

Katten Insolvency and Restructuring Team's 2021 Achievements Recognized with *M&A Advisor* Awards

June 13, 2022

Katten's Insolvency and Restructuring practice has been announced as an award recipient in several categories of *The M&A Advisor*'s 16th Annual Turnaround Awards, which celebrate the leading distressed transactions, restructuring, refinancing, products and services, firms and professionals worldwide. Katten was recognized for its role in three significant restructurings during calendar year 2021. Katten was honored with two "Restructuring Deal of the Year" awards and a "Consumer Discretionary Deal of the Year" award for 2021.

Steven J. Reisman, co-chair of Katten's Insolvency and Restructuring practice, said, "We are privileged and honored to receive these awards for the work we have done for our clients. We always strive to do our best, to be practical and efficient. The Katten I&R team goes above and beyond to achieve and exceed client expectations. I am thankful for the exceptional professionals I have the pleasure of working with day in and day out at Katten."

The M&A Advisor's Turnaround Awards have become known as one of the restructuring and distressed investing industry's benchmarks for excellence. The Turnaround Awards will be presented at a gala celebration during the 2022 Leadership in Dealmaking Summit in New York City on Wednesday, September 21, 2022.

Katten's Insolvency and Restructuring practice has been recognized for work related to the following matters:

1. Restructuring Deal of the Year ($100MM to $1B): Chapter 11 Restructuring of Alex and Ani, LLC

Hampered by multiple challenges, including the Covid-19 pandemic and internal upheaval that had led to several lawsuits, Alex and Ani, LLC filed for Chapter 11 protection on June 9, 2021 in the United States Bankruptcy Court for the District of Delaware. In connection with the Chapter 11 case, Katten was privileged to represent Lawrence H. Meyer and Scott Burger, the jewelry retailer's

independent directors, in investigating certain pre-bankruptcy issues and transactions involving insiders.

Approximately two months before the bankruptcy filing, Katten initiated its independent investigation into various complex transactions and started navigating uniquely challenging issues involving Alex and Ani. Fueled by the independent directors' perseverance, the investigation unearthed material findings and ultimately led to a settlement of all disputed issues, which in turn enabled a successful resolution of the Chapter 11 case. Three months later, on September 30, 2021, Alex and Ani emerged from Chapter 11 with a delevered balance sheet and an optimized go-forward business plan. The company preserved over 500 jobs, sustained key business relationships, and restructured its lease portfolio while keeping its best-performing retail stores open.

The Katten team was led by Steven J. Reisman and Insolvency and Restructuring partners Marc B. Roitman and Cindi M. Giglio, and included Litigation partner Robert T. Smith and Insolvency and Restructuring associate Grace A. Thompson.

2. Restructuring Deal of the Year ($1B to $5B): Chapter 11 Restructuring of Sable Permian Resources Finance, LLC

In highly contentious, but successful, complex Chapter 11 cases that ultimately resulted in a reorganization plan that garnered an overwhelming consensus among the creditor groups, Katten acted as counsel to Peter Kravitz, Richard Alario and Robert Reeves, the independent directors of Sable Permian Resources, LLC, a Texas-based upstream oil and gas producer, and its affiliated debtors and debtors in possession, in connection with the company's Chapter 11 cases in the United States Bankruptcy Court for the Southern District of Texas.

Prior to the filing of the Chapter 11 cases in 2020, Katten had represented Sable's independent directors, Peter Kravitz and Richard Alario, in connection with evaluating and approving Sable's 2019 consensual out-of-court restructuring of over $2 billion in debt.

Although the 2019 transaction was recognized at the time as a highly successful out-of-court restructuring for all stakeholders, Sable was faced with a further slump in the oil-and-gas industry and plummeting oil prices in early 2020. As a result, Sable's independent directors re-engaged Katten in connection with evaluating another possible restructuring transaction. Ultimately, industry and liquidity pressures resulted in Sable filing for Chapter 11 protection in June 2020.

