

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

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In re:	:	Chapter 11
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Lucky Brand Dungarees, LLC, <i>et al.</i> , ¹	:	Case No. 20-11768 (CSS)
	:	
Debtors.	:	(Jointly Administered)
	:	
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	X	

NOTICE OF SALE, BIDDING PROCEDURES, AUCTION, AND SALE HEARING

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the “**Court**”) on July 3, 2020 (the “**Petition Date**”).

PLEASE TAKE FURTHER NOTICE that, on the Petition Date, the Debtors filed a motion (the “**Motion**”)² with the Court seeking entry of orders, among other things, approving (a) procedures for the solicitation of bids in connection with the proposed sale or sales of the Debtors’ assets to the Stalking Horse Bidder under the All Assets Purchase Agreement for (i) \$140,100,00 in cash (subject to adjustments) *plus*, (ii) the assumption of certain liabilities (the “**Sale Transaction**”), *plus*, (iii) a credit bid in the amount of \$51,500,000, *plus*, (iv) other consideration (the “**Stalking Horse Bid**”), subject to the submission of higher or otherwise better offers in an auction process (the “**Auction**”), (b) the form and manner of notice related to the Sale Transaction, and (c) procedures for the assumption and assignment of contracts and leases in connection with the Sale Transaction.

PLEASE TAKE FURTHER NOTICE that the proposed buyer under the All Assets Bid (as defined in the First Day Declaration [Docket No. 2]), SPARC Group LLC (“**SPARC**”), is a leading apparel company operating under the Aeropostale and Nautica brands owned by Authentic Brands Group, LLC (“**ABG**”)³ and Simon Property Group, which is one of the Debtors’ key landlords. In connection with the All Assets Bid, SPARC has agreed to designate certain assets to the following parties (or their respective designees), in exchange for payment of a portion of the

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Lucky Brand Dungarees, LLC (3823), LBD Parent Holdings, LLC (4563), Lucky Brand Dungarees Stores, LLC (7295), Lucky PR, LLC (9578), and LBD Intermediate Holdings, LLC (7702). The Debtors’ address is 540 S Santa Fe Avenue, Los Angeles, California 90013.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Motion.

³ Leonard Green & Partners, L.P. (together with its affiliates, “**LGP**”) is a minority equityholder in ABG.

purchase price thereunder: (i) ABG, (ii) each of the DIP Lenders⁴ and (iii) each of the Second Lien Lenders⁵ (as defined in the First Day Declaration). The majority equityholder of Debtor LBD Parent Holdings, LLC is Clover Holdings II, LLC ("**Clover Holdings**"), an affiliate of funds management by LGP.

PLEASE TAKE FURTHER NOTICE that, on July 30, 2020, the Court entered an order [Docket No. 251] (the "**Bidding Procedures Order**") approving, among other things, the Bidding Procedures, which establish the key dates and times related to the Sale Transaction and the Auction. All interested bidders should carefully read the Bidding Procedures Order and the Bidding Procedures in their entirety.⁶

Contact Person for Parties Interested in Submitting a Bid

The Bidding Procedures set forth the requirements for becoming a Qualified Bidder and submitting a Qualified Bid, and any party interested in making an offer to purchase the Acquired Assets must comply strictly with the Bidding Procedures. Only Qualified Bids will be considered by the Debtors, in accordance with the Bidding Procedures.⁷

Any interested bidder should contact, as soon as possible:

Houlihan Lokey Capital, Inc., 10250 Constellation Blvd., 5th Fl., Los Angeles, California 90067 and 245 Park Ave., 20th Fl., New York, New York 10167 Attn: Nicholas Watson (NWatson@HL.com or (323) 719-4533) and Randy Chao (RChao@HL.com or (609) 932-9027).

Obtaining Additional Information

Copies of the Bidding Procedures Motion, the Bidding Procedures, and the Bidding Procedures Order, as well as all related exhibits, including the Stalking Horse Purchase Agreement and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <https://dm.epiq11.com/LuckyBrand> or can be requested by e-mail at LuckyBrand@epiqglobal.com. Sale related documents can be accessed at the Debtors' case information website by clicking on the link for Key Documents, and then Sale Documents.

