sanford, Florida (Orlando-Sanford International Airport)
64	San Francisco, California (San Francisco International Airport)
65	San Jose, California (Norman Y. Mineta San Jose International Airport)
66	Sarasota, Florida (Sarasota Bradenton International Airport)
67	Seattle, Washington (Seattle-Tacoma International Airport)
68	Tampa, Florida (Tampa International Airport)

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Examples of Significant Airport Overlaps

69	Tulsa, Oklahoma (Tulsa International Airport)
70	Washington, District of Columbia (Ronald Reagan National Airport)
71	Washington, District of Columbia (Washington Dulles International Airport)
72	West Palm Beach, Florida (Palm Beach International Airport)

What was the antitrust risk in this deal?

2. How serious is the substantive risk?
   - *Query*: Who are the customers who might be adversely affected in each market?
     - All customers?
     - Only business customers?
     - Only "value" customers?

Could the relevant geographic markets be further segmented by customer type?

What was the antitrust risk in this deal?

3. How serious is the remedies risk?
   - High risk: Some possibilities—
     a. Consent decree with significant divestitures—Assumes a failure in convincing the FTC to segment the customers
        - But what divestitures? How many “markets” would have to be covered?
        - In each problematic market, either the entire Hertz or the entire DTAG business would have to be divested
        - If sufficiently large, could eliminate most if not all value from the deal
          - Or even create negative value in the absence of a purchase price adjustment
     b. Consent decree with limited “value” business divestitures
        - Predicated on successfully convincing the FTC that—
          - Customers should be segmented, *and*
          - The only problematic overlap was in “value” customers
        - Consent decree would require either the entire Hertz or the entire DTAG “value” business be divested in each problematic market
        - BUT Hertz could divest Advantage (the Hertz value business) at minimum loss

What was the antitrust risk in this deal?

3. How serious is the remedies risk?
   - High risk: Some possibilities—
     c. Litigate and lose: The entire deal is blocked
        - Likely the government would seek in a fully litigated proceeding
        - Would almost surely lose
          - Some local markets are likely to be very problematic under any market definition
          - The FTC needs to show a violation in one relevant market to obtain an injunction against the entire deal
     d. "Litigate the fix"
        - BUT what is the "fix" that would be acceptable to the court?

Advice to Hertz

1. Inquiry risk
   - Almost certain second request investigation by the FTC
2. Substantive risk
   - Almost certain antitrust violations in some airport markets
   - Possible violations in other airport markets
     - And perhaps non-airport markets as well
3. Remedies risk
   - Deal could be blocked in litigation
     - Litigating the fix is too risky since the scope of an adequate fix is unknown
   - If the deal is to close, must settle with a consent decree
     - Consent decree must be limited to maintain deal value to Hertz
     - Ideally limited to the Hertz Advantage business

Advice to Hertz

- Bottom line

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2. *Any divestitures Hertz might have to make in order to overcome any antitrust objections would still preserve significant value, and*

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Hertz should sign a purchase agreement only if—

1. *The deal provides Hertz with significant expected value at the time of signing*
2. *Any divestitures Hertz might have to make in order to overcome any antitrust objections would still preserve significant expected value, and*
3. *Hertz has the right to terminate the merger agreement and walk away from the deal in the event it cannot settle for the divestiture of not much more than the Advantage business*

Advice to DTAG

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   - Almost certain second request investigation by the FTC
2. Substantive risk
   - Almost certain antitrust violations in some airport markets
   - Possible violations in other airport markets
     - And perhaps non-airport markets as well
3. Remedies risk
   - Deal could be blocked in litigation
     - Litigating the fix is very risky—Hertz unlikely to accept
   - If the deal is to close, must settle with a consent decree
     - Hertz is likely to want to limit any consent decree to the Hertz Advantage business

Advice to DTAG

- Bottom line:

  This deal has significant antitrust risk. DTAG needs to negotiate not only a good price but also provisions that maximize certainty of closing recognizing:

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  1. *Hertz will require a deal that provides it with significant expected value at the time of signing,*
  2. *Hertz's expected value will be a function of the gains from trade it expects and the level of divestitures to which it will be exposed as a result of the antitrust risk, and*

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2. *Hertz's expected value will be a function of the gains from trade it expects and the level of divestitures to which it will be exposed as a result of the antitrust risk, and*
3. *Hertz will want to be able to terminate the merger agreement if the divestitures required to close the deal will not provide it with an adequate return given the purchase price*

