

# American Tire Distributors Enters Agreement to Transition Ownership and Position Business as a Stronger Partner to Manufacturers and Retail Customers

Business

*Restructuring Support Agreement with Ad Hoc Lender Group Contemplates Sale Transaction*

*That Would Substantially Reduce the Company's Debt and Provide Additional Financial Resources*

*ATD Voluntarily Commences Court-Supervised Process to Implement Terms of the Agreement*

*Company Continues Serving Manufacturer Partners and Customers Across Nationwide Distribution Network*

*Secures Commitments to Access Approximately \$1.45 Billion in Postpetition Financing, Providing Sufficient Liquidity to Support Ongoing Business*

**HUNTERSVILLE, N.C.**, October 22, 2024 – American Tire Distributors, Inc. (“ATD” or the “Company”) today announced that it is implementing specific steps to maximize value and strengthen the Company’s financial foundation as it continues supporting

manufacturer partners and customers across its nationwide distribution network.

The Company has entered into a restructuring support agreement (the “RSA”) with certain lenders, including Guggenheim Partners, LLC, Monarch Alternative Capital LP, Sculptor Capital Management, Inc., and Silver Point Capital, L.P., representing approximately 90% of the outstanding obligations under the Company’s Term Loan (collectively, the “Ad Hoc Lender Group”) that contemplates transitioning ownership of the Company through a competitive sale process. The Company and Ad Hoc Lender Group are in discussions with respect to an asset purchase agreement that, if implemented, would transition ownership of the Company to the Ad Hoc Lender Group, which manages more than \$500 billion. The contemplated transaction would also eliminate a significant amount of debt and provide access to new capital, positioning the business as a stronger partner to manufacturers and customers who rely on ATD to improve their productivity, profitability, and performance.

To implement the terms of the RSA and conduct a value-maximizing sale process, the Company and certain of its subsidiaries commenced voluntary Chapter 11 proceedings in the U.S. Bankruptcy Court for the District of Delaware (the “Court”). During this process, ATD will continue to operate across its nationwide distribution network as the organization remains focused on supporting its manufacturer partners and providing its customers with tires, wheels, related tools, and accessories to support their business.

“For nearly 90 years, ATD has continuously evolved to meet the dynamic shifts and challenges facing the auto aftermarket. Today, we are taking further steps to position ATD for our next phase as a stronger distribution partner to our manufacturers and customers as we return to our roots and hone our core value proposition as a wholesale distributor,” said Michael Feder, Interim Chief Executive Officer of ATD and Partner & Managing Director (retired, on recall) at AlixPartners, LLP (“AlixPartners”). “We are confident that entering into this process with the support of the Ad Hoc Lender Group will enable ATD to execute its business strategy and achieve our long-term objectives.”

Mr. Feder continued, “Since being named interim CEO, I have seen how impactful our business is to the manufacturer partners, customers, associates, and communities we support, and this process will serve to reinforce those relationships. Our operations remain steady and, by moving forward with new owners on stronger financial footing, I am confident that we will build on our proud history of leadership and innovation.”

Mr. Feder concluded, “Above all else, I want to thank our associates, whose commitment has been essential to our success. Their hard work and dedication are the cornerstones to continue delivering for our customers and manufacturer partners.”

### **Additional Information About the Court-Supervised Process**

To ensure continued business operations, ATD has secured commitments for \$250 million in new financing from the Ad Hoc Lender Group, as well as access to \$1.2 billion in financing from lenders under the Company’s prepetition ABL facility (the “ABL Lenders”), in the form of postpetition financing credit facilities (together, the “DIP Financing Facilities”). Upon Court approval, the DIP Financing Facilities, coupled with cash generated from the Company’s ongoing operations, is expected to provide sufficient liquidity to support the business during the process.

ATD has also filed a number of customary “first-day” motions with the Court to maintain operations and uphold its go-forward commitments to its stakeholders, including associates, manufacturer partners, customers, and vendors. The Company anticipates receiving approval for these routine motions in short order and expects to pay manufacturer partners and vendors for goods and services provided after the filing.

In connection with this process, Jim Bienias, Partner and Managing Director at AlixPartners, has been appointed Chief Restructuring Officer of ATD.

Additional information regarding ATD's court-supervised sale process is available at a dedicated website, [www.ATDNext.com](http://www.ATDNext.com). Court filings and other information related to the proceedings, including instructions on how to file a proof of claim, are available on a separate website administered by the Company's claims agent, Donlin Recano & Company, at [www.donlinrecano.com/atd](http://www.donlinrecano.com/atd), by calling toll-free at 1-866-666-1597 (or 1-212-771-1128 for calls originating outside the U.S. or Canada), or by sending an email to [atdinfo@drc.equiniti.com](mailto:atdinfo@drc.equiniti.com).

## **Advisors**

Kirkland & Ellis LLP is serving as legal counsel, Moelis & Co. is serving as financial advisor, and AlixPartners is serving as restructuring advisor to ATD.

The Ad Hoc Lender Group is represented by Akin Gump Strauss Hauer & Feld LLP as legal counsel and Perella Weinberg Partners LP as financial advisor.

The ABL Lenders are represented by Otterbourg P.C. as legal counsel and PKF Clear Thinking, LLC as financial advisor.

## **About American Tire Distributors**

American Tire Distributors is one of the largest independent suppliers of tires to the replacement tire market. It operates more than 115 distribution centers serving approximately 80,000 customers across the U.S. The company offers an unsurpassed breadth and depth of inventory, frequent delivery, and value-added

services to tire and automotive service customers. American Tire Distributors employs approximately 4,500 associates across its distribution center network.

In 2024, the company has been recognized as: an Environment+Energy Leader Award recipient; a Stevie® Award for Sales & Customer Service recipient; and a multi-award recipient of The American Business Awards®, including a Gold Stevie® Award recipient in the Company of the Year - Automotive & Transport Equipment - Large category and a Silver Stevie® Award recipient in the Artificial Intelligence/Machine Learning Solution category.

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