

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

In re:)
) Chapter 11
)
STAGE STORES, INC., et al.,1) Case No. 20-32564 (DRJ)
)
Debtors.) (Joint Administration Requested)
) (Emergency Hearing Requested)

DEBTORS' EMERGENCY MOTION
FOR ENTRY OF AN ORDER (I) APPROVING
PROCEDURES TO REJECT OR ASSUME EXECUTORY CONTRACTS
AND UNEXPIRED LEASES, AND (II) GRANTING RELATED RELIEF

EMERGENCY RELIEF HAS BEEN REQUESTED. A HEARING WILL BE CONDUCTED ON THIS MATTER ON MAY 11, 2020, AT 3:00 P.M. (CENTRAL TIME) IN COURTROOM 404, 4TH FLOOR, 515 RUSK STREET, HOUSTON, TEXAS 77002. IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST EITHER APPEAR AT THE HEARING OR FILE A WRITTEN RESPONSE PRIOR TO THE HEARING. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

RELIEF IS REQUESTED NOT LATER THAN MAY 11, 2020.

PLEASE NOTE THAT ON MARCH 24, 2020, THROUGH THE ENTRY OF GENERAL ORDER 2020-10, THE COURT INVOKED THE PROTOCOL FOR EMERGENCY PUBLIC HEALTH OR SAFETY CONDITIONS.

IT IS ANTICIPATED THAT ALL PERSONS WILL APPEAR TELEPHONICALLY AND ALSO MAY APPEAR VIA VIDEO AT THIS HEARING.

AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S REGULAR DIAL-IN NUMBER. THE DIAL-IN NUMBER IS +1(832)-917-1510. YOU WILL BE RESPONSIBLE FOR YOUR OWN LONG-DISTANCE CHARGES. YOU WILL BE ASKED TO KEY IN THE CONFERENCE ROOM NUMBER. JUDGE JONES'S CONFERENCE ROOM NUMBER IS 205691.

PARTIES MAY PARTICIPATE IN ELECTRONIC HEARINGS BY USE OF AN INTERNET CONNECTION. THE INTERNET SITE IS WWW.JOIN.ME. PERSONS CONNECTING BY MOBILE DEVICE WILL NEED TO DOWNLOAD THE FREE JOIN.ME APPLICATION.

ONCE CONNECTED TO WWW.JOIN.ME, A PARTICIPANT MUST SELECT "JOIN A MEETING". THE CODE FOR JOINING THIS HEARING BEFORE JUDGE JONES IS "JUDGE JONES". THE NEXT SCREEN WILL HAVE A PLACE FOR THE PARTICIPANT'S NAME IN THE LOWER LEFT CORNER. PLEASE COMPLETE THE NAME AND CLICK "NOTIFY". HEARING APPEARANCES SHOULD BE MADE ELECTRONICALLY AND IN ADVANCE OF THE HEARING. YOU MAY MAKE YOUR ELECTRONIC APPEARANCE BY:

- 1) GOING TO THE SOUTHERN DISTRICT OF TEXAS WEBSITE;
2) SELECTING "BANKRUPTCY COURT" FROM THE TOP MENU;
3) SELECTING JUDGES' PROCEDURES AND SCHEDULES;

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.



4) SELECTING “VIEW HOME PAGE” FOR JUDGE DAVID R. JONES;
5) UNDER “ELECTRONIC APPEARANCE” SELECT “CLICK HERE TO SUBMIT ELECTRONIC APPEARANCE;”
6) SELECT IN RE STAGE STORES, INC., *ET AL.* FROM THE LIST OF ELECTRONIC APPEARANCE LINKS; AND
7) AFTER SELECTING IN RE STAGE STORES, INC., *ET AL.* FROM THE LIST, COMPLETE THE REQUIRED FIELDS AND HIT THE “SUBMIT” BUTTON AT THE BOTTOM OF THE PAGE.