Contractual Risk Allocation

Party objectives in M&A agreements

- Sellers
  - Three goals
    1. Obtain the highest purchase price possible
       - Ideally, extract in the purchase price all of the gains from trade that the buyer expects to obtain from the deal
    2. Close the transaction prior to the *termination date*
       - Called *certainty of closing*
       - Sellers do deals in order to get paid
       - Sellers tend to lose value during pendency of the transaction
         - Loses going concern value (the “damaged goods” problem)
           - Often lack strategic direction and focus during pendency of transaction
           - Key employees often leave company for jobs in other companies
         - Purchase price in a second auction after a failed transaction is typically much less even after accounting for damaged goods problem
    3. Minimize the delay between signing and closing
       - Usually a very minor concern to sellers compared to the purchase price and certainty of closing

Party objectives in M&A agreements

- Buyers
  - Three goals
    1. Obtain the lowest purchase price possible
       - Ideally, retain in the purchase price all of the gains from trade that the buyer expects to obtain from the deal
    2. Close the transaction provided the deal generates sufficient value; otherwise, walk away from transaction without loss of value
       a. The DOJ/FTC might require divestitures that would reduce the benefits of the deal and perhaps even make them negative
       b. The market/regulatory environment might change in ways that make the deal a bad deal
       c. The target might suffer a material adverse change in its business
       d. The buyer might suffer a material adverse change in its business
    3. Minimize the delay between signing and closing
       - Usually a much more important consideration to buyers than to sellers

Negotiating the contract

1. Need an "out" if the deal is illegal
   - Neither party wants to be contractually obligated to close a deal that would be illegal and subject the party to sanctions
2. Need an "out" if the deal no longer provides positive value
   - Each party wants a right to terminate the purchase agreement if the party no longer finds the deal in its interest
3. Each party wants to maximize the probability that the deal *will* close IF the party *wants* the deal to close
   - *Objectives for each party*:
     a. Include provisions in the contract that will obligate the counterparty to—
        i. Take all necessary steps to proceed to the closing before the *termination date*, and
        ii. Minimize its ability to terminate the contract before the termination date
     b. Maximize the ability of the party to terminate the contract if and when it concludes that the deal is no longer in its interests

Negotiating the contract

- Valuing the deal/weighing the trade-offs
  - The buyer and the seller are likely to view the deal as a *gamble with risk*
  - If so, each party will value the deal on its own (risk-adjusted) *expected value* of signing the contract
  - The probability of the deal closing (or not closing) will be a function of the risk-shifting provisions in the contract
    - The stronger the provisions forcing the buyer to accept a consent decree and close, the higher the probability of closing
  - BUT the net benefits of the deal closing to the buyer also will be a function of the risk-shifting provisions in the contract
    - The stronger the provisions forcing the buyer to accept a consent decree and close, the less the synergy gain for the buyer (at a given purchase price)
    - In many deals, the bulk of the synergies gain will come in the overlap areas

There is a negative trade-off between price and the strength of the risk-shifting provisions in the bargaining game

The structure of a merger agreement

- The antitrust-related provisions:
  1. Closing conditions (conditions precedent)
  2. Termination provisions
     - Can provide for extensions in certain contingencies
  3. Affirmative covenants
     - To increase the probability that the conditions precedent will be satisfied

The structure of a merger agreement

- Three questions
  1. What does each party want in these provisions to best achieve its objectives?
  2. Where will the parties agree or disagree on the content of a provision?
  3. How will the disagreements be resolved?

1. Protection against an unlawful closing

- Conditions precedent

	Conditions Precedent	Affirmative Covenant
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Injunctions and other legal restraints	No injunction or legal restraint making the closing unlawful	Efforts to avoid entry of injunction or other legal restraint
Litigation	No obligation -or- [Sometimes] No threatened or pending litigation that seeks to enjoin the transaction	— Efforts to defend litigation to remove restraint

2. Protection against unwanted closing

- Termination

Event	Termination right
By mutual agreement	At any time by mutual consent

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Unlawful transaction	By either party if a law or court order (having exhausted all appeals) makes the closing unlawful

3. Getting the deal to closing

- Other affirmative covenants

Stage	Objective	Affirmative Covenants
Prefiling period	Finalize defense Customer roll-out Prepare DOJ/FTC presentation	General "efforts" covenant Share information Cooperate in defense (may provide that Buyer takes lead)

