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UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

In re:	Chapter 11
WEWORK INC., *et al.*, Debtors.[1]	Case No. 23-19865 (JKS)
	(Jointly Administered)

DEBTORS' OMNIBUS REPLY TO COMMITTEE'S AND UNSECURED AD HOC GROUP'S OBJECTIONS TO DEBTORS' APPLICATION FOR ORDER SHORTENING TIME PERIOD FOR NOTICE

TO: THE HONORABLE JOHN K. SHERWOOD UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY:

The above-captioned debtors and debtors in possession (collectively, the "Debtors") file this reply (this "Reply") in response to the objections filed by the Official Committee of Unsecured Creditors (the "Committee") and an ad hoc group of holders of Unsecured Notes (the "Unsecured

[1] A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at https://dm.epiq11.com/WeWork. The location of Debtor WeWork Inc.'s principal place of business is 12 East 49th Street, 3rd Floor, New York, NY 10017; the Debtors' service address in these chapter 11 cases is WeWork Inc. c/o Epiq Corporate Restructuring, LLC 10300 SW Allen Blvd. Beaverton, OR 97005.

Ad Hoc Group" and collectively with the Committee, the "Objectors") [Docket Nos. 1703, 1705] (respectively, the "Committee Objection" and the "Unsecured AHG Objection" and collectively, the "Objections") and in support of the Debtors' *Application for Order Shortening Time Period for Notice* [Docket No. 1688] (the "Application"):[2]

Reply

1. These Chapter 11 Cases have reached a critical juncture. The Debtors are working around the clock to finish rationalizing their real-estate portfolio and emerge from chapter 11 with a deleveraged balance sheet and renewed prospects for long-term, sustainable growth. Any delay in solicitating the Plan and achieving Confirmation means additional administrative expenses, diminished appeal to prospective new money financiers, and decreased leverage for the Company in its final lease negotiations with an approaching 365(d)(4) deadline. Indeed, as the Objectors themselves recognize, time is of the essence,[3] and it is time to move these cases forward. The Objections should be overruled.

2. ***First***, the Objections fail to acknowledge that the Debtors filed the Disclosure Statement over two months ago on February 4, 2024.[4] The Debtors then filed a substantially similar amended Disclosure Statement on April 19, 2024, and have filed all corresponding exhibits

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[2] Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Application and the *First Amended Disclosure Statement Relating to the First Amended Joint Chapter 11 Plan of Reorganization of WeWork Inc. and Its Debtor Subsidiaries* [Docket No. 1691], as applicable.

[3] The Objectors directly contradict themselves in demanding that these cases be slowed down while simultaneously arguing they are not proceeding quickly enough. *See Objection of the Official Committee of Unsecured Creditors to Debtors' Motion for Entry of an Order (I) Extending the Debtors' Exclusive Periods to File a Chapter 11 Plan and Solicit Acceptances Thereof Pursuant to Section 1121 of the Bankruptcy Code and (II) Granting Related Relief* [Docket No. 1698] ¶ 4; *Objection of the Official Committee of Unsecured Creditors to Debtors' Motion for Entry of an Order (I) Pursuant to Section 365(D)(4) of the Bankruptcy Code Extending Debtors' Time to Assume or Reject Unexpired Leases of Non-Residential Real Property and (II) Granting Related Relief* [Docket No. 1699] ¶ 3; *compare* Unsecured AHG Objection ¶ 3 with Unsecured AHG Objection ¶ 5.

[4] *See* Committee Obj. ¶ 2 ("The Debtors' efforts to try to avoid losing time in the confirmation noticing process and to drive the RSA Parties to reach an agreement are not excuses to jam stakeholders' ability to have adequate time to review the Revised Disclosure Statement, deny stakeholders due process or to jeopardize these cases.").

contemporaneously herewith.[5] Stakeholders therefore have ample time to review the latest Disclosure Statement and exhibits, and the Application is not "a crisis of [the Debtors'] own making."[6] Further, the Debtors have already included numerous additional disclosures requested by the Committee in the amended Disclosure Statement and are prepared to accommodate any reasonable requests for still additional disclosure in advance of the requested April 29 hearing.

3. ***Second***, the Debtors only seek to shorten the notice period for the *conditional* approval of the Disclosure Statement. As a result, all parties in interest will have until May 28, 2024—thirty-nine days from the date the amended Disclosure Statement was filed, which is far more than the twenty-eight-day notice period contemplated by Bankruptcy Rule 2002(b)—to object to final approval of the Disclosure Statement.[7] Allowing the Debtors to hold a conditional Disclosure Statement hearing on April 29, 2024, is therefore consistent with the notice requirements set forth in the Bankruptcy Rules and will not deprive any parties of their right to receive adequate information to determine how to vote on the Plan.[8]

4. ***Third***, shortened notice provides significant benefits to the Debtors' estates. As the Debtors previewed in the Disclosure Statement, the Debtors will either secure new money debtor-in-possession financing in the near term or exit financing prior to emergence from chapter 11. In either case, any financier's willingness to provide funding will depend on the

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[5] *Contra* Unsecured AHG Objection ¶ 5 ("There is neither a valuation nor a liquidation analysis.").

[6] Committee Objection ¶ 9.