SUBMITTING YOUR APPEARANCE ELECTRONICALLY IN ADVANCE OF THE HEARING WILL NEGATE THE NEED TO MAKE AN APPEARANCE ON THE RECORD AT THE HEARING. The above-captioned debtors and debtors in possession (collectively, the “Debtors”) state as follows in support of this motion (this “Motion”):²

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto, (a) approving the streamlined procedures for the assumption or rejection of executory contracts and unexpired leases, and (b) granting related relief. The Debtors also request authority, but not direction, to remove or abandon personal property of the Debtors, including, without limitation, equipment, fixtures, furniture, and other personal property that may be located on, or have been installed in, leased premises that are subject to a rejected Contract after the effective date of any proposed rejection.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court.

² The facts and circumstances supporting this Motion are set forth in the *Declaration of Elaine D. Crowley, Chief Restructuring Officer of Stage Stores Inc., in Support of Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed contemporaneously with this Motion and incorporated by reference herein.

3. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The bases for the relief requested herein are sections 105(a), 363, 365, and 554 of title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”), Bankruptcy Rules 6006, 9006, and 9014, and rules 1075-1 and 9013-1 of the Local Bankruptcy Rules for the Southern District of Texas (the “Local Rules”).

Background

5. The Debtors are apparel, accessories, cosmetics, footwear, and home goods retailers that operate department stores under the Bealls, Goody’s, Palais Royal, Peebles, and Stage brands and off-price stores under the Gordmans brand. The Debtors employ approximately 14,694 employees, who operate approximately 700 stores across forty-two states. The Debtors’ department stores predominately serve small towns and rural communities, and the Debtors’ off-price stores are mostly located in mid-sized Midwest markets. The Debtors’ 2019 revenue was approximately \$1.6 billion.

6. On May 10, 2020, (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have concurrently filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b). No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

Executory Contracts and Unexpired Leases

7. The Debtors are party to hundreds of executory contracts and unexpired leases (each a “Contract,” and collectively, the “Contracts”), which include agreements with vendors and leases for personal and real property (with respect to real property, the “Leases”). As part of the

Debtors' efforts to maximize value for their creditors and other stakeholders, the Debtors are working to eliminate administrative burdens on their estates during their store closure process. The Debtors have therefore begun the process of evaluating all of their Contracts to determine whether such Contracts should be rejected. .

8. The rejection procedures (the "Rejection Procedures") and the assumption procedures (the "Assumption Procedures," and, together with the Rejection Procedures, the "Contract Procedures") detailed below will streamline their ability to assume and reject burdensome Contracts that do not confer any benefit to the Debtors' estates, while also providing parties in interest with adequate notice of the assumption or rejection of a Contract and an opportunity to object to such relief within a reasonable period of time. Absent the relief requested herein, the Debtors would be required to file multiple motions to reject, assume, or assume and assign each Contract, which would result in substantial costs to, and impose administrative burdens on, the Debtors' estates, in addition to the burden such approach would place on the Court's docket and calendar. The proposed procedures for assumption and rejection of the Contracts are appropriate and necessary to limit the costs and administrative burdens that otherwise would be borne by the Debtors' estates. The Debtors request that the Court approve the Contract Procedures as detailed below and authorize the Debtors to take any and all actions as may be necessary for its implementation.

Proposed Rejection Procedures

9. The Debtors request that the following Rejection Procedures be authorized and approved in connection with the rejection of any Contract during these chapter 11 cases:

- a. ***Rejection Notice.*** The Debtors shall file one or more notices in the form attached to the proposed order 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 proposed effective date of the rejection for such Contract (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, 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 seven (7) 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 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 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 after 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 liability to the Debtors or third parties and, to the extent applicable, the automatic stay is modified to allow such disposition.

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.

- 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.

Proposed Assumption Procedures

10. The Debtors seek entry of an order authorizing and approving the following Assumption Procedures with respect to the Contracts to allow the Debtors to efficiently assume or assume and assign certain of the Contracts.

