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Proposed Counsel to the Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (SCC)
)	
Debtors.)	(Jointly Administered)
)	

**NOTICE OF DEBTORS’ MOTION FOR ENTRY OF
AN ORDER PURSUANT TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019 AND SECTION 365 APPROVING LEASE
TERMINATION AGREEMENT WITH 113 E. OAK STREET, LLC**

PLEASE TAKE NOTICE that on March 14, 2017, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the *Debtors’ Motion for Entry of an Order Pursuant to Federal Rule of Bankruptcy Procedure 9019 and Section 365 Approving Lease Termination Agreement with 113 E. Oak Street, LLC* (the “Motion,” a copy of which is attached hereto). A hearing (the “Hearing”) on the Motion will be held before the Honorable Shelley C. Chapman of the United States Bankruptcy Court for the Southern District of New

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors’ service address is: 2761 Fruitland Avenue, Vernon, California 90058.

York (the “Court”), in Room 623, One Bowling Green, New York, New York 10004-1408, on [], 2017, at [:] [].m. (prevailing Eastern Time).

PLEASE TAKE FURTHER NOTICE that any responses or objections (each, an “Objection”) to the Motion and the relief requested therein shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York, and the *Order (I) Establishing Certain Notice, Case Management, and Administrative Procedures and (II) Granting Related Relief* [Docket No. 90] (the “Case Management Order”), shall set forth the basis for the Objection and the specific grounds therefore, and shall be filed with the Court electronically in accordance with General Order M-399 by registered users of the Court’s case filing system (the User’s Manual for the Electronic Case Filing System can be found at <http://www.nysb.uscourts.gov>, the official website for the Court), with a hard copy delivered directly to chambers pursuant to Local Bankruptcy Rule 9070-1 and served so as to be actually received no later than [], 2017, at **4:00 p.m. (prevailing Eastern Time)** (the “Objection Deadline”), upon the parties on the Master Service List (as defined in the Case Management Order), including, without limitation:

- a. Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654 (Attn: Benjamin M. Rhode and John R. Luze), the proposed attorneys for the Debtors;
- b. The Office of The United States Trustee for Region 2, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014 (Attn: Brian Masumoto, Esq.);
- c. Pachulski Stang Ziehl & Jones LLP, 780 Third Avenue, 34th Floor, New York, New York 10017-2024 (Attn: Bradford Sandler and Robert Feinstein), the proposed attorneys for the Official Committee of Unsecured Creditors;
- d. Morgan, Lewis & Bockius LLP, One Federal Street, Boston, Massachusetts 02110 (Attn: Marc R. Leduc, Matthew F. Furlong), attorneys to the administrative agent under the Debtors’ prepetition and postpetition asset-based revolving credit facilities; and

- e. Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Matt Barr), attorneys to the administrative agent under the Debtors' prepetition and postpetition term loan credit facilities.

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served with respect to the Motion, the Debtors shall, on or after the Objection Deadline, submit to the Court an order substantially in the form annexed as **Exhibit A** to the Motion, which order the Court may enter with no further notice or opportunity to be heard.

PLEASE TAKE FURTHER NOTICE that the Hearing may be continued or adjourned thereafter from time to time without further notice other than an announcement of the adjourned date or dates at the Hearing. The Debtors will file an agenda before the Hearing, which may modify or supplement the Motion to be heard at the Hearing.

PLEASE TAKE FURTHER NOTICE that a copy of the Motion may be obtained free of charge by visiting the website of Donlin, Recano & Company, Inc. at <http://www.donlinrecano.com/bcbg>. You may also obtain copies of any pleadings by visiting the Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

[Remainder of page intentionally left blank]

Dated: March 14, 2017

/s/ Joshua A. Sussberg

Joshua A. Sussberg, P.C.