⁴ The "**DIP Lenders**" means, together, Lantern Capital Partners ("**LCP**"), Clover Holdings, and ReStore Capital, LLC, an affiliate of Hilco Merchant Resources LLC ("**Hilco**").

⁵ The Second Lien Lenders include Clover Holdings.

⁶ To the extent of any inconsistencies between the Bidding Procedures and the summary descriptions of the Bidding Procedures in this notice, the terms of the Bidding Procedures shall control in all respects.

⁷ Notwithstanding anything to the contrary in the Bidding Procedures Order, a landlord that is Counterparty to a Lease(s) listed on the Contracts Schedule may attend the Auction and shall be permitted to bid on their own respective Lease(s) without having to meet the requirements of a Qualified Bidder as set forth in the Bidding Procedures Order; *provided, however*, that such landlord will email the Debtors' professionals on or prior to the Bid Deadline, unequivocally stating its intent to attend the Auction, identifying the counterparty or counterparties represented, and the applicable Lease(s) impacted by the Auction (such landlord, a "**Qualified Landlord**"). Any such Qualified Landlord shall be deemed a Qualified Bidder for purposes of the Bidding Procedures Order.

Important Dates and Deadlines⁸

1. **Bid Deadline.** The deadline to submit a Qualified Bid is **August 7, 2020 at 5:00 p.m. (Eastern Daylight Time)**.

2. **Auction.** In the event that the Debtors timely receive a Qualified Bid in addition to the Qualified Bid of the Stalking Horse Bidder and subject to the satisfaction of any further conditions set forth in the Bidding Procedures, the Debtors intend to conduct an Auction for the Acquired Assets. Only the Debtors, the Stalking Horse Bidder, Lease Counterparties that have provided notice in accordance with the Bidding Procedures of their intention of bidding on their Lease(s), any other Qualified Bidder that has timely submitted a Qualified Bid, the Consultation Parties, and the advisors to each of the foregoing shall attend the Auction in person (or by other remote means, as necessary); provided, however, that any party in interest may attend (but not participate in) the Auction if any such party in interest provides the Debtors with written notice of its intention to attend the Auction on or before one (1) business day prior to the Auction, which written notice shall be sent to counsel for the Debtors via electronic mail, to Kara Hammond Coyle (kcoyle@ycst.com) and Joseph M. Mulvihill (jmulvihill@ycst.com). The Auction, if one is held, will commence on **August 10, 2020 at 10:00 a.m. (Eastern Daylight Time)** at the offices of Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King Street, Wilmington, Delaware 19801, or such other date, time, and location, or by videoconference (or such other form of remote communication established by the Debtors in consultation with the Consultation Parties) as shall be timely communicated to all parties entitled to attend the Auction.

3. **Notice of Auction Results.** Promptly after the conclusion of the Auction, if any, and the selection of the Successful Bid(s) and Back-Up Bid(s), but in any event no later than five (5) hours after the conclusion of the Auction, the Debtors shall file and post on the Case Information Website a notice identifying the Successful Bidder(s), the Back-Up Bidder(s), and the amount of the Successful Bid(s) and Back-Up Bid(s), and provide contact information for counsel for the Successful Bidder, including their email address, with the Court, and serve the same on each Counterparty that received a Potential Assumption and Assignment Notice and any Supplemental Assumption and Assignment Notice. Such service shall be by email within five (5) hours of the conclusion of the Auction for each Counterparty for whom the Debtors have an email address and who specifically requested notice of the Auction Results pursuant to the following sentence, and by the next overnight mail delivery deadline that the Debtors can reasonably meet to all others. **IF YOU WOULD LIKE TO RECEIVE THE NOTICE OF AUCTION RESULTS BY EMAIL PLEASE SEND AN EMAIL PRIOR TO THE AUCTION TO THE FOLLOWING PARTIES, PROVIDING YOUR EMAIL ADDRESS AND IDENTIFY WITH SPECIFICITY YOUR CONTRACT OR LEASE AS LISTED ON THE CURE SCHEDULE: CHRIS CRAIGE (CHRIS.CRAIGE@LW.COM), BRIAN S. ROSEN (BRIAN.ROSEN@LW.COM), KARA HAMMOND COYLE (KCOYLE@YCST.COM) AND JOSEPH M. MULVIHILL**

⁸ The following dates and deadlines may be extended by the Debtors or the Court pursuant to the terms of the Bidding Procedures and the Bidding Procedures Order.