- a. **Assumption Notice.** The Debtors shall file one or more notices in the form attached to the proposed order as Exhibit B (each, an “Assumption Notice”) to assume a Contract or Contracts pursuant to section 365 of the Bankruptcy Code, which shall set forth, among other things, with respect to each Contract listed in the Assumption Notice: (i) the Contract to be assumed; (ii) the Debtor or Debtors party to such Contract; (iii) the names and addresses of the counterparties to such Contract; (iv) the identity of the proposed assignee of such Contract (the “Assignee”), if applicable; (v) the effective date of the assumption for such Contract (the “Assumption Date”); (vi) the proposed cure amount, if any, for such Contract; and (vii) a description of any material amendments to the Contract made outside of the ordinary course of business. The Assumption Notice shall also set forth the deadlines and procedures for filing objections to the Assumption Notice (as set forth below). Each Assumption Notice may list multiple Contracts.
- b. **Service of Assumption Notice.** The Debtors will cause each Assumption Notice to be served via email, if available, and by overnight delivery service upon the Contract counterparties affected by the Assumption Notice and their counsel, if known, and by first class mail, email, or fax upon: (i) the Master Notice Parties and (ii) any party asserting a lien or other possessory interest in the Contract.⁴

⁴ The Debtors shall serve a counterparty to a Contract to be assumed under the Contract Procedures with evidence of adequate assurance together with the Assumption Notice.

- c. **Objection Procedures.** Parties objecting to a proposed assumption must file and serve a written objection so that such objection is filed with the Court and **actually received** by the Objection Service Parties no later than twenty-one (21) days after the date the Debtors serve the applicable Assumption Notice (the “Assumption Objection Deadline”).
- d. **No Objection.** If no objection to the assumption of any Contract is timely filed, each Contract listed in the applicable Assumption Notice shall be assumed as of the Assumption Date set forth in the Assumption Notice or such other date as the Debtors and the counterparty or counterparties to such Contract(s) (and, as applicable, the assignee of such Contract) agree and the proposed cure amount for each such Contract shall be binding on all counterparties to such Contract(s) and no amount in excess thereof shall be paid for cure purposes.
- e. **Unresolved Objections.** If one or more objections to the assumption of any Contract(s) listed in the applicable Assumption Notice is timely filed and not withdrawn or resolved, the Debtors shall file a notice for a hearing to consider the assumption 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 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 assumed as of the Assumption Date set forth in the Assumption Notice or such other date as agreed by the Debtors and the counterparty or counterparties to such Contract(s) (and, as applicable, the assignee of such Contract) or determined by the Court as set forth in any order overruling such objection.
- f. **Removal from Schedule.** The Debtors reserve the right to remove any Contract from the schedule to any Assumption Notice at any time prior to the Assumption Date (including, without limitation, upon the failure of any proposed assumption and assignment to close), or to file an amended schedule revising the proposed cure amounts.

11. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, the Debtors request that the assignment of any Contract pursuant to the Assumption Procedures: (a) be free and clear of (i) all liens (and any liens shall attach to the proceeds in the same order and priority subject to all existing defenses, claims, setoffs, and rights), and (ii) any and all claims (as that term is defined in section 101(5) of the Bankruptcy Code), obligations, demands, guaranties of or by the Debtors, debts, rights, contractual commitments, restrictions, interests, and matters of any kind and nature, whether arising prior to or subsequent to the commencement of these chapter 11 cases, and

whether imposed by agreement, understanding, law, equity, or otherwise (including, without limitation, claims and encumbrances that purport to give to any party a right or option to effect any forfeiture, modification, or termination of the interest of any Debtor or Assignee, as the case may be, in the Contract(s), but only in connection with the assignment by the Debtors to the Assignee); and (b) constitutes a legal, valid, and effective transfer of such Contracts and vests the applicable Assignee with all rights, titles, and interests to the applicable Contracts.⁵ For the avoidance of doubt, all provisions of an assigned Contract, including any provision limiting assignment, shall be binding on the applicable Assignee.

