

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	Chapter 11
Sequential Brands Group, Inc., <u>et al.</u> , ¹	:	Case No. 21-11194 (JTD)
Debtors.	:	(Jointly Administered)
	:	Docket Ref. Nos. 19 and 138

**SECOND SUPPLEMENTAL NOTICE OF CURE COSTS AND POTENTIAL
ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES IN CONNECTION WITH SALE OF
SUBSTANTIALLY ALL ASSETS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On August 31, 2021, Sequential Brands Group, Inc. and its debtor affiliates as debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a motion [Docket No. 19] (the “Motion”) seeking entry of (a) an order (the “Bidding Procedures Order”) (i) approving bidding procedures (the “Bidding Procedures”) ² to be used in connection with one or more sales (each, a “Sale Transaction”) of substantially all of the Debtors’ assets (the “Assets”); (ii) authorizing the Debtors to enter into one or more asset purchase agreements with one or more “stalking horse” bidders (each such agreement, a “Stalking Horse Agreement” and, each such bidder, a “Stalking Horse Bidder,” and the bid of any such Stalking Horse Bidder, a “Stalking Horse Bid”) and to provide certain bidding protections, including the Galaxy Termination Payment to the Galaxy Stalking Horse Bidder in connection with the Galaxy APA and the Centric Expense Reimbursement to the Centric Stalking Horse Bidder in connection with the Centric APA; (iii) scheduling an auction of the Assets (the “Auction”) and a final hearing to consider approval of any proposed Sale Transactions (the “Sale Hearing”); (iv) approving the form and manner of notice of the Bidding Procedures, the Auction

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Sequential Brands Group, Inc. (2789), SQBG, Inc. (9546), Sequential Licensing, Inc. (7108), William Rast Licensing, LLC (4304), Heeling Sports Limited (0479), Brand Matter, LLC (1258), SBG FM, LLC (8013), Galaxy Brands LLC (9583), The Basketball Marketing Company, Inc. (7003), American Sporting Goods Corporation (1696), LNT Brands LLC (3923), Joe’s Holdings LLC (3085), Gaiam Brand Holdco, LLC (1581), Gaiam Americas, Inc. (8894), SBG-Gaiam Holdings, LLC (8923), SBG Universe Brands, LLC (4322), and GBT Promotions LLC (7003). The Debtors’ corporate headquarters and the mailing address for each Debtor is 1407 Broadway, 38th Floor, New York, NY 10018.

² Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Motion or the Bidding Procedures, as applicable. Any summary of the Bidding Procedures or the Bidding Procedures Order (or any provision thereof) contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any inconsistency between any summary in this Assumption and Assignment Notice and the terms and conditions of either of the Bidding Procedures or the Bidding Procedures Order, the actual terms and conditions in those documents shall control.



and the Sale Hearing; (v) approving procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the “Contracts”) in connection with any Sale Transaction; (vi) approving the form and manner of notice to each relevant non-debtor counterparty to a Contract of the Debtors’ calculation of the amount necessary to cure any defaults under an applicable Contract and certain other information regarding the potential assumption and assignment of Contracts in connection with a Sale Transaction; (vii) authorizing one or more Sale Transactions for a sale of the Assets free and clear of all liens, claims, interests and encumbrances, except certain permitted encumbrances as determined by the Debtors and any Successful Bidder (as defined below) for the applicable Assets, with liens to attach to the proceeds of the applicable Sale Transaction; (viii) authorizing the assumption and assignment of certain Contracts in connection with approved Sale Transactions; and (ix) granting related relief.

On September 24, 2021, the Court entered the Bidding Procedures Order [Docket No. 138].

On September 29, 2021, in accordance with the Assumption and Assignment Procedures (as defined in the Bidding Procedures) and the Bidding Procedures Order, the Debtors filed their *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Sale of Substantially All Assets* [Docket No. 148] (the “First Potential Assumption and Assignment Notice”), pursuant to which the Debtors notified certain parties that they may potentially assume and assign to a Stalking Horse Bidder, or a Successful Bidder other than a Stalking Horse Bidder, certain executory contract(s) or unexpired lease(s) identified therein.