3. Getting the deal to closing

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Initial waiting period	Make initial presentation Answer staff questions Follow-up with customers	
Second request period	Comply with second request Defend depositions Answer staff questions Respond to staff theories	
Final waiting period	Make final arguments	

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Obligations to respond to government requests
Obligations to consult in prosecuting defense
Right to attend each other’s meetings</td></tr>
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3. Getting the deal to closing

- Investigation outcome affirmative covenants

Investigation outcome	Covenant
Close investigation	Proceed to closing if all conditions precedent satisfied
Settle investigation	No obligation -or- “High-or-high water” provision -or- Qualified HOHW provision -or- Antitrust reverse termination fee -or- Ticking fee -or- ”Take or pay” provision
Litigate	No obligation -or- Obligation to litigate (will be subject to termination provisions)
Voluntarily terminate agreement	Not covered in merger agreement

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Risk-shifting summary

	Buyer-friendly	⟷	Seller-friendly
Level of efforts	Commercially reasonable efforts	Reasonable best efforts	Best efforts
Obligation to make divestitures	Silent/expressly excluded	Divestitures up to cap – measured in asset or revenue terms or MAC applying to part or all of acquired or merged business	Obligation to make any and all divestitures necessary to gain clearance no matter how much or what impact is (HOHW)
Timing for other aspects of regulatory review	Silent/may be deadline for submission of HSR filing	Silent/may be deadline for submission of HSR filing	Express timing for submission of filing, Second Request compliance and other milestones
Timing for offering divestitures	Silent	Silent	Express timing for offering remedies to obtain clearance
Control of regulatory process	Buyer controls; require cooperation from Seller and may give access and information	Buyer leads; Seller entitled to be present at meetings, calls; obligation on Buyer to communicate certain matters to Seller	Full involvement of Buyer in negotiations with regulators; Seller prohibited from communicating without Buyer (except as required by law)
Obligation to litigate	Silent/expressly exclude/litigate at buyer's option	Silent/expressly exclude	Obligation to litigate if regulators block exercisable at seller's option; does not relieve buyer of obligations to make divestitures
Termination provisions	Open-ended, extendable at buyer's option	Tolling at either party's option	Tolling at seller's option
Reverse break-up fee	None	Possible	Substantial fee; provision for interim payments and interest
Time to termination date	As long as buyer anticipates needing to fully defend transaction on merits, plus ability to extend at buyer's option	Tolling at either party's option	Tolling at seller's option at specified inflection points (e.g., second request compliance, commencement of litigation)
"Take or pay" provision	None	None	Requires payment of full purchase price by termination date even if transaction cannot close

Avis Budget Enters the Bidding

2012 Hertz/Dollar Thrifty deal

Contested Takeover Dance

April 26, 2010	Hertz to buy at $1.2 billion
May 3, 2010	Avis sends letter to DT saying it will make a "superior offer"
May 13, 2010	Avis files HSR form for an open market purchase
May 14, 2010	Hertz files HSR form for April 26 deal
June 15, 2010	Avis receives a second request
June 16, 2010	Hertz receives a second request
July 28, 2010	Avis offers $1.33 billion ($46.50 per share 80/20 cash/stock)
Aug. 3, 2010	DT rejects offer as "superior" because of —Lack of deal certainty (no JDA → no exchange of AT analysis) —No antitrust reverse breakup fee
Aug. 31, 2010	Hertz releases comparative AT analysis —Avis is 3 → 2 in mid-tier value brands —Avis closer in average rental price than Hertz to DT —Avis would require a much larger brand divestiture —Avis deal provides less contractual protection on AT risk ($250m v. $335m in U.S. HOHW revenue cap; no ARTF v. $44.6m)

2012 Hertz/Dollar Thrifty deal

Contested Takeover Dance

Sept. 2, 2010	Avis raises bid to $1.36 billion —Rejects significance of ARTF —Hertz has higher leisure revenue than Avis Budget (AAA)
Sept. 12, 2010	Hertz to $1.43 billion ($50/share)
Sept. 23, 2010	Avis raises bid to $1.5 billion ($52.71/share v. $50.25/share)
Sept. 24, 2010	Hertz affirms bid is "best and final"
Sept. 27, 2010	DT rejects Avis bid and affirms recommendation for Hertz merger
Sept. 27, 2010	Avis announces it will launch a (hostile) exchange offer for DT —Asks that DT shareholder vote be delayed from 9/30 until 12/30
Sept. 29, 2010	Hertz announces it will terminate merger agreement if DT shareholders reject merger agreement
Sept. 30, 2010	DT shareholders rejects Hertz merger agreement
Sept. 30, 2010	Hertz announces it will terminate 2010 merger agreement
Sept. 30, 2010	Avis reaffirms commitment to acquire DT and pursue exchange offer