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Hearing Date: [], 2017, at [:] [].m. (prevailing Eastern Time)
Objection Deadline: [], 2017, at [:] [].m. (prevailing Eastern Time)

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (SCC)
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Debtors.)	(Jointly Administered)
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**DEBTORS' MOTION FOR ENTRY OF AN
ORDER PURSUANT TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019 AND SECTION 365 APPROVING LEASE
TERMINATION AGREEMENT WITH 113 E. OAK STREET, LLC**

BCBG Max Azria Global Holdings, LLC and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”),² respectfully state the following in support of this motion:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors’ service address is: 2761 Fruitland Avenue, Vernon, California 90058.

² A detailed description of the Debtors and their businesses, and the facts and circumstances supporting the Debtors’ chapter 11 cases, are set forth in greater detail in the *Declaration of Holly Felder Etlin, Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC, (I) in Support of Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2* [Docket No. 3] (the “First Day Declaration”), filed contemporaneously with the Debtors’ voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), on February 28, 2017 (the “Petition Date”).

Relief Requested

1. The Debtors seek entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Order”): (a) approving the certain lease termination agreement dated March 14, 2017 by and among 113 E. Oak Street, LLC (the “Landlord”) and the Debtors annexed as **Exhibit 1** to **Exhibit A** attached hereto (the “Termination Agreement”), and (b) authorizing the Debtors to take any and all actions reasonably necessary to consummate the Termination Agreement and perform all obligations contemplated therein, including rejecting the Lease Agreement (as defined herein). In support of the motion, the Debtors submit the Declaration of Holly Felder Etlin, Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC (the “Etlin Declaration”), attached hereto as **Exhibit B**.

Jurisdiction and Venue

2. The United States Bankruptcy Court for the Southern District of New York (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012. 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 in connection with this motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

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

4. The bases for the relief requested herein are sections 105(a), 365(a), and 554(a) of the “Bankruptcy Code, Bankruptcy Rules 9019, 6004, 6006 and 6007, and rule 6006-1(a) of the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”).

The Termination Agreement

5. The Debtors are tenants under approximately 200 nonresidential real property leases across the United States. These leased premises constitute the Debtors' standalone retail store and factory outlet locations. Among these locations, Debtor BCBG Max Azria Group, LLC (the "Tenant") is currently party to a lease agreement with the Landlord (the "Lease Agreement") covering the Tenant's standalone retail store located at 113 E. Oak Street, Chicago, IL (the "Leased Premises"). As set forth in the First Day Declaration, the Debtors have determined to liquidate the inventory contained in and wind-down approximately 120 of their standalone retail store and factory outlet locations. The Leased Premises is one of these locations. To facilitate the liquidation sales and store closings, BCBG Max Azria Group, LLC entered into the Letter Agreement Governing Inventory Disposition dated as of February 1, 2017 (the "Agency Agreement"), with Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC. Under the Agency Agreement, the liquidation sales commenced on February 4, 2017 and are scheduled to conclude on April 30, 2017. An inventory liquidation sale is ongoing at the Leased Premises, which was scheduled to end by April 30, 2017 in accordance with the Agency Agreement.

6. After the Petition Date, counsel to the Landlord approached the Debtors to negotiate a potential exit from the Leased Premises by March 31, 2017. The Debtors and the Landlord engaged in arm's-length discussions, ultimately culminating in the execution of the Termination Agreement.

7. The Termination Agreement offers a number of benefits to the Debtors' estates, including payment by the Landlord to the Debtors of \$120,000 and the full and final settlement of all claims. The Termination Agreement contemplates as follows.³

- **Termination of the lease.** On March 31, 2017 (the "Termination Date"), the Debtors will surrender the Leased Premises in broom clean condition to the Landlord. On the Termination Date, the existing Lease Agreement will be terminated. Any property remaining on the Leased Premises after the Termination Date shall be deemed abandoned.
- **Payment to the Debtors.** Upon occurrence of the Termination Date, the Landlord shall deliver to the Debtors a cash payment in the amount of \$120,000.00 (the "Termination Payment").
- **March Rent.** On or before March 31, 2017, the Debtors shall pay to the Landlord rent due for the month of March (totaling approximately \$65,000) under the terms of the existing Lease Agreement. The Debtors may elect to have the March rent payment deducted from the Termination Payment.
- **Mutual Release of Claims.** On the Termination Date, the Landlord and the Debtors will be deemed to have granted each other mutual releases of all claims and causes of action and the Landlord agrees not to file any claims it may have in the Debtors' chapter 11 cases.