On October 8, 2021, the Debtors filed the *Supplemental Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Sale of Substantially All Assets* [Docket No. 175] (the “Supplemental Notice”).

In accordance with the Assumption and Assignment Procedures and the Bidding Procedures Order, the Debtors now file this second supplement to the First Potential Assumption and Assignment Notice (the “Second Supplemental Notice”) and provide notice that the Debtors may potentially assume and assign to a Stalking Horse Bidder, or a Successful Bidder other than a Stalking Horse Bidder, certain additional executory contract(s) or unexpired lease(s) listed on Schedule 1 attached hereto (each, an “Available Contract”) to which you are or may be a counterparty. The Debtors have conducted a review of their books and records and have determined that the Cure Costs are as set forth on Schedule 1 attached hereto.

You are receiving this Second Supplemental Notice because you may be a Counterparty to an Available Contract of the Debtors that may be assumed and assigned to a Successful Bidder for the Debtors’ Assets.

CURE COSTS

In accordance with the Assumption and Assignment Procedures and the Bidding Procedures Order, the Debtors may, in connection with one or more Sale Transactions with a Successful Bidder at the Auction, seek to assume and assign to the Successful Bidder certain of their Available Contracts. Each of the Available Contracts that potentially could be assumed and assigned in connection with a Sale Transaction, together with the Debtors’ calculation of Cure

Costs with respect to such Available Contracts, is set forth on Schedule 1 hereto. The inclusion of any Available Contract on Schedule 1 does not constitute an admission by the Debtors or any other party that such Available Contract is an executory contract or an unexpired lease within the meaning of the Bankruptcy Code or require or guarantee that such Available Contract ultimately will be assumed or assigned. All rights of the Debtors with respect thereto are reserved.

CURE OBJECTIONS

A. Cure Objection Deadline

Any Counterparty to an Available Contract that wishes to object to the Debtors' proposed Cure Costs or assumption and assignment on any basis (each such objection, an "Available Contract Objection") (except objections solely related to: (a) adequate assurance of future performance by a Successful Bidder other than a Stalking Horse Bidder or (b) the assumption and assignment of the With You LLC Operating Agreement or the Creative Services Agreement with Tina Simpson to a Successful Bidder or designee) shall file with the Court and serve on the Objection Notice Parties its Available Contract Objection, which must state, with specificity, the legal and factual bases thereof and include any appropriate documentation in support thereof, by no later than **fourteen (14) calendar days after service of this Second Supplemental Notice** (the "Available Contract Objection Deadline").

B. Resolution of Cure Objections

The Debtors and the objecting Counterparty shall first confer in good faith to attempt to resolve the Available Contract Objection without Court intervention. If the parties are unable to consensually resolve the Available Contract Objection prior to the commencement of the Sale Hearing, the Court shall make all necessary determinations relating to the applicable Cure Costs or assumption and assignment and the Available Contract Objection at a hearing scheduled pursuant to the following paragraph. If an Available Contract Objection is resolved in a manner that is not in the best interests of the Debtors and their estates, whether or not such resolution occurs prior to or after the closing of the applicable Sale Transaction (subject to the terms of the applicable Sale Transaction), the Debtors may determine that any Available Contract subject to such resolved Available Contract Objection will no longer be assumed and assigned pursuant to the applicable Sale Transaction (subject to the terms of the applicable Sale Transaction). All other objections to the proposed assumption and assignment of the Debtors' right, title and interest in, to and under an Available Contract will be heard at the Sale Hearing.