2012 Hertz/Dollar Thrifty deal

Contested Takeover Dance

Oct. 5, 2010	Avis and DT agree to cooperate in seeking regulatory approval
Jan. 11, 2011	FTC update—review continuing
May 9, 2011	Hertz offers $2.1 billion ($72/share 80/20) [ARTF ?]
May 12, 2011	Hertz and DT to cooperate in seeking regulatory approval
May 24, 2011	Hertz commences exchange offer for DT
June 6, 2011	DT recommends that shareholders take no action on either deal
July 14, 2011	Hertz files HSR form for exchange offer
Aug. 15, 2011	Hertz receives second request
Aug. 21, 2011	DT wants best and final offers by Oct. 10
Sept. 14, 2011	Avis pulls out of bidding
Oct. 10, 2011	No new proposals submitted by Hertz or Avis
	DT formally terminates solicitation process
Oct. 27, 2011	Hertz withdraws bid
Aug. 23, 2012	DT major shareholders say they would accept a $2.4 billion bid
Aug. 27, 2012	Sign deal at $2.3 billion

2012 Hertz/Dollar Thrifty deal

- Comparison with 2010 deal

	2010 Deal	2012 Deal
Total price	$1.3 billion	$2.3 billion
Price per share	$41.00 (80/20)	$87.50 cash
Deal structure	Rev. triangular	Tender offer*
Annual synergies	$180 million	$160 million
Termination date	12 months	4 months
HOHW cap	Advantage + ≤ $175 m rev.	Advantage presold + undisclosed “Proposed Consent Agreement”
ARTF	$44.6 million	None
Reimbursement of expenses	Up to $5 million	Up to $5 million

* Pursuant to Agreement and Plan of Merger between Hertz and Dollar Thrifty.

2012 deal premium

- Parameters
  - Hertz' estimated of the going concern value V_c of DTAG appears to be \$1.4 billion
    - Hertz set the corporate enterprise of DTAG postmerger at \$2.3 billion, which equals 7.8x the midpoint of DTAG's EBITDA guidance for 2012 (\$298 million)
    - Hertz said the multiple represented a 40% premium over DTAG's premerger multiple
    - Discounting for the 40% premium gives a V_c of \$1.4 billion
    - Compares to \$932 million (after dividend) in 2010
  - Hertz claimed an expected annually recurring synergy gain of \$160 million
    - Value as a 10-year annuity:

