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DEALMAKERS OF THE YEAR

WHEELING AND DEALING

The lawyers behind the year's
most innovative transactions.

CLEARY'S PAUL SHIM
ADVISED THRIFTY ON
ITS SALE TO HERTZ.

DEALMAKERS OF THE YEAR

BEHIND THE WHEEL

Dollar Thrifty's hotly contested \$2.3 billion sale to Hertz was a seven-year journey that became one of the longest-running takeovers of the modern corporate age.

By Chris Johnson



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HEY SAY THAT GOOD THINGS come to those who wait. For Paul Shim, a New York corporate partner at Cleary Gottlieb Steen & Hamilton, the \$2.3 billion sale of Dollar Thrifty Automotive Group Inc. stretched that adage to the breaking point.

A near-perfect storm of the global recession, labyrinthine antitrust issues, and the collapse of the U.S. auto industry saw the car rental company's hotly contested sale descend into one of the longest-running takeover sagas of the modern corporate age.

The deal cost Shim seven years of his life—and even a broken wrist, after he slipped on black ice on his way to a board meeting at Dollar Thrifty's Tulsa headquarters during the middle of a sudden and vicious blizzard.

"Lawyers often say they will risk life and limb for a client—I guess I took that a bit too literally," says Shim, a Cleary lifer who previously made our Dealmaker of the Year list in 2004 for his work on Bank of America's \$47 billion acquisition of FleetBoston ["A Banker's Lawyer," April 2004].

Shim says the complex and protracted Dollar Thrifty transaction was "the most rewarding, interesting, and certainly the longest" of his 25-year career. He ran three separate solicitation processes, analyzed the multiple proposals received throughout the seven-year period, developed the various deal structures, and, perhaps most importantly, helped the company's board and management navigate an unprecedented antitrust process.

Cleary was called in after Dollar Thrifty's usual counsel, Jones Day, was ruled out because of a conflict. Cleary was then invited to pitch for the work in 2005 by one of the company's directors, who had worked with the New York-based firm during a previous role at carmaker Chrysler Group. (Dollar Thrifty was originally part of Chrysler, before spinning off in 1997.)

In fact, so severe were the external challenges, the transaction almost didn't happen at all. "This deal fell apart several times and looked like it wasn't going to make it," says former Dollar Thrifty CEO Scott Thompson. "Without Paul's considerable skill and determination, it might not have [happened]." (Thompson retired following the company's sale.)

The complications were largely due to the emergence of a fierce bidding war between rivals The Hertz Corporation and Avis Budget Group Inc., and extreme antitrust regulatory pressures surrounding a deal that would leave just three companies in almost complete control of North America's \$30.5 billion car rental market.

Dollar Thrifty's former general counsel Vicki Vaniman describes the antitrust review process as "annoying, tedious, and frustrating," while Thompson claims that, at around 30 months from filing to approval, it was the longest in Federal Trade Commission history. But the deal

was finally greenlit after Hertz, represented by Cravath, Swaine & Moore, agreed to divest its Advantage Rent a Car business along with rights to operate 29 Dollar Thrifty airport outlets. (Hertz was separately advised on the Advantage sale by Debevoise & Plimpton.)

Dollar Thrifty's sale was also rocked by the 2009 bankruptcies of General Motors Company and Chrysler. The news that two of America's largest carmakers were going under destroyed the already fragile investor confidence in the auto industry and sent share prices tumbling. Dollar Thrifty, which remained heavily reliant on Chrysler for the supply of its rental fleet, saw its stock price plummet from \$40 to just 62 cents per share. Hertz subsequently slashed its offer by 95 percent. Vaniman says Shim and his team of more than 25 attorneys showed "quick thinking and adaptability" in swiftly moving from M&A prep to advising on a possible Chapter 11 filing.

But the company survived, and in November capped a remarkable turnaround by completing an \$87.50-a-share deal—an 8 percent premium to Dollar Thrifty's stock price at the time and more than twice the \$41 per share Hertz offered in 2010. The closing took less than six weeks, thanks in part to the use of a speedy two-step structure, comprising a cash tender offer followed by a cash merger to acquire any remaining shares, to help avoid the deal being hit by further delays—or of collapsing entirely.

"Paul is awesome," says Vaniman, like Thompson, who also retired following the sale. "He's creative, responsible and so business-minded—he's always thinking 10 steps ahead. If I ever get back into lawyering with another company, then I wouldn't even consider using anyone else."

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DEAL IN BRIEF

THRIFTY-HERTZ

DEAL VALUE

\$2.3 billion

FIRM'S ROLE

Target's Counsel



PROP STYLING BY JEFF STYLES

DEAL TRIVIA Sub sandwich most frequently ordered during negotiations was Turkey Tom from Jimmy John's in Tulsa.