

Hertz-Dollar Thrifty merger gets final FTC approval

ROBERT EVATT World Staff Writer | Posted: Friday, July 12, 2013 12:00 am

Hertz Global Holdings Inc. announced Thursday the Federal Trade Commission has issued a final consent order approving its acquisition of Tulsa-based Dollar Thrifty Automotive Group.

The approval removes the last regulatory hurdle for the merger.

Hertz, the world's second-largest car rental chain, announced last November it was buying Dollar Thrifty for \$2.3 billion.

Mark Frissora, chairman and CEO of Hertz, said in a press release Thursday the company was pleased the FTC officially concluded its review of the merger.

"Throughout this process we have worked closely with the agency, and the result has been a transaction that we believe will benefit our customers and shareholders for years to come," he said.

Rich Broome, a spokesman for Hertz, said the separate Dollar and Thrifty brands will remain operational.

"Our next step is to grow all three brands, and we've started introducing the Dollar Thrifty brand to some of our partners, such as AAA," he said.

The merger came after a two-year battle for Dollar Thrifty between Hertz and competitor Avis Budget Group.

Before the merger, Dollar Thrifty was the fourth-largest car rental company.

Fred Russell, principal of Fredric E. Russell Investment Management Co. in Tulsa, noted that the buyout has narrowed the rental-car field to Hertz, Avis, Enterprise and Budget.

Although Hertz has said the merger will help the company better serve its customers, Russell's experiences in observing airline and banking mergers have him skeptical.

"The airline industry didn't get better customer service and the banking industry didn't get better customer service, so there's no reason to think we'll get it with rental cars," he said.

Russell said Dollar Thrifty did a fantastic job holding out for a good offer. The initial 2010 bid was \$41 per share, and the final buyout price was \$87.50 per share.

"It's been a good drive for Dollar Thrifty and its shareholders," he said.

The merger could hurt Tulsa's economy, however.

Hertz began layoffs of Tulsa-based Dollar Thrifty employees last month to eliminate redundancies caused by the merger, though the company did not indicate how many employees would be released or be moved to Hertz' headquarters.

Park Ridge, N.J.-based Hertz announced in May that it was moving its corporate headquarters to Otero, Fla., and would build a 300,000-square-foot facility there by 2015.

Reports had indicated as many as 120 Tulsa jobs could be moved or lost, but Hertz officials said the company has not publicly stated future staffing levels for Tulsa. Before the layoff announcements, Dollar Thrifty employed 600 at the Tulsa headquarters.

Broome said all Tulsa Dollar Thrifty employees were informed of their status within Hertz by May.

Several of Dollar Thrifty's top executives, including CEO Scott Thompson and Chief Financial Officer Clifford Buster, resigned in December.

Dollar Thrifty has been based in Tulsa since 1997 when it was founded as the successor to Pentastar Transportation Group, Inc.

Hertz has about 24,000 employees worldwide and Dollar Thrifty had 6,000 as of the June layoff announcements.

Hertz Timeline

April 25, 2010: Hertz Global Holdings offers \$1.27 billion, or \$41 a share, for Dollar Thrifty.

Sept. 12, 2010: Hertz increases its offer to \$1.43 billion, or \$50 a share.

Sept. 24, 2010: Hertz CEO Mark Frissora says the company's \$1.45 billion, or \$50.25-a-share, bid is "our best and final offer."

Sept. 30, 2010: Dollar Thrifty shareholders reject the Hertz offer.

May 9, 2011: Hertz offers Dollar Thrifty shareholders \$72 per share, a bid worth about \$2.25 billion.

Oct. 27, 2011: Hertz withdraws its offer, citing a Dollar Thrifty share buyback program and market conditions but says it's still interested in buying the company.

Sept. 10, 2012: Hertz begins a cash tender for Dollar Thrifty's common stock.

Nov. 15, 2012: Hertz wins conditional approval from Federal Trade Commission for merger.

Nov. 19, 2012: Hertz completes \$2.3 billion, \$87.50-a-share acquisition of Dollar Thrifty.

Thursday: FTC gives final approval to Hertz-Dollar Thrifty merger.

Robert Evatt 918-581-8447

robert.evatt@tulsaworld.com **SUBHEAD:** The FTC issues its final consent approving the acquisition of Tulsa-based Dollar Thrifty.

Original Print Headline: Hertz-Thrifty merger gets OK