The Chapter 11 cases presented numerous challenges, including multiple disputes among various constituencies and investigations into a spectrum of potential claims and causes of action. As part of the Chapter 11 cases, Sable addressed certain stakeholders' concerns with the company's governance structure by appointing the independent directors, advised by Katten, to oversee the

company's restructuring efforts, which were led by a newly-appointed chief restructuring officer, Mohsin Meghji of M3 Partners. The company's independent directors and chief restructuring officer also conducted, with the assistance of Katten, a robust investigation into potential claims and causes of action arising out of prepetition transactions as a result of the restructuring efforts.

The Debtors conducted a dual-path restructuring strategy – with optionality for either a sale of the company or an equitization – that led to a Chapter 11 plan providing that Sable's senior secured lenders received substantially all of the equity interests in the reorganized company while also facilitating settlements with Sable's other key stakeholders. Despite the tension among stakeholders, as well as the persisting pressures in the oil-and-gas markets during the Chapter 11 cases, the Debtors were able to secure confirmation of the plan with near-total support from creditors.

The Debtors' Chapter 11 plan resulted in a substantial deleveraging of the company and permitted ongoing operations of the oil and natural gas properties in the Permian Basin, preserving jobs and right-sizing the capital structure to support the company's long-term outlook. Absent the successful restructuring plan, the Debtors would have lacked the necessary capital to continue business operations and junior creditors likely would have been unable to recover on their claims.

In January 2022, the new equity owners of Sable (comprised primarily of the prepetition senior secured lenders) announced that they were selling the company to Earthstone Energy, Inc. for $860 million.

The Katten team was led by Steven J. Reisman and Insolvency and Restructuring partner Geoffrey King, and included Insolvency and Restructuring partners Jerry L. Hall, Michael E. Comerford and James V. Drew; Litigation partners Patrick M. Smith and Eric T. Werlinger; Financial Markets Litigation and Enforcement partner J Matthew W. Haws; Securities Litigation partner Michael J. Lohnes; Corporate partner Evan S. Borenstein; Insolvency and Restructuring associates Grace A. Thompson and Jesse A. Kitnick; and Litigation associates Sheehan H. Band and Mario D. Robertson.

3. Consumer Discretionary Deal of the Year ($100MM to $500MM): Chapter 11 of Le Tote, Inc. (Owner of Lord & Taylor)

One of America's iconic department stores, Lord & Taylor, faced challenges pre-pandemic as a result of a leveraged buyout transaction and changes in consumer purchasing habits, which were exacerbated by the onset of the Covid-19 pandemic. In connection with the Chapter 11 case of Lord & Taylor, LLC, Pamela B. Corrie and Matthew R. Kahn, the independent directors of Le Tote, Inc., retained Katten to conduct an investigation of the fashion rental service's acquisition of Lord & Taylor in 2019. Shortly after the acquisition, the combination of the Covid-19 pandemic and the secular decline in retail had led to the Chapter 11 filing in the United States Bankruptcy Court for the Eastern District of Virginia.

During the case, Katten conducted an independent investigation into whether there existed any claims and causes of action arising from the 2019 acquisition that Le Tote could assert against insiders and third parties. The preliminary results of Katten's investigation, which uncovered a number of potentially viable causes of action, kicked off several weeks of negotiations and ultimately paved the path to a settlement among the relevant parties. The Official Committee of Unsecured Creditors, which had been conducting a similar investigation, objected to the settlement. After several more weeks, which entailed both judicial mediation and intense litigation, a global settlement was reached.

Lord & Taylor obtained the bankruptcy court's approval of its Chapter 11 reorganization plan in March 2021 with the full support of all stakeholders. The plan provided for satisfaction in full to a holder of more than $100 million of first lien asset-based loans and a holder of more than $30 million of second lien term loans, with the remaining value in the estate allocated to unsecured creditors.

The Katten team was led by Steven J. Reisman and Insolvency and Restructuring partners Marc B. Roitman and Terence G. Banich, and included Insolvency and Restructuring associate Jesse A. Kitnick; Litigation associate Zachary S. Beal; and Appeals and Critical Motions associate Timothy H. Gray.

"Winners Announced for the 16th Annual Turnaround Awards," *The M&A Advisor*, May 31, 2022

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