8. The Debtors already intended to vacate the Leased Premises in April 2017. The Landlord's agreement to pay the Termination Payment, coupled with the resolution and release of any and all claims, justifies entry into and performance under the Termination Agreement. The Debtors further believe that approval of the Termination Agreement is in the best interest of their estates.

Basis for Relief

I. The Termination Agreement Reflects the Debtors' Sound Business Judgment.

9. Bankruptcy Rule 9019(a) provides that, "after notice and a hearing, the court may approve a compromise or settlement." Fed. R. Bankr. P. 9019(a). In determining whether to

³ The following summary of the Termination Agreement is provided for illustrative purposes only and is qualified in its entirety by reference to the Termination Agreement. In the event of any inconsistency between this Motion and the Termination Agreement, the Termination Agreement shall control in all respects.

approve a settlement as fair and equitable under Bankrupt Rule 9019, courts in the Second Circuit consider the following factors: (a) the balance between the litigation's possibility of success and the settlement's future benefits; (b) the likelihood of complex and protracted litigation, with its attendant expense, inconveniences, and delay; (c) the paramount interest of the creditors; (d) whether other parties in interest affirmatively support the proposed settlement; (e) the nature and breadth of releases to be obtained by officers and directors; (f) the competency and experience of counsel support the settlement; and (g) the extent to which the settlement is the produce of arm's-length bargaining. *See In re Iridium Operating LLC*, 478 F.3d 452, 462 (2d Cir. 2007); *see also Drexel Burnham Lambert Grp., Inc.*, 960 F.2d 285, 292 (2d Cir. 1992); *In re Ionosphere Clubs, Inc.*, 156 B.R. 414, 428 (S.D.N.Y. 1993) *aff'd*, 17 F.3d 600 (2d Cir. 1994).

10. A settlement under Bankruptcy Rule 9019 need not result in the best possible outcome for the Debtors, but must not "fall below the lowest point in the range of reasonableness." *In re Drexel Burnham Lambert Grp., Inc.*, 134 B.R. 493, 595 (Bankr. S.D.N.Y. 1991). In determining the range of reasonableness, the bankruptcy court need not decide the numerous issues of law and fact raised by the settlement. *See Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983) (citing *Newman v. Stein*, 464 F.2d 689, 693 (2d Cir. 1972)). In other words, the court does not need to conduct a "mini-trial" of the underlying facts and merits; it needs only to evaluate those facts that are necessary to allow it to assess the settlement and to make an independent judgment about the settlement. *See In re Charter Commc'ns*, 419 B.R. 221, 252 (Bankr. S.D.N.Y. 2009) ("The standard does not require that the settlement be the best the debtor could have obtained nor does it require the court to conduct a mini-trial of the questions of law and fact."); *In re Mrs. Wienberg's Kosher Foods, Inc.*, 278 B.R. 358, 362 (Bankr. S.D.N.Y. 2002) ("In reviewing the settlement, the court is not required to conduct a mini-trial of the compromised issues or claims."); *Drexel Burnham*, 134

B.R. at 496 (“[A] trial or ‘mini trial’ on the merits is not required for Court approval of a settlement.”).

11. Ultimately, the decision to accept or reject a compromise or settlement is within the sound discretion of the bankruptcy court. *Nellis v. Shugrue*, 165 B.R. 115, 123 (S.D.N.Y. 1994) (“Although a judge must consider the fairness of the settlement to the estate and its creditors, the judge is not required to assess the minutia of each and every claim.”); *Drexel Burnham*, 134 B.R. at 505; *see also Abeles v. Infotechnology (In re Infotechnology)*, 1995 U.S. App. LEXIS 39883, at *4–5 (2d Cir. Nov. 9, 1995) (noting that in determining whether to approve a debtor’s motion to settle a controversy, a court does not substitute its judgment for that of the debtor).