Basis for Relief

I. The Contract Procedures are in the Best Interest of the Debtors' Estates.

12. Given the large number of Contracts to which the Debtors are a party, establishing the Contract Procedures will streamline the administration of these chapter 11 cases and enhance the efficiency of the reorganization process by eliminating substantial legal expenses that would otherwise be incurred if multiple hearings were held on separate motions with respect to every Contract that the Debtors seek to assume or reject. The Contract Procedures are reasonable and fair to Contract counterparties because they afford parties in interest the opportunity to be heard.

13. The Court may also authorize the Contract Procedures under section 105(a) of the Bankruptcy Code. Section 105(a) codifies a bankruptcy court's inherent equitable powers, and allows the Court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). A bankruptcy court's exercise of its authority under section 105(a) of the Bankruptcy Code is appropriately used to carry out one of the central

⁵ Certain of the Contracts may contain provisions that restrict, prohibit, condition, or limit the assumption and/or assignment of such Contract. The Debtors reserve all rights with respect to the enforceability of such provisions.

policies underlying chapter 11—*i.e.*, to preserve value and maximize property available to satisfy a debtor’s stakeholders.

14. The requested procedures are the product of a sound exercise of the Debtors’ business judgment. They will significantly reduce the administrative process and not negatively impact any party in interest.

15. The Debtors submit that the information provided on the Rejection Notices and the Assumption Notices will provide the Court and interested parties with sufficient information to establish that the Debtors are entitled to make such rejection, assumption, or assumption and assignment (and any amendments thereto) in their sound business judgment. The Debtors respectfully submit that the Court should approve the Contract Procedures.

II. Assignment of Contracts Free and Clear of Interests.

16. Section 363(f) of the Bankruptcy Code permits a debtor to sell property free and clear of another party’s interest in such property if: (a) applicable non-bankruptcy law permits a free and clear sale; (b) the holder of the interest consents; (c) the interest is a lien and the sale price of the property exceeds the value of all liens on the property; (d) the interest is in bona fide dispute; or (e) the holder of the interest could be compelled in a legal or equitable proceeding to accept a monetary satisfaction of its interest. 11 U.S.C. § 363(f).

17. Executory contracts and unexpired leases are property of a debtor’s estate. *See* 11 U.S.C. § 541(a); *see also In re EBC I, Inc.*, 356 B.R. 631, 639 (Bankr. D. Del. 2006) (holding that property of the estate includes a debtor’s contract rights, in addition to tangible property, for purposes of section 541 of the Bankruptcy Code). To the extent the Debtors assume and assign a Contract pursuant to the Assumption Procedures, such assignment is tantamount to a sale of estate property, and may be transferred free and clear of the interests in such property held by an entity other than the estate, so long as one of the criteria under section 363(f) of the Bankruptcy Code is

satisfied. *See L.R.S.C. Co. v. Rickel Home Ctrs., Inc. (In re Rickel Home Ctrs., Inc.)*, 209 F.3d 291, 302 (3d Cir. 2000) (holding that because executory contracts are property of the estate for purposes of section 541 of the Bankruptcy Code, section 363 of the Bankruptcy Code governs the sale of such contracts, although section 365 governs the mechanics of conveyance) (citation omitted). The Debtors propose that if a party in interest fails to timely object to an assumption and assignment consistent with the Assumption Procedures, such party shall be deemed to “consent” to such assumption and assignment within the meaning of section 363(f)(2) of the Bankruptcy Code. *See* 11 U.S.C. § 363(f)(2). In accordance with the proposed Assumption Procedures, if a party in interest timely objects to an assumption and assignment of a Contract consistent with the Assumption Procedures, and such objection is not withdrawn or resolved, the Debtors shall file a notice of hearing consistent with the Assumption Procedures. The requirements of section 363(f) of the Bankruptcy Code would thus be satisfied for any proposed “transfer” of a Contract free and clear of liens, claims, encumbrances, and other interests.