(JMULVIHILL@YCST.COM). To the extent a Counterparty sends notice by email to the attorneys listed in the prior sentence at or before **August 11, 2020 at 4:00 p.m. (Eastern Daylight Time)** or, if the Debtors have not served the Notice of Auction Results by **August 11, 2020 at 10:00 a.m. (Eastern Daylight Time)**, then at least **two (2) hours prior to the Sale Hearing** contesting the proposed assumption and assignment of its Contract or Lease to a Successful Bidder that is not the Stalking Horse Bidder on the basis of adequate assurance of future performance, the Sale Hearing scheduled for August 12, 2020, shall proceed only as a status conference solely as to such Counterparty. Formal objections to the designation of the Successful Bidder (if not the Stalking Horse Bidder), and the Sale Transaction with the Successful Bidder (if not the Stalking Horse Bidder) must (a) be in writing, (b) comply with the Bankruptcy Code, Bankruptcy Rules and Local Rules, (c) state, with specificity, the legal and factual bases thereof, (d) be filed by no later than **August 14, 2020, at 4:00 p.m. (Eastern Daylight Time)**, and (e) be served, which service may be by CM/ECF filing, on the Objection Notice Parties. A full evidentiary hearing, if necessary, will be scheduled no sooner than August 21, 2020, subject to the availability of the Court, to resolve such objections.

4. **Auction Objection and Sale Objection Deadlines.** The deadline to file an objection with the Court to the Sale Order, the Stalking Horse Bidder, or the Sale Transaction with the Stalking Horse Bidder (collectively, the “**Sale Objections**”) is **August 9, 2020 at 4:00 pm. (Eastern Daylight Time)** (the “**Sale Objection Deadline**”). If the Auction is held, the deadline to file an objection with the Court to the conduct of the Auction, the Successful Bidder, or the Sale Transaction with the Successful Bidder (collectively, the “**Auction Objections**”) is at or before the Sale Hearing (the “**Auction Objection Deadline**”).
5. **Sale Hearing.** A hearing (the “**Sale Hearing**”) to consider the proposed Sale Transaction will be held before the Court on **August 12, 2020 at 10:00 a.m. (Eastern Daylight Time)** or such other date as determined by the Court.

Filing Objections

Sale Objections, if any, must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) be filed with the Court by no later than **the Sale Objection Deadline**, and (d) be served, which service may be by CM/ECF filing, with courtesy copies by email, on (i) proposed counsel to the Debtors, (a) Latham & Watkins LLP, 355 South Grand Avenue, Suite 100, Los Angeles, California 90071 (Attn: Ted A. Dillman (ted.dillman@lw.com) and Christina Craige (chris.craige@lw.com)), and (b) Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 N. King Street, Wilmington, Delaware 19801 (Attn: Kara Hammond Coyle (kcoyle@ycst.com) and Joseph M. Mulvihill (jmulvihill@ycst.com)), (ii) counsel to Wells Fargo Bank, National Association, as administrative agent under the First Lien Credit Agreement, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110 (Attn: Kevin J. Simard (ksimard@choate.com) and Jennifer Conway Fenn (jfenn@choate.com)), (iii) counsel to Wells Fargo Bank, National Association, as term agent under the First Lien Credit Agreement, Greenberg Traurig, LLP, One International Place, Suite 200, Boston, MA 02110 (Attn: Jeffrey Wolfe (wolfje@gtlaw.com)), (iv) counsel to certain of the Second Lien Lenders, certain of the DIP Lenders, and the DIP Lender Representative, DLA Piper LLP (US), 1251 Avenue of the Americas, 27th Floor, New York, NY 10020 (Attn: Thomas Califano (thomas.califano@dlapiper.com) and Shmuel Klahr