12. A court should exercise its discretion in favor of a settlement wherever possible, as settlements are generally favored in bankruptcy. *In re Adelpia Commc’ns Corp.*, 368 B.R. 140, 226 (Bankr. S.D.N.Y. 2007) (“As a general matter, settlements or compromises are favored in bankruptcy and, in fact, encouraged.”); *see also In re Hibbard Brown & Co.*, 217 B.R. 41, 46 (Bankr. S.D.N.Y. 1998) (“The decision to grant or deny a settlement or compromise lies squarely within the discretion of the bankruptcy court [and such] discretion should be exercised in light of the general public policy favoring settlements.”) (citing *Nellis v. Shugrue*, 165 B.R. 115, 121 (S.D.N.Y. 1994); *In re Michael Milken & Assocs. Secs. Litig.*, 150 F.R.D. 46, 53 (S.D.N.Y. 1993) (noting the paramount public policy for settlements)).⁴

⁴ Further, under section 105(a) of the Bankruptcy Code, the Court “may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” Authorizing the Debtors to proceed with the Termination Agreement falls squarely within the spirit of Rule 9019 as well as the Bankruptcy Code’s predilection for compromise. Thus, to the extent necessary, section 105(a) relief is appropriate in this instance and would best harmonize the settlement processes contemplated by the Bankruptcy Code.

13. Further, section 365(a) of the Bankruptcy Code provides that a debtor in possession “subject to the court’s approval, may . . . reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). “This provision allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed.” *Stewart Title Guar. Co. v. Old Republic Nat’l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (citing *In re Murexco Petroleum, Inc.*, 15 F.3d 60, 62 (5th Cir. 1994)); *see also In re Orion Pictures Corp.*, 4 F.3d 1095, 1098 (2d Cir. 1993) (noting that the purpose of rejection of executory contracts is to permit the debtor-in-possession to renounce title to and abandon burdensome property).

14. The Debtors’ rejection of an executory contract or unexpired lease is governed by the “business judgment” standard. *See Orion Pictures*, 4 F.3d at 1098-99; *In re Enron Corp.*, No. 01-16034, 2006 WL 898033, at *4 (Bankr. S.D.N.Y. Mar. 24, 2006) (“In determining whether to approve a [debtor’s] decision to reject such lease or contract, a court applies the ‘business judgment’ test which is met if the rejection is beneficial to the estate.”) *In re Ames Dep’t Stores, Inc.*, 306 B.R. 43, 51 (Bankr. S.D.N.Y. 2004); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984) (recognizing the “business judgment” standard used to approve rejection of executory contracts); *In re Klein Sleep Prods., Inc.*, 78 F.3d 18, 25 (2d Cir. 1996) (same). The business judgment standard requires a court to approve a debtor’s business decision unless that decision “derives from bad faith, whim or caprice.” *In re Helm*, 335 B.R. 528, 538 (Bankr. S.D.N.Y. 2006) (quoting *In re Cent. Jersey Airport Servs., LLC*, 282 B.R. 176, 183 (Bankr. D.N.J. 2002) (internal quotations omitted)).

15. Rejection of an executory contract or an unexpired lease is appropriate where such rejection would benefit the estate. *See Orion Pictures Corp.*, 4 F.3d at 1098-99; *In re Stable Mews Assocs., Inc.*, 41 B.R. 594, 596 (Bankr. S.D.N.Y. 1984). Upon finding that a debtor

exercised its sound business judgment in determining that rejection of certain contracts or leases is in the best interests of its creditors and all parties in interest, a court should approve the rejection under section 365(a). *See In re Summit Land Co.*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) (holding that absent extraordinary circumstances, court approval of a debtors' decision to assume or reject an executory contract "should be granted as a matter of course").

16. The Debtors respectfully submit that entry into the Termination Agreement and rejection of the Lease Agreement represents a fair and reasonable compromise that is in the best interest of the Debtors' estates and within the Debtors' sound business judgment. Entry into the Termination Agreement will inure to the benefit of the Debtors' estates in a number of ways, especially in light of the fact that the Debtors already intended to vacate the Leased Premises during April 2017. *First*, approval of the Termination Agreement will allow the Debtors to settle any and all claims with the Landlord. *Second*, approval of the Termination Agreement will result in the payment of the \$120,000 Termination Payment to the Debtors. *Third*, the approval of the Termination Agreement and the rejection of the Lease Agreement will save the Debtors approximately \$65,000 in rent payments coming due in April.