III. Abandonment of Personal Property.

18. Section 554(a) provides that a debtor may abandon, subject to court approval, “property of the estate that . . . is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a). Before authorizing abandonment of property, a court must find that either (a) the property is burdensome to the estate or (b) the property is both of inconsequential value and inconsequential benefit to the estate. *See, e.g., In re Perry*, 394 B.R. 852, 856 (Bankr. S.D. Tex. Oct. 14, 2008).

19. The personal property proposed to be abandoned in connection with any future rejections of Leases would primarily consist of fixtures, furniture, advertising displays, and other office and store equipment that is (a) of minimal or no material value or benefit to the Debtors’

estates and/or (b) burdensome insofar as the costs and expenses of removal and storage of such property are likely to exceed the net proceeds realizable from their sale.

20. The Debtors submit that the standard set forth in section 554(a) of the Bankruptcy Code will be satisfied by the procedures set forth herein.

IV. The Contract Procedures Satisfy Due Process.

21. The counterparties to the Contracts will not be prejudiced by the Contract Procedures because, upon receipt of an Assumption Notice or a Rejection Notice, such counterparties will have received advance notice of the Debtors' intent to reject, assume, or assume and assign their respective Contract and of the effective date of such assumption or rejection. *See, e.g., In re Mid Region Petroleum, Inc.*, 111 B.R. 968, 970 (Bankr. N.D. Okla. 1990) (holding effective date of rejection of leases was the date the trustee gave notice to lessor of intent to reject); *In re Carlisle Homes, Inc.*, 103 B.R. 524, 535 (Bankr. D.N.J. 1988) (finding debtor may reject executory contract by clearly communicating intention to reject). In the case of unexpired leases of nonresidential real property, the Debtors will likely vacate the premises before the Rejection Date, thereby allowing the counterparties to take possession of and re-lease the property promptly..

22. As a procedural matter, “[a] proceeding to assume, reject, or assign an executory contract or unexpired lease . . . is governed by [Bankruptcy] Rule 9014.” Fed. R. Bankr. P. 6006(a). Bankruptcy Rule 9014 provides that “[i]n a contested matter . . . , not otherwise governed by these rules, relief shall be requested by motion, and reasonable notice and opportunity for hearing shall be afforded the party against whom relief is sought.” Fed. R. Bankr. P. 9014(a). The notice and hearing requirements for contested matters under Bankruptcy Rule 9014 are satisfied if appropriate notice and an opportunity for hearing are given *in light of the particular circumstances*. *See* 11 U.S.C. § 102(1)(A) (defining “after notice and a hearing” or a similar

phrase to mean such notice and an opportunity for hearing “as [are] appropriate in the particular circumstances”).

23. Under Bankruptcy Rule 6006(f), a debtor may join requests for authority to assume or reject multiple executory contracts or unexpired leases in one motion, subject to Bankruptcy Rule 6006(e). *See* Fed. R. Bankr. P. 6006(f). Bankruptcy Rule 6006(f) sets forth six requirements, which are procedural in nature, that motions to assume or reject multiple executory contracts or unexpired leases must satisfy. A motion to assume or reject multiple executory contracts or unexpired leases that are not between the same parties shall:

- i. state in a conspicuous place that parties receiving the omnibus motion should locate their names and their contracts or leases listed in the motion;
- ii. list parties alphabetically and identify the corresponding contract or lease;
- iii. specify the terms, including the curing of defaults, for each requested assumption or assignment;
- iv. specify the terms, including the identity of each assignee and the adequate assurance of future performance by each assignee, for each requested assignment;
- v. be numbered consecutively with other omnibus motions to assume, assign, or reject executory contracts or unexpired leases; and
- vi. be limited to no more than 100 executory contracts or unexpired leases.

Fed. R. Bankr. P. 6006(f).