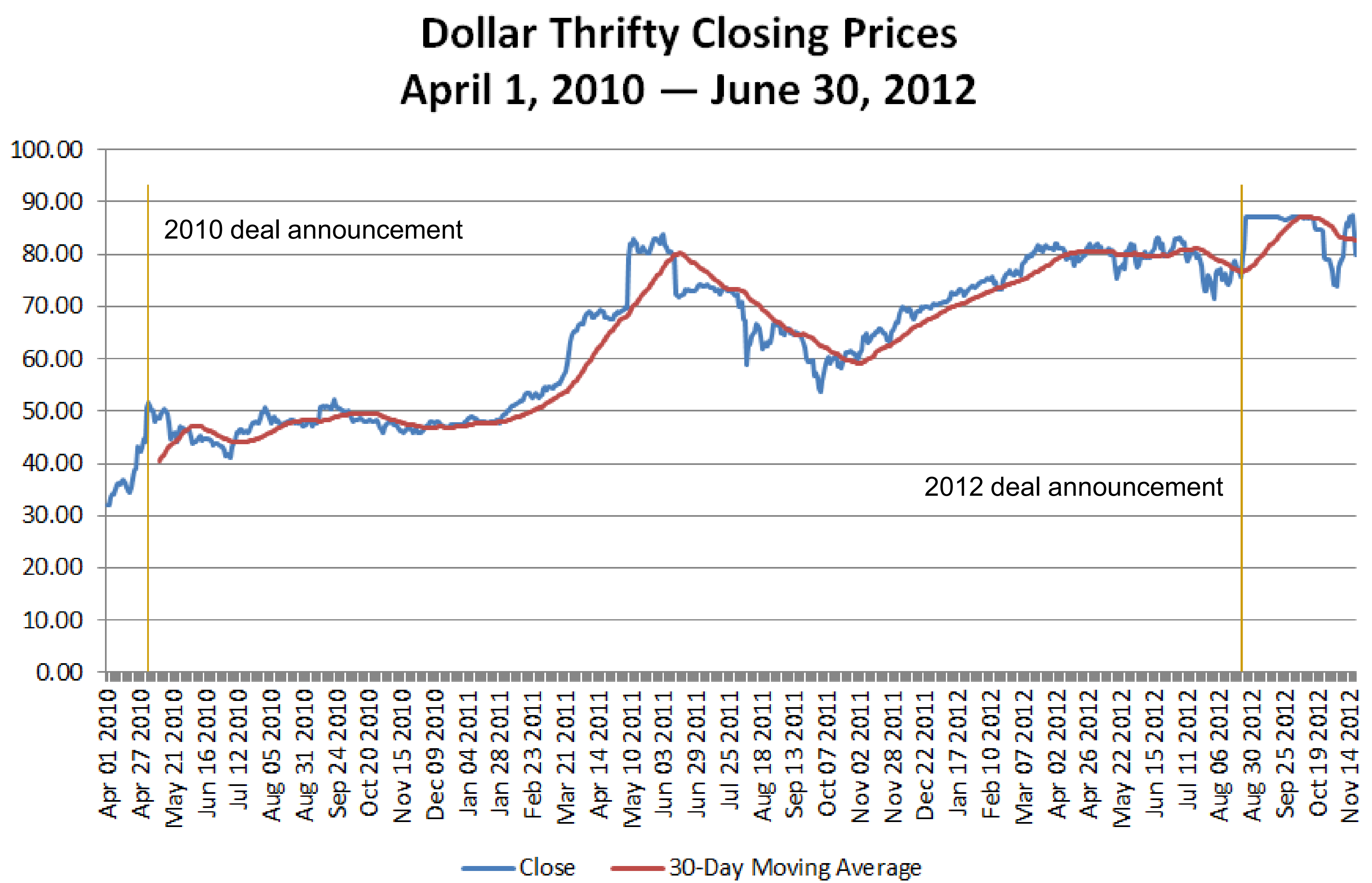
$$V_g = A\left[\frac{1-(1+r)^{-n}}{r}\right] = \$160 \text{ million}\left[\frac{1-(1+0.07)^{-10}}{0.07}\right] = \$1.12 \text{ billion}$$

  - So Hertz expects that the total value V_t of Dollar Thrifty postmerger will be:

