



ENTERED
05/15/2020

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
STAGE STORES, INC., <i>et al.</i> , ¹)	Case No. 20-32564 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	
)	Re: Docket No. 21

**ORDER (I) AUTHORIZING AND APPROVING
PROCEDURES TO REJECT EXECUTORY CONTRACTS AND
UNEXPIRED LEASES, AND (II) GRANTING RELATED RELIEF**

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Order"), (a) authorizing and approving procedures to reject executory contracts and unexpired leases, and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors' service address is: 2425 West Loop South, Houston, Texas 77027.

² Capitalized terms used and not defined herein have the meanings ascribed to them in the Motion.



reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court (the “Hearing”); and this Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The following Rejection Procedures are approved in connection with rejecting Contracts:

- a. **Rejection Notice.** The Debtors shall file one or more notices in the form attached hereto as **Exhibit A** (each, a “Rejection Notice”) to reject a Contract or Contracts pursuant to section 365 of the Bankruptcy Code, which Rejection Notice(s) shall set forth, among other things, with respect to each Contract listed on the Rejection Notice: (i) the Contract to be rejected; (ii) the Debtor or Debtors party to such Contract; (iii) the names and addresses of the counterparties to such Contract; (iv) the effective date of the rejection for such Contract, which shall be the later of (a) the proposed effective date of the rejection for such Contract or (b) the date upon which the Debtors in writing (email sufficient) surrender the premises to the landlord via delivery of keys, key codes, or security codes, as applicable, to the respective landlord (the “Rejection Date”); and (v) if such Contract is a Lease, the personal property to be abandoned, if any. The Rejection Notice shall also set forth the deadlines and procedures for filing objections to the Rejection Notice (as set forth below). Each Rejection Notice may list multiple Contracts.
- b. **Service of Rejection Notice.** The Debtors will cause each Rejection Notice to be served via email, if available, and by overnight delivery service upon the Contract counterparties affected by such Rejection Notice and their counsel, if known, at the notice address specified in the applicable Contract, and upon any third parties that may, to the best of the Debtors’ knowledge, have a known interest in the Debtors’ personal property located on the Debtors’ leased premises, and by first class mail, email, or fax upon: (i) the applicable Contract counterparties; (ii) the U.S. Trustee for the Southern District of Texas; (iii) counsel to any statutory committee appoint; (iv) counsel to Wells Fargo Bank, National Association, as Agent under the Debtors’ prepetition credit agreement; (v) the United States Attorney’s Office for the Southern District of Texas; (vi) the Internal Revenue Service; (vii) the United States Securities and Exchange Commission; (viii) the state attorneys general for states in which the Debtors conduct business; and (ix) any party that has requested notice pursuant to Bankruptcy Rule 200 (collectively, the “Master Notice Parties”).

- c. **Objection Procedures.** Parties objecting to a proposed rejection must file and serve a written objection so that such objection is filed with the Court on the docket of the Debtors' chapter 11 cases and **actually received** by the following parties (collectively, the "Objection Service Parties") no later than fourteen (14) days after the date the Debtors serve the relevant Rejection Notice (the "Rejection Objection Deadline"): (i) the Debtors, 2425 West Loop South, Houston, Texas 77027, Attn: Office of the General Counsel (legalnotices@stage.com); (ii) proposed counsel to the Debtors, (A) Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: Joshua M. Altman (joshua.altman@kirkland.com) and Kevin S. McClelland (kevin.mcclelland@kirkland.com), and (B) Jackson Walker L.L.P., 1401 McKinney Street, Suite 1900, Houston, Texas 77010, Attn: Matthew D. Cavanaugh (mcavanaugh@jw.com); (iii) The United States Trustee for the Southern District of Texas, 515 Rusk Street, Suite 3516, Houston, Texas 77002, Attn: Hector Duran and Stephen Statham; (iv) counsel to Wells Fargo Bank, N.A., (A) Riemer & Braunstein LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036, Attn: Steven E. Fox, and (B) Choate Hall & Stewart LLP, 2 International Pl, Boston, MA 02110, Attn: Kevin J. Simard; and (v) counsel to the official committee of unsecured creditors (if any) appointed in these chapter 11 cases.
- d. **No Objection.** If no objection to the rejection of any Contract is timely filed, each Contract listed in the applicable Rejection Notice shall be rejected as of the Rejection Date set forth in the Rejection Notice or such other date as the Debtors and the counterparty or counterparties to such Contract(s) agree; *provided* that the effective date of a rejection of a real property lease shall not occur until the later of (i) the date the Debtors file and serve a Rejection Notice for the lease, and (ii) the date the Debtors relinquish control of the premises by notifying the affected landlord in writing (email sufficient) of the Debtors' surrender of the premises and turn over keys, key codes, and securities codes, if any, to the affected landlord.
- e. **Unresolved Objections.** If one or more objections to the rejection of any Contract(s) listed in the applicable Rejection Notice is timely filed and properly served as specified above and not withdrawn or resolved, the Debtors shall file a notice for a hearing to consider the rejection of the Contract(s) implicated by such objection(s) and shall provide at least ten (10) days' notice of such hearing to each objecting party, the counterparty or counterparties to such Contract(s), and the Objection Service Parties. If any such objection is overruled or withdrawn, the Contract(s) that are the subject of such objection shall be rejected as of the Rejection Date set forth in the Rejection Notice or such other date as agreed by the parties or determined by the Court as set forth in any order overruling such objection.
- f. **No Application of Deposits.** If the Debtors have deposited monies with a Contract counterparty as a security deposit or other arrangement, such