24. The clear purpose of Bankruptcy Rule 6006(f) is to protect the due process rights of counterparties to the Contracts while conserving estate resources. Counterparties must be able to locate their Contracts and readily determine whether their Contracts are being assumed or rejected.

25. The Contract Procedures generally satisfy Bankruptcy Rule 6006(f). Given the substantial number of Contracts the Debtors will be seeking to assume or reject, obtaining Court

approval of each assumption or rejection would impose unnecessary administrative burdens on the Debtors and the Court and result in costs to the Debtors' estates that may decrease the economic benefits of rejection or assumption.

26. The Debtors request that the Court shorten the time to file and serve objections pursuant to Bankruptcy Rule 6007(a) to no later than seven (7) days after service of the Rejection Notice. Bankruptcy Rule 9006 provides that a court may shorten the time proscribed by Rule 6007 "for cause shown." Fed. R. Bankr. P. 9006(c). The Debtors are party to numerous Contracts, the rejection of which are critical to eliminating costs and administrative burdens on the Debtors' estates during these chapter 11 cases. The objection deadline contemplated by the proposed Rejection Procedures are necessary and appropriate to maximize the value of the Debtors' estates. Cause therefore exists for the Court to shorten the time to file and serve an objection pursuant to Rule 6007 in accordance with the relief requested in Motion.

27. Contract Procedures afford Contract counterparties and all other parties in interest their due process rights by providing notice and the opportunity to be heard. The Court will maintain oversight in the event of an objection. For the foregoing reasons, the Court should approve the Contract Procedures, and authorize the Debtors to reject, assume, and assume and assign the Contracts, as applicable, consistent with the terms of such procedures.

Reservation of Rights

28. Nothing contained herein or any actions taken pursuant to such relief requested is intended or shall be construed as: (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 this Motion or any order granting the relief

requested by this 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. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

Emergency Consideration

29. The Debtors request emergency consideration of the Motion pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first twenty-one days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm. An immediate and orderly transition into chapter 11 is critical to the viability of the Debtors' operations and any delay may hinder the Debtors' operations and cause irreparable harm. The failure to receive the requested relief during the first twenty-one days of these chapter 11 cases would severely disrupt the Debtors' operations at this critical juncture and imperil the Debtors' restructuring. The Debtors have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and request that the Court approve the relief requested in this Motion on an emergency basis.

Waiver of Bankruptcy Rule 6004(a) and 6004(h)

30. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the fourteen-day stay period under Bankruptcy Rule 6004(h).

Notice

31. The Debtors will provide notice of this Motion to: (a) the U.S. Trustee for the Southern District of Texas; (b) the holders of the fifty largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to Wells Fargo Bank, National Association, as Agent under the Debtors' prepetition credit agreement; (d) the United States Attorney's Office for the Southern District of Texas; (e) the Internal Revenue Service; (f) the United States Securities and Exchange Commission; (g) the state attorneys general for states in which the Debtors conduct business; and (h) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors request that the Court enter an order, granting the relief requested in this Motion and granting such other and further relief as is appropriate under the circumstances.

Houston, Texas
May 10, 2020

/s/ Matthew D. Cavanaugh

JACKSON WALKER L.L.P.

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Certificate of Service

I certify that on May 10, 2020, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Matthew D. Cavanaugh

Matthew D. Cavanaugh

**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.	)	(Joint Administration Requested)
)	
	)	Re: Docket No. ___

**ORDER (I) AUTHORIZING AND
APPROVING PROCEDURES TO ASSUME, ASSUME
AND ASSIGN, AND 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 assume, assume and assign, and 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

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.

opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having 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 to 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 proposed effective date of the rejection for such Contract (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, 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 seven (7) 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. Cavenaugh (mcavenaugh@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 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 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 after 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 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. The following Assumption Procedures are approved in connection with assuming and assuming and assigning Contracts:

- a. ***Assumption Notice.*** The Debtors shall file one or more notices in the form attached hereto as **Exhibit B** (each, an "Assumption Notice") to assume a Contract or Contracts pursuant to section 365 of the Bankruptcy Code, which shall set forth, among other things, with respect to each Contract listed in the Assumption Notice: (i) the Contract to be assumed; (ii) the Debtor or Debtors party to such Contract; (iii) the names and addresses of

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.

the counterparties to such Contract; (iv) the identity of the proposed assignee of such Contract (the “Assignee”), if applicable; (v) the effective date of the assumption for such Contract (the “Assumption Date”); (vi) the proposed cure amount, if any, for such Contract; and (vii) a description of any material amendments to the Contract made outside of the ordinary course of business. The Assumption Notice shall also set forth the deadlines and procedures for filing objections to the Assumption Notice (as set forth below). Each Assumption Notice may list multiple Contracts.

- b. ***Service of Assumption Notice.*** The Debtors will cause each Assumption Notice to be served via email, if available, and by overnight delivery service upon the Contract counterparties affected by the Assumption Notice and their counsel, if known, and by first class mail, email, or fax upon: (i) the Master Notice Parties and (ii) any party asserting a lien or other possessory interest in the Contract.⁴
- c. ***Objection Procedures.*** Parties objecting to a proposed assumption must file and serve a written objection so that such objection is filed with the Court and ***actually received*** by the Objection Service Parties no later than twenty-one (21) days after the date the Debtors serve the applicable Assumption Notice (the “Assumption Objection Deadline”).
- d. ***No Objection.*** If no objection to the assumption of any Contract is timely filed, each Contract listed in the applicable Assumption Notice shall be assumed as of the Assumption Date set forth in the Assumption Notice or such other date as the Debtors and the counterparty or counterparties to such Contract(s) (and, as applicable, the assignee of such Contract) agree and the proposed cure amount for each such Contract shall be binding on all counterparties to such Contract(s) and no amount in excess thereof shall be paid for cure purposes.
- e. ***Unresolved Objections.*** If one or more objections to the assumption of any Contract(s) listed in the applicable Assumption Notice is timely filed and not withdrawn or resolved, the Debtors shall file a notice for a hearing to consider the assumption 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 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 assumed as of the Assumption Date set forth in the Assumption Notice or such other date as agreed by the Debtors and the counterparty or counterparties to such Contract(s) (and, as applicable, the assignee of such Contract) or determined by the Court as set forth in any order overruling such objection.

⁴ The Debtors shall serve a counterparty to a Contract to be assumed under the Contract Procedures with evidence of adequate assurance upon such counterparty’s written request to the Debtors’ proposed counsel.

- f. ***Removal from Schedule.*** The Debtors reserve the right to remove any Contract from the schedule to any Assumption Notice at any time prior to the Assumption Date (including, without limitation, upon the failure of any proposed assumption and assignment to close), or to file an amended schedule revising the proposed cure amounts.

3. With regard to Contracts to be assigned, pursuant to section 363(f) of the Bankruptcy Code, the assignment of any Contract shall: (a) be free and clear of (i) all liens (and any liens shall attach to the proceeds in the same order and priority subject to all existing defenses, claims, setoffs, and rights) and (ii) any and all claims (as that term is defined in section 101(5) of the Bankruptcy Code), obligations, demands, guarantees of or by the Debtors, debts, rights, contractual commitments, restrictions, interests, and matters of any kind and nature, whether arising prior to or subsequent to the commencement of these chapter 11 cases, and whether imposed by agreement, understanding, law, equity, or otherwise (including, without limitation, claims, and encumbrances (A) that purport to give to any party a right or option to effect any forfeiture, modification, or termination of the interest of any Debtor or Assignee, as the case may be, in the Contract(s), or (B) in respect of any taxes); and (b) constitutes a legal, valid, and effective transfer of such Contract(s) and vests the applicable Assignee with all rights, titles, and interests to the applicable Contract(s).