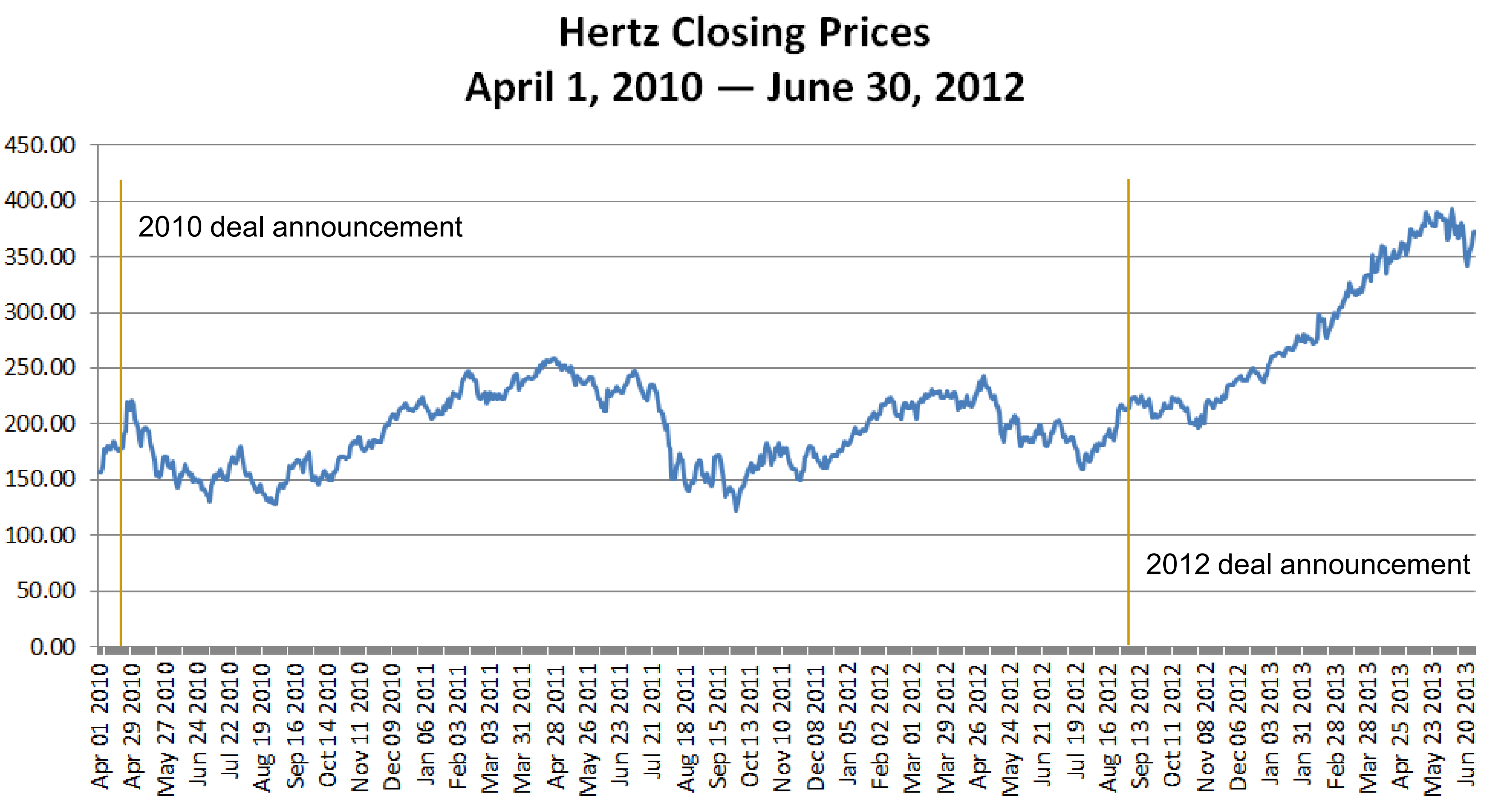
$$\begin{aligned} V_t = V_c + V_g &= \$1.4 \text{ billion} + \$1.12 \text{ billion} \\ &= \$2.52 \text{ billion} \end{aligned}$$

Implies that Hertz gave up most of the synergies to DTAG shareholders *under our assumptions*