[7] *See In re Rite Aid Corp.*, No. 23-18993 (MBK) (Bankr. D.N.J. 2023), March 28, 2024 Hr'g. Tr. at 40:11–21 (granting the debtors' application to shorten time for the conditional disclosure statement hearing on thirteen days' notice, and noting its concern "that the process . . . that's required in an ordinary case would, in this matter, just simply work to destroy value and destroy opportunity," and that "the Court cannot allow . . . the process to imperil the needs of the case and the ability for this debtor to reach an exit that is consistent with the strict milestones that are in place and the business reality that a retail concern cannot languish").

[8] *Id.* at 41:16–19 (noting that "[t]he benefit of a conditional disclosure statement hearing is that the rights can be preserved while acknowledging that there is a risk that at the end of the day the Court finds that disclosure was inadequate").

Debtors' ability to minimize incremental administrative expenses and emerge from chapter 11 as soon as possible.[9] In addition, shortened notice will enable the Debtors to confirm the Plan prior to the requested deadline to assume or reject unexpired leases, *i.e.* June 3, 2024,[10] because the proposed timeline enables the Debtors to commence solicitation on May 1, 2024, and provide full notice of Confirmation pursuant to the Bankruptcy Code and the Bankruptcy Rules.[11]

5. ***Fourth***, both Objectors' constituents—holders of General Unsecured Claims and Unsecured Notes Claims—are not entitled to vote on the Plan. They are therefore not the target audience for the Disclosure Statement. The Bankruptcy Code requires only that the Disclosure Statement provides information "of a kind, and in sufficient detail . . . that would enable [] a hypothetical investor *of the relevant class* to make an informed judgment *about the plan.*" 11 U.S.C. § 1125(a)(1), (b) (emphasis added). But Holders of General Unsecured Claims and Unsecured Notes Claims are deemed to reject the Plan and will not be entitled either to vote on the Plan or receive a copy of the Disclosure Statement during the solicitation process. Accordingly, the Committee is not even in a position to object to the adequacy of the Disclosure Statement itself, let alone the Application. *See Matter of Union Cnty. Wholesale Tobacco & Candy Co., Inc.*, 8 B.R. 442, 443 (Bankr. D.N.J. 1981) (holding that "the Congressional intent behind Section 1125(b) of the Code was to restrict the purpose of a disclosure statement in a bankruptcy proceeding to solicitation of acceptances or rejections of a plan," and that "where acceptances are not required

[9] *See In re Rite Aid Corp*., No. 23-18993 (MBK) (Bankr. D.N.J. 2023), March 28, 2024 Hr'g. Tr. at 40:24–41:13 (noting that when "every day engenders additional costs and risks that certainly place a successful reorganization and a maximization of value and return at substantial risk," "we just don't have the luxury of kicking this can down the road any further").

[10] The 365(d)(4) Motion (as defined herein) requests June 3, 2024, as the last day to assume or reject unexpired leases.

[11] *See* Fed. R. Bankr. Pro. 2002(b) (requiring "not less than 28 days' notice . . . for filing objections and the hearing to consider confirmation of a . . . chapter 11 plan").

and not solicited, the need for disclosure and approval as a prerequisite to confirmation pursuant to Bankruptcy Rule 3006(b), (c) and (d) is obviated."); *In re Colony Properties Int'l, LLC*, No. 10-02937-PB11, 2011 WL 4443319, at *2 (Bankr. S.D. Cal. Sept. 19, 2011) (holding that when no votes were solicited, even a complete "lack of disclosure statement . . . is not a bar to confirmation").

6. ***Finally***, the Objectors' other arguments—that the amended Plan is conditioned on the DIP New Money Facility and Exit Equity Commitment, that the Debtors have not pursued alternative sources of debtor-in-possession financing or "run an M&A process," and that the amended Plan and Disclosure Statement do not reflect any agreement among the parties—are either incorrect or irrelevant.[12] In the event that the Debtors do not obtain a satisfactory DIP New Money Facility, the Plan explicitly provides that the Debtors may rely on the proceeds from the sale of the Rights Offering Securities to fund distribution under the Plan.[13] Other parties, including the Consenting Stakeholders who are parties to the RSA, are free to voice their concerns to the extent they disagree with the terms of the Plan, yet the Objectors were alone in opposing the Application. Regardless of their merits, these issues and the issue of whether the Plan, including the DIP New Money Facility contemplated therein, reflects a value-maximizing transaction in accordance with the Debtors' business judgment are irrelevant to section 1125 of the Bankruptcy Code and are nothing more than objections to the Plan. All parties' rights to object to the Plan and final approval of the Disclosure Statement are explicitly reserved under the proposed order attached to the motion to approve the Disclosure Statement, and the Debtors will work in good faith with all parties in interest to resolve objections to the adequacy of the Disclosure Statement

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[12] *See* Committee Obj. ¶¶ 1–4; Unsecured AHG Obj. ¶ 7.

[13] *See* Plan, Art. IV.D.

and Confirmation of the Plan prior to the Combined Hearing. Raising such objections now to delay conditional approval of the Disclosure Statement is premature and value destructive.

7. For the reasons set forth herein, the Objections should be overruled, and the Court should consider the conditional approval of the Disclosure Statement on April 29, 2024, as requested by the Application.

[*Remainder of page is intentionally left blank*]

WHEREFORE, the Debtors request that the Court enter an order granting the Applications such other relief as is just and proper under the circumstances.

Dated: April 23, 2024

/s/ Michael D. Sirota

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