C. Adjourned Cure Objections

If a timely filed Available Contract Objection cannot otherwise be resolved by the parties, the Available Contract Objection may be heard at the Sale Hearing, or, at the Debtors' option, be adjourned to a subsequent hearing (each such Available Contract Objection, an "Adjourned Available Contract Objection"); provided, that, the determination of whether an Available Contract Objection may be heard at the Sale Hearing is in the Debtors' and the Court's discretion. An Adjourned Available Contract Objection may be resolved after the closing date of the applicable Sale Transaction. Upon resolution of an Adjourned Contract Objection and the payment of the applicable cure amount or resolution of the assumption and assignment issue, if

any, the applicable Available Contract that was the subject of such Adjourned Available Contract Objection shall, as applicable, be deemed assumed and assigned to the applicable Successful Bidder as of the closing date of the applicable Sale Transaction.

IF A COUNTERPARTY FAILS TO FILE WITH THE COURT AND SERVE ON THE OBJECTION NOTICE PARTIES A TIMELY AVAILABLE CONTRACT OBJECTION, THE COUNTERPARTY FOREVER SHALL BE BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO THE COST TO CURE ANY DEFAULTS UNDER THE APPLICABLE AVAILABLE CONTRACT AND SHALL BE DEEMED TO HAVE CONSENTED TO THE ASSUMPTION AND ASSIGNMENT OF THE AVAILABLE CONTRACT. THE CURE COSTS SET FORTH IN THE APPLICABLE ASSUMPTION AND ASSIGNMENT NOTICE SHALL BE CONTROLLING AND WILL BE THE ONLY AMOUNT NECESSARY TO CURE OUTSTANDING DEFAULTS UNDER THE AVAILABLE CONTRACT AND SATISFY THE REQUIREMENTS OF SECTION 365(B) OF THE BANKRUPTCY CODE, AND THE COUNTERPARTY TO THE AVAILABLE CONTRACT SHALL BE BOUND BY AND DEEMED TO HAVE CONSENTED TO THE CURE COSTS.

NOTICE OF AUCTION RESULTS

The Auction, if required, will be conducted on **October 28, 2021, at 10:00 a.m. (prevailing Eastern Time)**, virtually through Zoom, or, if permitted, at the offices of Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, NY 10166, or at such other time and location as designated by the Debtors, after providing notice to the Sale Notice Parties; provided, however, the Debtors shall have the right to hold the Auction remotely, including telephonically or by other electronic means (including, without limitation, video conferencing) as the Debtors may choose in their sole discretion so as to comply with all applicable federal, state and local laws, orders, ordinances, guidelines and guidance, including any shelter-in-place, social distancing and non-essential business orders and guidelines. If held, the Auction proceedings will be transcribed and/or video recorded.

By the later of (a) **October 29, 2021** and (b) one business day after the conclusion of the Auction, the Debtors will file with the Court, serve on the Sale Notice Parties and cause to be published on the KCC Website, a notice setting forth the results of the Auction (the "Notice of Auction Results"), which will (a) identify each Successful Bidder and each Backup Bidder, (b) include a copy of each Successful Bid and each Backup Bid or a summary of the material terms of such bids, including any proposed assumption and assignment of the Available Contracts contemplated thereby, and (c) set forth the Post-Auction Objection Deadline, the date, time and location of the Sale Hearing and any other relevant dates or other information necessary to reasonably apprise the Sale Notice Parties of the outcome of the Auction.

ADEQUATE ASSURANCE OBJECTIONS

A. Adequate Assurance Objection Deadline

Any Counterparty to an Available Contract that wishes to object to the proposed assumption and assignment of the Available Contract, other than with respect to a Stalking Horse

Bidder, the subject of which objection is a Successful Bidder's (or any other relevant assignee's) proposed form of adequate assurance of future performance (each such objection, an "Adequate Assurance Objection"), shall file with the Court and serve on the Objection Notice Parties an Adequate Assurance Objection, which must state, with specificity, the legal and factual bases thereof and include any appropriate documentation in support thereof, by no later than the Post-Auction Objection Deadline of the **later of (i) November 1, 2021, at 4:00 p.m. (prevailing Eastern Time) and (ii) three (3) days prior to the Sale Hearing** (the "Adequate Assurance Objection Deadline").