17. At the same time, the Termination Agreement requires the Debtors to make concessions because it, among other things, requires the Debtors to end the ongoing liquidation sale and vacate the Leased Premises approximately one month early. Nevertheless, on balance, the Debtors have determined in their reasonable business judgment that the benefits of the Termination Agreement outweigh any possible lost revenue resulting from vacating the Leased Premises a month early. Further, the Debtors believe that any claims released pursuant to the Termination Agreement have low, if any, value and are outweighed by the benefits of the Termination Payment. Thus, the terms of the settlement embodied in the Termination Agreement satisfies the Bankruptcy Rule 9019 factors applied in this jurisdiction. Accordingly,

the Debtors respectfully request that the Court authorize the Debtors to enter into and perform under the Termination Agreement, including by rejecting of the Lease Agreement, as such action is a reasonable exercise of the Debtors' business judgment and in the best interests of their chapter 11 estates.

II. Abandonment of Personal Property Remaining in the Leased Premises Should be Approved by the Court.

18. With respect to the Debtors' request for authority to abandon property, the Debtors submit that the standard set forth in section 554(a) of the Bankruptcy Code is satisfied. Section 554(a) provides that a debtor in possession 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 bankruptcy court must find either: (i) the property is burdensome to the estate or (ii) the property is both of inconsequential value and inconsequential benefit to the estate. *See, e.g., Midlantic Nat'l bank v. N.J. Dep't of Env'tl. Prot.*, 474 U.S. 494, 497 (1986), *reh'g denied*, 475 U.S. 1091 (1986).

19. Although the Debtors will have abandoned the Leased Premises and removed any personal property therein to the extent removal was feasible and provided value to the Debtors' continuing operations, a minimal amount of personal property may remain at the Leased Premises after the Termination Date. To the extent such personal property remains it is (a) of no value or benefit to the Debtors' estates and/or (b) burdensome insofar as the costs of removal and storage of such property is likely to exceed the net proceeds realizable from their sale.

20. Rule 6007-1 of the Local Rules requires that notice of a proposed abandonment describe the property to be abandoned, state the reason for the proposed abandonment, and identify the entity to whom the property is proposed to be abandoned, unless the Court orders otherwise. The Debtors submit that given the description of the personal property provided

herein and the *de minimis* nature of such property, the requirements of the Local Rules have been satisfied. Alternatively, to the extent the Court finds such information does not meet the requirements of Local Bankruptcy Rule 6007-1, the Debtors respectfully request that the Court waive such requirements with respect to this Motion.

Motion Practice

21. This motion includes citations to the applicable rules and statutory authorities upon which the relief requested herein is predicated and a discussion of their application to this motion. Accordingly, the Debtors submit that this motion satisfies Local Rule 9013-1(a)

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

22. 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 14-day stay period under Bankruptcy Rule 6004(h).

Notice

23. The Debtors will provide notice of this Motion to: (a) the Master Service List; (b) the 2002 List; and (c) any Affected Entity (each as defined in the *Order (I) Establishing Certain Notice, Case Management, and Administrative Procedures and (II) Granting Related Relief* [Docket No. 90]). The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

No Prior Request

24. No prior request for the relief sought in this motion has been made to this or any other court.

[Remainder of page intentionally left blank.]

WHEREFORE, the Debtors respectfully request that the Court enter the Order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

Dated: March 14, 2017

/s/ Joshua A. Sussberg

Joshua A. Sussberg, P.C.