4. Subject to and conditioned upon the occurrence of a closing with respect to the assumption and assignment of any Contract, and subject to the other provisions of this Order (including the aforementioned Assumption Procedures), the Debtors are hereby authorized in accordance with sections 365(b) and (f) of the Bankruptcy Code to (a) assume and assign to any Assignees the applicable Contract(s), with any applicable Assignee being responsible only for the post-closing liabilities under the applicable Contract(s) except as otherwise provided for in this Order or other order of the Court and (b) execute and deliver to any applicable Assignee such

assignment documents as may be reasonably necessary to sell, assign, and transfer such Contract(s).

5. The Debtors' right to assert that any provisions in the Contract that expressly or effectively (directly or indirectly) restrict, prohibit, condition, or limit the assignment of or the effectiveness of the applicable Contract are unenforceable anti-assignment or *ipso facto* clauses is fully reserved.

6. An Assignee shall have no liability or obligation with respect to defaults relating to the assigned Contracts arising, accruing or relating to a period prior to the applicable closing date, unless otherwise ordered by the Court.

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

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

9. 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.

10. The fourteen-day stay required of any assignment of any Contract pursuant to Bankruptcy Rule 6006(d) is hereby waived.

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

12. 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.

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

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

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

Houston, Texas

Dated: _____, 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.	)	(Joint Administration Requested)
)	
)	

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

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

Exhibit I

Rejected Contracts

Counterparty	Debtor Counterparty	Description of Contract¹	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.

Exhibit B

Form of Assumption 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.	)	(Joint Administration Requested)
)	

**NOTICE OF ASSUMPTION OF [A] CERTAIN
EXECUTORY CONTRACT[S] [AND/OR UNEXPIRED LEASES]**

PLEASE TAKE NOTICE that on [____], 2020, the United States Bankruptcy Court for the 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 “Assumption Procedures”) for the assumption of executory contracts and unexpired leases (the “Contracts”).

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

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.

PLEASE TAKE FURTHER NOTICE that, the [Debtor/Assignee], has the financial wherewithal to meet all future obligations under the Contract, which may be evidenced upon written request by the counterparty to the Contract, thereby demonstrating that the [Debtor/Assignee] has the ability to comply with the requirements of adequate assurance of future performance.²

PLEASE TAKE FURTHER NOTICE that, parties seeking to object to the proposed assumption or assumption and assignment of any of the Contracts must file and serve a written objection so that such objection is filed with the Court and is actually received no later than seven days after the date that the Debtors served this Assumption 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.

² The Debtors shall serve the counterparty to the Contract with evidence of adequate assurance upon such counterparty's written request to Debtors' proposed counsel.

PLEASE TAKE FURTHER NOTICE that, absent an objection being timely filed, the assumption of each Contract shall become effective on the Assumption 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.³

PLEASE TAKE FURTHER NOTICE that, if an objection to the assumption of any Contract(s) is timely filed and not withdrawn or resolved, the Debtors shall file a notice for a hearing to consider the objection for such Contract(s). If such objection is overruled or withdrawn, such Contract(s) shall be assumed as of the Assumption Date set forth in **Exhibit I** or such other date as the Debtors and the counterparty or counterparties to such Contract agree in accordance with the Procedures Order.

[Remainder of page intentionally left blank.]

³ An objection to the assumption of any particular Contract listed in this Assumption Notice shall not constitute an objection to the assumption of any other contract or lease listed in this Assumption Notice. Any objection to the assumption of any particular Contract listed in this Assumption Notice must state with specificity the Contract to which it is directed. For each particular Contract whose assumption is not timely or properly objected to, such assumption will be effective in accordance with this Assumption Notice and the Procedures Order.

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)
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*Proposed Co-Counsel to the Debtors
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Exhibit I

Assumed Contracts

Counterparty	Debtor Counterparty	Description of Contract¹	Cure Amount	Assumption 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.