Contract counterparty may not setoff, recoup, or otherwise use such monies without further order of the Court, unless the Debtors and the counterparty or counterparties to such Contract(s) otherwise agree.

- g. **Abandoned Property.** The Debtors are authorized, but not directed, at any time on or before the applicable Rejection Date, to remove or abandon, at their option, any of the Debtors' personal property that may be located on the Debtors' leased premises that are subject to a rejected Contract; *provided* that the Debtors provide counsel to Wells Fargo Bank, N.A. three (3) days prior written notice (email sufficient) of the Debtors' intent to remove or abandon any of the Debtors' personal property with respect to any of the leases; *provided, further*, that such notice requirement can be waived in writing (email sufficient) by counsel to Wells Fargo Bank, N.A. The Debtors shall generally describe the abandoned personal property in the Rejection Notice. Absent a timely objection, the property will be deemed abandoned pursuant to section 554 of the Bankruptcy Code, as is, effective as of the Rejection Date.³ Landlords may, in their sole discretion and without further order of this Court, utilize and/or dispose of such property without notice or liability to the Debtors or third parties and, to the extent applicable, the automatic stay is modified to allow such disposition.
- h. **Rejection Damages.** Claims arising out of the rejection of Contracts, if any, must be filed on or before the later of (i) the deadline for filing proofs of claim established in these chapter 11 cases, and (ii) thirty (30) days after the Rejection Date. If no proof of claim is timely filed, such claimant shall be forever barred from asserting a claim for damages arising from the rejection and from participating in any distributions on such a claim that may be made in connection with these chapter 11 cases.
- i. **Removal from Schedule.** The Debtors reserve the right to remove any Contract from the schedule to any Rejection Notice at any time prior to the later of the Rejection Date or the date of entry of an order of the Court approving the rejection.

2. Nothing herein or in the Motion shall preclude the Debtors from seeking to assume, assume and assign, and reject a Contract by separate motion.

3. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

³ If the Rejection Date specified in the Rejection Notice with respect to any Contract that is a lease of nonresidential real property predates the removal of any property not otherwise generally described in the Rejection Notice, the Rejection Date will not become effective until such date the property is removed from the leased premises.

4. All rights and defenses of the Debtors are preserved, including all rights and defenses of the Debtors with respect to a claim for damages arising as a result of a Contract rejection, including any right to assert an offset, recoupment, counterclaim, or deduction. In addition, nothing in this Order or the Motion shall limit the Debtors' ability to subsequently assert that any particular Contract is terminated and is no longer an executory contract or unexpired lease, respectively.

5. Bankruptcy Rules 6006(f) is deemed satisfied.

6. Notwithstanding anything to the contrary in this Order, except as provided by this and the next paragraph, the Debtors and the Consultant are not authorized to, and shall not, abandon equipment provided by Comcast Cable Communications Management, LLC and its affiliates (collectively, "Comcast") but excluding any inside wiring located in the Debtors' leased premises and headquarters (the "Comcast Equipment"). For clarity, the wiring will be subject to abandonment in accordance with this Order and the wiring shall not be removed by Comcast or the Debtors or the Consultant.