B. Resolution of Adequate Assurance Objections

The Debtors and the objecting Counterparty shall first confer in good faith to attempt to resolve the Adequate Assurance Objection without Court intervention. If the parties are unable to consensually resolve the Adequate Assurance Objection prior to the commencement of the Sale Hearing, the Adequate Assurance Objection and all issues of adequate assurance of future performance of the applicable Successful Bidder, the assumption and assignment of the With You LLC Operating Agreement or the Creative Services Agreement with Tina Simpson to a Successful Bidder or designee (or any other relevant assignee) shall be determined by the Court at the Sale Hearing.

IF A COUNTERPARTY FAILS TO FILE WITH THE COURT AND SERVE ON THE OBJECTION NOTICE PARTIES A TIMELY ADEQUATE ASSURANCE OBJECTION, THE COUNTERPARTY FOREVER SHALL BE BARRED FROM ASSERTING ANY OBJECTION TO THE ASSUMPTION AND/OR ASSIGNMENT OF THE APPLICABLE AVAILABLE CONTRACT WITH REGARD TO ADEQUATE ASSURANCE OF FUTURE PERFORMANCE. THE APPLICABLE SUCCESSFUL BIDDER (OR ANY OTHER RELEVANT ASSIGNEE) SHALL BE DEEMED TO HAVE PROVIDED ADEQUATE ASSURANCE OF FUTURE PERFORMANCE WITH RESPECT TO THE AVAILABLE CONTRACT IN ACCORDANCE WITH BANKRUPTCY CODE SECTIONS 365(b)(1)(C), 365(f)(2)(B) AND, IF APPLICABLE, 365(b)(3), NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE AVAILABLE CONTRACT OR ANY OTHER DOCUMENT.

SALE HEARING

The Sale Hearing shall take place on **November 4, 2021, at 10:00 a.m. (prevailing Eastern Time)** before the Honorable John T. Dorsey, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, located at 824 N. Market Street, Wilmington, Delaware 19801.

ADDITIONAL INFORMATION

Copies of the Motion, the Bidding Procedures Order and the Bidding Procedures may be obtained free of charge by visiting the KCC Website at <http://www.kccllc.net/sqbg>.

Dated: October 20, 2021
Wilmington, Delaware

/s/ Laura Davis Jones

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Counsel to the Debtors and Debtors in Possession

Schedule 1

<u>Counterparty</u>	<u>Debtor Party</u>	<u>Description of Contract</u>	<u>Address of Counterparty</u>	<u>Cure Amount</u>	<u>Party Potentially Assuming</u>
TJX	William Rast	Letter Agreement	770 Cochituate Road, Framingham, MA 01701	\$0.00	WRBH ¹
Esquire Footwear Brand LLC	William Rast; Joe's Holdings; Brand Matter	Settlement Agreement and Release	Esquire Footwear Brands, LLC, 385 Fifth Avenue, 2nd FL, New York, NY 10016	\$0.00	WRBH
ASICS Corporation	William Rast	Settlement Agreement and Release	ASICS America Corporation, 29 Parker, Suite 1005, Irvine, CA 92618	\$0.00	WRBH
Levi Strauss & Company	William Rast	Letter Agreement	Kilpatrick Townsend, Two Embarcadero Center, Suite 1900, San Francisco, CA, 94111	\$0.00	WRBH

¹ On October 19, 2021, the Debtors filed the *Notice of (I) Stalking Horse Designation and (II) Filing of William Rast Stalking Horse Purchase Agreement* [Docket No. 223], whereby the Debtors designated WRBH Brands Group LLC (“WRBH”), a New York limited liability company, as the stalking horse bidder (the “William Rast Stalking Horse Bidder”) of the Purchased Assets (as defined in the William Rast APA (as defined below)) and have entered into that certain Asset Purchase Agreement by and between William Rast Licensing, LLC and WRBH (the “William Rast APA”). Upon filing of this Second Supplemental Cure Notice, WRBH’s designation as the William Rast Stalking Horse Bidder has not yet been approved by the Court.