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EXHIBIT A

Proposed Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (SCC)
)	
Debtors.)	(Jointly Administered)

**ORDER PURSUANT TO FEDERAL RULE OF BANKRUPTCY
PROCEDURE 9019 AND SECTION 365 APPROVING LEASE
TERMINATION AGREEMENT WITH 113 E. OAK STREET, LLC**

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) approving the certain lease termination agreement dated March 14, 2017 by and between 113 E. Oak Street, LLC (the “Landlord”) and the Debtors attached hereto as **Exhibit 1** (the “Termination Agreement”), and (b) authorizing the Debtors to take any and all actions reasonably necessary to consummate the Termination Agreement and perform any and all obligations contemplated therein including rejecting the Lease Agreement, all as more fully set forth in the Motion; and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of New York*, dated January 31, 2012; and that this Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found

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

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 Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing, if any, 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 Motion is granted as set forth herein.
2. Pursuant to Bankruptcy Rule 9019 and section 365 of the Bankruptcy Code, the Debtors are authorized to enter into and perform under the Termination Agreement and the Termination Agreement is hereby approved in its entirety.
3. The Debtors are authorized to implement the Termination Agreement and take any and all actions reasonably necessary or appropriate to consummate the Termination Agreement.
4. Upon occurrence of the Termination Date, the Lease Agreement between BCBG Max Azria Group, LLC and 113 E. Oak Street, LLC shall be deemed rejected.
5. The Debtors are authorized, in their sole discretion, to abandon their personal property located within the Leased Premises.
6. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order are immediately effective and enforceable upon its entry.

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

New York, New York

Dated: _____, 2017

THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Lease Termination Agreement

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT (this “**Agreement**”) is made as of March 13, 2017, by and between 113 E. Oak Street, LLC, as landlord, and BCBG Max Azria Group, LLC, formerly known as BCBG Max Azria Group, Inc., as tenant and as debtor and debtor-in-possession (“**Tenant**”).

WHEREAS, that certain Retail Store Lease was entered into by and between Aaron Israel Declaration of Trust dated October 26, 1999, as landlord (the “**Original Landlord**”) and Max Mara Retail, Ltd., as original tenant, on October 26, 1999 (the “**Original Lease Agreement**”), covering certain premises commonly known as 113 East Oak Street, Chicago, Illinois (the “**Premises**”) and a certain related Guaranty of Lease was entered into on December 29, 2000 by and between Original Landlord and Max Mara USA, Inc., as guarantor (the “**Guaranty**”); and

WHEREAS, the Original Lease Agreement was assigned pursuant to that certain Assignment, Assumption and Amendment of Lease, dated August __, 2006 by and between Max Mara Retail, Ltd., as assignor, the Tenant, as assignee, and the Original Landlord (the “**Assignment Agreement**”); and

WHEREAS, the Original Lease Agreement was amended pursuant to that certain First Amendment to Retail Store Lease, dated June 1, 2009, by and between the Original Landlord and Tenant (the “**First Amendment**”); and

WHEREAS, on January 19, 2015, the Original Landlord and Tenant entered into a certain letter agreement to further amend the Original Lease Agreement, including to facilitate a series of equity and financing transaction relating to the Tenant (the “**Letter Agreement**,” and together with the Original Lease Agreement, the Guaranty, the Assignment Agreement, and the First Amendment, collectively, the “**Lease**”); and

WHEREAS, Tenant acknowledges that the Original Landlord has assigned all of its rights under the Lease to 113 E. Oak Street, LLC (the “**New Landlord**,” and together with the Original Landlord, the “**Landlord**”); and

WHEREAS, Tenant, along with its affiliated debtors and debtors-in-possession (collectively, the “**Debtors**”), has filed a voluntary petition for relief pursuant to chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (as amended, the “**Bankruptcy Code**”), in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”); and

WHEREAS, subject to the conditions set forth herein, the parties desire to terminate the Lease effective as of March 31, 2017.

NOW, THEREFORE, in consideration of the covenants and the mutual agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby covenant and agree as follows, subject only to Bankruptcy Court approval:

1. Termination Date. The “**Termination Date**” shall occur on March 31, 2017; provided that the Tenant has (a) surrendered the Leased Premises to Landlord in good order, repair and condition, ordinary wear excepted, and broom clean condition and (b) delivered all of the keys to the Premises to the Landlord and disabled the alarm system (or, alternatively, provided the Landlord with the codes for such alarm system). To the extent that Tenant fails to remove any property from the Leased Premises as of the Termination Date, such property shall be deemed abandoned to the Landlord and Landlord may sell or otherwise dispose of such property, in Landlord’s sole discretion.