7. Further, notwithstanding anything to the contrary contained in this Order, the Debtors or the Consultant shall inform Comcast via email sent to Comcast's counsel at summersm@ballardspahr.com and such Comcast email address as provided by Comcast at least five (5) business days prior to the date on which the Debtors intend to surrender possession of any leased premises in which Comcast Equipment is located. The Debtors shall cooperate with Comcast to allow Comcast to retrieve the Comcast Equipment at any time as Comcast and the Debtors or Consultant may agree. In the event Comcast fails to pick up the Comcast Equipment as contemplated hereby, the Debtors shall make reasonable efforts at no additional cost to the Debtors, to remove the Comcast Equipment from the leased premises at the conclusion of the store

closing sale and before surrendering possession of the premises to the applicable landlord, package the Comcast Equipment for shipment as best as reasonably possible, and send the Comcast Equipment to Comcast via FedEx using Comcast's prepaid shipping instructions to Comcast Business-Customer Returns, 4400 Port Union Rd., Hamilton, OH 45011 or such other address as provided by Comcast. Upon shipping Comcast Equipment to Comcast, the Debtors or Consultant shall provide email notice to Comcast concerning such shipment. Nothing herein shall alter, amend, modify, or waive Comcast's rights and remedies under its valid agreements with the Debtors, all of which rights are expressly preserved. Provided the Debtors have provided the five (5) business days' notice to Comcast required by this paragraph and made reasonable efforts to remove the Comcast Equipment as required by this paragraph, to the extent the Debtors are unable to locate Comcast Equipment or any Comcast Equipment remains at any leased premises following the Rejection Date, such Comcast Equipment will be deemed abandoned as provided by this Order.

8. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in this Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor entity under the Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of

the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this Motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

9. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

11. This Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: May 15, 2020.



DAVID R. JONES
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Form of Rejection Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
STAGE STORES, INC., <i>et al.</i> , ¹)	Case No. 20-32564 (DRJ)
Debtors.)	(Jointly Administered)
)	
)	

**NOTICE OF REJECTION OF (I) CERTAIN
EXECUTORY CONTRACT[S] [AND/OR UNEXPIRED LEASES]**

PLEASE TAKE NOTICE that on [____], 2020, the United States Bankruptcy Court for the District of Southern District of Texas (the “Court”) entered an order (the “Procedures Order”) in the above-referenced chapter 11 cases of above-captioned debtors and debtors in possession (collectively, the “Debtors”), establishing, among other things, procedures (the “Rejection Procedures”) for the rejection of executory contracts and unexpired leases.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Procedures Order and by this written notice (this “Rejection Notice”), the Debtors hereby provide notice that they have determined, in the exercise of their business judgment, that each Contract set forth on **Exhibit I** attached hereto is hereby rejected effective as of the date (the “Rejection Date”) set forth in **Exhibit I**, or such other date as the Debtors and the counterparty or counterparties to such Contract(s) agree in accordance with the Procedures Order.

PLEASE TAKE FURTHER NOTICE that, parties seeking to object to the proposed rejection of any of the Contracts must file and serve a written objection so that such objection is

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Stage Stores, Inc. (6900) and Specialty Retailers, Inc. (1900). The Debtors’ service address is: 2425 West Loop South, Houston, Texas 77027.

filed with the Court and is actually received no later than fourteen days after the date that the Debtors served this Rejection Notice by the following parties: (i) the Debtors, 2425 West Loop South, Houston, Texas 77027, Attn: Office of the General Counsel (legalnotices@stage.com); (ii) proposed counsel to the Debtors, (A) Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, Attn: Joshua M. Altman (joshua.altman@kirkland.com) and Kevin S. McClelland (kevin.mcclelland@kirkland.com), and (B) Jackson Walker L.L.P., 1401 McKinney Street, Suite 1900, Houston, Texas 77010, Attn: Matthew D. Cavanaugh (mcavanaugh@jw.com); (iii) The United States Trustee for the Southern District of Texas, 515 Rusk Street, Suite 3516, Houston, Texas 77002, Attn: Hector Duran and Stephen Statham; (iv) counsel to Wells Fargo Bank, N.A., (A) Riemer & Braunstein LLP, Times Square Tower, Suite 2506, Seven Times Square, New York, New York 10036, Attn: Steven E. Fox, and (B) Choate Hall & Stewart LLP, 2 International Pl, Boston, MA 02110, Attn: Kevin J. Simard; and (v) counsel to the official committee of unsecured creditors (if any) appointed in these chapter 11 cases.