(shmuel.klahr@dlapiper.com)), (v) counsel to SPARC, Paul, Weiss, Rifkind, Wharton & Garrison LLP 1285 Avenue of the Americas, New York, NY 10019 (Attn: Kelley A. Cornish (KCornish@paulweiss.com), Edward T. Ackerman (EAckerman@paulweiss.com), Brian Bolin (BBolin@paulweiss.com), and Jeffrey L. Stricker (JStricker@paulweiss.com)), (vi) counsel to Hilco Merchant Resources LLC, Paul Hastings LLP, 71 S. Wacker Drive, 45th Floor, Chicago, IL 60606 (Attn: Holly Snow (hollysnow@paulhastings.com)), (vii) counsel to Clover Holdings II, LLC, Richards, Layton & Finger, PA, 920 N King Street, Wilmington, DE 19801 (Attn: Mark D. Collins (collins@rlf.com)), (viii) counsel to Wilmington Trust, N.A., as Second Lien Term Loan A Agent, Alston & Bird LLP, One Atlantic Center, 1201 West Peachtree Street, Suite 4900, Atlanta, GA 30309-3424 (Attn: David A. Wender (david.wender@alston.com) and Antone J. Little (antone.little@alston.com)) (ix) counsel to the Committee, if any, (x) counsel to the Successful Bidder, and (xi) the U.S. Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware, 19801 (Attn: Juliet Sarkessian (juliet.m.sarkessian@usdoj.gov)) (the **“Objection Notice Parties”**).

Auction Objections may be made orally at the Sale Hearing, but if they are made in writing must (a) state, with specificity, the legal and factual bases thereof, (b) be filed with the Court by no later than **the Auction Objection Deadline**, and (d) be served, which service may be by CM/ECF filing, with courtesy copies by email, on the Objection Notice Parties.

CONSEQUENCES OF FAILING TO TIMELY ASSERT AN OBJECTION

Any party who fails to make a timely Sale Objection on or before the Sale Objection Deadline in accordance with the Bidding Procedures Order and this Notice shall be forever barred from asserting any Sale Objection, including with respect to the transfer of the assets free and clear of all liens, claims, encumbrances and other interests.

Any party who fails to make a timely Auction Objection on or before the Auction Objection Deadline in accordance with the Bidding Procedures Order and this Notice shall be forever barred from asserting any Auction Objection, including with respect to the transfer of the assets free and clear of all liens, claims, encumbrances and other interests.

NO SUCCESSOR LIABILITY

The Debtors shall seek to have the Sale Transaction be free and clear of, among other things, any claim arising from any conduct of the Debtors prior to the closing of the Sale Transaction, whether known or unknown, whether due or to become due, whether accrued, absolute, contingent or otherwise, so long as such claim arises out of or relates to events occurring prior to the closing of the Sale Transaction. Accordingly, the Debtors shall seek a Court ruling that, as a result of the Sale Transaction, the Successful Bidder will not be a successor to any of the Debtors by reason of any theory of law or equity, and the Successful Bidder will have no liability, except as expressly provided in the Successful Bidder's Asset Purchase Agreement, for any liens, claims, encumbrances and other interests against or in any of the Debtors under any theory of law, including successor liability theories.

YOUNG CONAWAY STARGATT & TAYLOR, LLP	LATHAM & WATKINS LLP
<p><u>/s/ Betsy L. Feldman</u> Michael R. Nestor (mnestor@ycst.com) Kara Hammond Coyle (kcoyle@ycst.com) Andrew L. Magaziner (amagaziner@ycst.com) Joseph M. Mulvihill (jmulvihill@ycst.com) Betsy L. Feldman (bfeldman@ycst.com) Rodney Square 1000 North King Street Wilmington, Delaware 19801 Telephone: (302) 571-6600 Facsimile: (302) 571-1253</p>	<p>George A. Davis (George.Davis@lw.com) Brian S. Rosen (Brian.Rosen@lw.com) Jonathan J. Weichselbaum (Jon. Weichselbaum@lw.com) 885 Third Avenue New York, New York 10022 Telephone: (212) 906-1200 Facsimile: (212) 751-4864 - and - Ted A. Dillman (Ted.Dillman@lw.com) Chris Craige (Chris.Craige@lw.com) 355 South Grand Avenue, Suite 100 Los Angeles, California 90071 Telephone: (213) 485-1234 Facsimile: (213) 891-8763</p>
Counsel for the Debtors and Debtors-in-Possession	