Dollar Thrifty stock prices

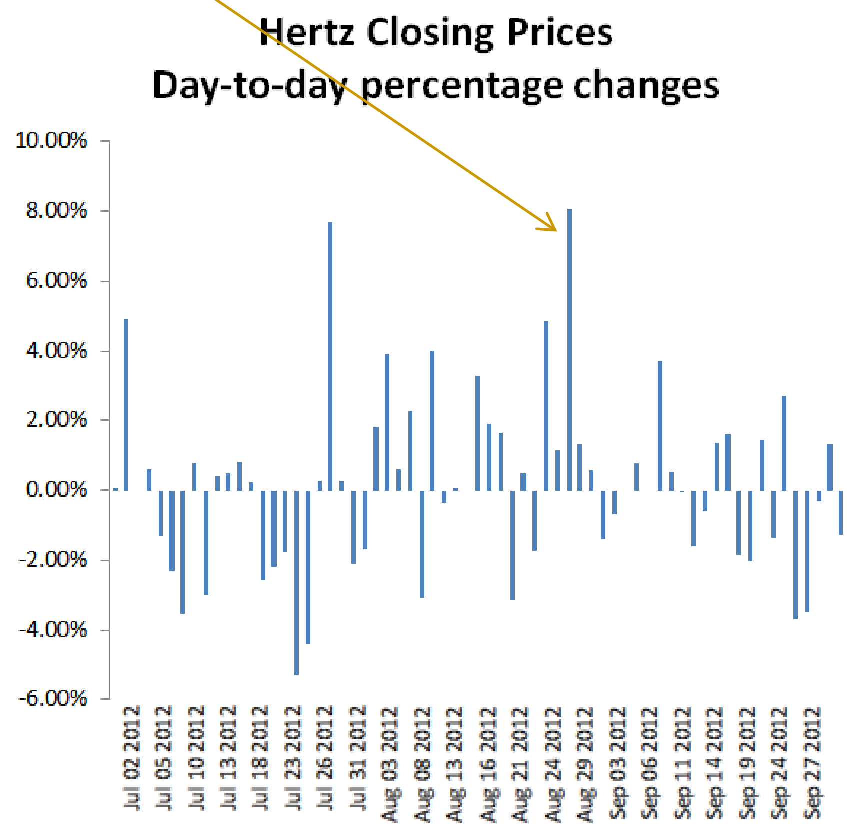


Hertz stock prices



Hertz stock prices

Announcement: + 8.06%



The FTC Consent Order

FTC Complaint

- Issued November 15, 2012
  - Eight-month investigation
- Relevant markets
  - Product market: Airport car rentals
    - Alternative: Non-contracted airport car rentals (excludes rentals made at prenegotiated rates and terms)
  - Geographic markets: 72 airports
- Competitive effects
  - Eliminates direct competition between parties (all markets)
  - Eliminates future competition between parties (several markets)
  - Increases likelihood of unilateral exercise of market power by Hertz
  - Increases likelihood of coordinated interaction
  - Increases likelihood that customers will pay higher prices

FTC Complaint

- Violations
  - Acquisition, if consummated, would violate Clayton Act § 7 and FTC Act § 5
  - Acquisition agreement violates FTC Act § 5
- Allegations regarding barriers to entry:
  - On-airport concession locations
  - Recognized brand
  - Relationships with online travel agencies and other distribution channels
  - Sufficient size to achieve economies of scale

FTC Consent Order

- Agreement containing consent order(s)
  - Negotiated and signed by parties prior to Commission vote
  - Parties
    - Hertz Global Holdings, Inc.—merging party
    - Franchise Services of North America Inc. (FSNA) (operates U-Save rental business)—divestiture buyer
    - Macquarie—providing financing for divestiture buyer

FTC Consent Order

- Proposed consent order: Hertz to divest—
  1. Its Advantage Rent-a-Car business + 16 Dollar Thrifty on-airport locations where Advantage does not yet operate to FNSA/Macquarie jv
     - Advantage: 15 days after the Effective Date or December 12,2012, whichever is later
     - DT assets: 90 days after the Effective Date
     - Purchase price: $16 million—1/2 of what Hertz paid to acquire Advantage out of bankruptcy in 2009
  2. 13 Dollar Thrifty on-airport locations to FNSA/Macquarie jv or another Commission-approved buyer (post-acquisition)
     - 60 days after signing of Agreement to submit signed divestiture agreement
     - 6 months after the Effective Date to divest
- Hold to maintain assets
  - Contrast with Hold Separate Order

FTC Consent Order

- Commission vote to provisionally accept consent order
  - 4-1, with Rosch dissenting from acceptance of consent order (insufficient as relief at several dozen airports)
- Subsequent events
  - November 26, 2012: Federal Register notice published to begin comment period
    - 30 days for the FTC under Commission rules
    - 60 days for the DOJ under the Tunney Act
  - December 17, 2012: Comment period ends
    - Six comments received
  - July 11, 2013: Commission final acceptance of consent order
    - 3-0-1, with Rosch dissenting and Wright not participating

Aftermath

- Divestiture arrangement and leasing risk
  - JV buyer to lease 24,000 vehicles from Hertz and bear the residual value risk
  - When JV began to turn over fleet, experienced significant losses
  - October 25, 2013: JV had lost $8.6 million
- Divestiture solution falls apart
  - October 2, 2013: JV missed scheduled payment to Hertz
  - November 2, 2013
    - Refinancing negotiations fail
    - Hertz terminates Master Lease Agreement and seeks return of all leased vehicles
  - November 5, 2013: JV seeks bankruptcy protection

Aftermath

- Subsequent transactions
  - January 30, 2014: FTC grants FSNA's petition FTC to sell Advantage to Catalyst Capital Group (winning bidder in bankruptcy auction—40 locations, excluded 28)
  - May 29, 2014: FTC grants FNSA's petition to sell 22 former Advantage locations to Hertz (10) and Avis (12)
  - September 5, 2014: FTC grants FNSA's petition to sell Portland location to Avis and San Jose locations to Sixt Rent-A-Car