PLEASE TAKE FURTHER NOTICE that, absent an objection being timely filed, the rejection of each Contract shall become effective on the Rejection Date set forth in **Exhibit I**, or such other date as the Debtors and the counterparty or counterparties to such Contract(s) agree.²

PLEASE TAKE FURTHER NOTICE that, if an objection to the rejection of any Contract is timely filed and not withdrawn or resolved, the Debtors shall file a notice for a hearing to consider the objection for the Contract(s) to which such objection relates. If such objection is overruled or withdrawn, such Contract(s) shall be rejected as of the Rejection Date set forth in

² An objection to the rejection of any particular Contract listed in this Rejection Notice shall not constitute an objection to the rejection of any other contract or lease listed in this Rejection Notice. Any objection to the rejection of any particular Contract listed in this Rejection Notice must state with specificity the Contract to which it is directed. For each particular Contract whose rejection is not timely or properly objected to, such rejection will be effective in accordance with this Rejection Notice and the Procedures Order.

Exhibit I or such other date as the Debtors and the counterparty or counterparties to such Contract(s) agree in accordance with the Procedures Order.

PLEASE TAKE FURTHER NOTICE that, pursuant to the terms of the Procedures Order, if the Debtors have deposited monies with a Contract counterparty as a security deposit or other arrangement, the Contract counterparty may not set off or recoup or otherwise use such monies without further order of the Court, unless the Debtors and the counterparty or counterparties to such Contracts otherwise agree in accordance with the Procedures Order.

PLEASE TAKE FURTHER NOTICE that, absent timely objection, any personal property of the Debtors that is listed and described in **Exhibit I** shall be deemed abandoned as of the Rejection Date.

PLEASE TAKE FURTHER NOTICE that, to the extent you wish to assert a claim(s) with respect to rejection of your Contract(s), you must do so by the later of: (a) the claims bar date established in these chapter 11 cases, if any; (b) 30 days after the Rejection Date; and (c) any date established by further order of the Court. **FAILURE TO ASSERT SUCH CLAIMS ON TIME WILL RESULT IN SUCH CLAIMS BEING FOREVER BARRED.**

[Remainder of page intentionally left blank.]

Houston, Texas
_____, 2020

JACKSON WALKER L.L.P.

Matthew D. Cavanaugh (TX Bar No. 24062656)
Jennifer F. Wertz (TX Bar No. 24072822)
Kristhy M. Peguero (TX Bar No. 24102776)
Veronica A. Polnick (TX Bar No. 24079148)
1401 McKinney Street, Suite 1900
Houston, Texas 77010
Telephone: (713) 752-4200
Facsimile: (713) 752-4221
Email: mcavanaugh@jw.com
 jwertz@jw.com
 kpeguero@jw.com
 vpolnick@jw.com

*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

KIRKLAND & ELLIS LLP

KIRKLAND & ELLIS INTERNATIONAL LLP

Joshua A. Sussberg, P.C. (*pro hac vice* pending)
Neil E. Herman (*pro hac vice* pending)
601 Lexington Avenue
New York, New York 10022
Telephone: (212) 446-4800
Facsimile: (212) 446-4900
Email: joshua.sussberg@kirkland.com
 neil.herman@kirkland.com

-and-

Joshua M. Altman (*pro hac vice* pending)
300 North LaSalle Street
Chicago, Illinois 60654
Telephone: (312) 862-2000
Facsimile: (312) 862-2200
Email: josh.altman@kirkland.com

*Proposed Co-Counsel to the Debtors
and Debtors in Possession*

Exhibit I

Rejected Contracts

Counterparty	Debtor Counterparty	Description of Contract¹	Store Number	Abandoned Personal Property	Rejection Date

¹ The inclusion of a Contract on this list does not constitute an admission as to the executory or non-executory nature of the Contract, or as to the existence or validity of any claims held by the counterparty or counterparties to such Contract.