2. Payment of Purchase Price. Upon occurrence of the Termination Date, the Landlord shall (a) deliver the purchase price for the Lease in the amount of \$120,000 in immediately available funds wired to the account specified by Tenant (the “**Termination Payment**”), and (b) as set forth below and except for the March Rent (as defined below), be deemed to have waived any and all claims held by the Landlord against the Tenant, the Debtors, and the Debtors’ bankruptcy estates.

3. March Rent. Tenant shall pay to Landlord the Rent (as such term is defined in the Lease) due for the month of March 2017 in the amount of \$64,503.67 (the “**March Rent**”). At Tenant’s option, (a) Tenant shall pay the March Rent to Landlord, in full, in cash, on or before March 31, 2017, or (b) Tenant shall instruct Landlord to deduct the March Rent from the Termination Payment.

4. Termination and Surrender.

(a) As of the Termination Date, the term of the Lease is terminated and the term thereby demised shall expire with the same force and effect as if the term of the Lease were in and by the provisions thereof fixed to expire on the Termination Date. In addition, as of the Termination Date, Tenant hereby remises, releases, quitclaims, and surrenders the Premises to Landlord and does hereby give, grant, and surrender unto Landlord all of Tenant’s right, title, and interest in and to the Premises, including, without limitation, all of Tenant’s right, title, and interest in, to, and under the Lease, free and clear of any and all liens, claims, interests, and encumbrances, and Landlord hereby accepts such surrender. Except as otherwise expressly provided herein, each of the parties hereto acknowledges performance of all obligations of the other party under the Lease or otherwise in connection with the Premises through and including the Termination Date. The Lease is hereby agreed to be null and void and of no further force and effect as of the Termination Date. In addition, any and all rights and obligations of the parties that may have arisen in connection with the Premises shall be deemed to have expired and terminated as of the Termination Date, except that nothing herein shall waive any rights of indemnification owed by Tenant to Landlord under the Lease, each of which shall be preserved to the full extent of applicable insurance coverage; provided, however, that Landlord’s recourse for any indemnification arising under the Lease shall be strictly limited to applicable insurance proceeds and coverage benefits and in no event shall Landlord have recourse against Tenant or its estate.

(b) As of the Termination Date, except as to the obligations of Tenant and Landlord expressly set forth in this Agreement, Tenant and Landlord hereby mutually and forever release each other and their respective successors and assigns of and from any and all

claims, damages, obligations, liabilities, actions, and causes of action of every kind and nature whatsoever that may arise under or in connection with the Lease before, on or after the Termination Date, including, without limitation, any claims under section 502(b)(6) of the Bankruptcy Code. Such release shall and hereby does extend to all claims, demands, damages, liabilities, obligations, or actions, either in law or in equity, of any kind or nature whatsoever, whether known or unknown, direct or indirect, matured or hereafter existing, including claims asserted in Tenant's bankruptcy, arising out of or relating to the Lease, the Premises, or Tenant's occupancy of the Premises, or Tenant's initiation of its bankruptcy cases. Landlord and Tenant further hereby acknowledge that they may hereafter discover facts different from or in addition to those it knows or believes to be true with respect to claims that are subject of this release and the parties each hereby agree that the release shall be and remain effective in all respects, regardless of such additional or different facts.

(c) Except with respect to the March Rent, Landlord shall have no claim against Tenant or its estate in Tenant's pending bankruptcy proceeding or otherwise.

5. Bankruptcy Court Approval. (a) This Agreement shall be immediately effective and binding upon Landlord upon execution hereof, provided that if this Agreement is not approved by the Bankruptcy Court by March 31, 2017, this Agreement shall be null and void ab initio and of no force or effect with respect to Landlord. (b) This Agreement shall be binding and effective upon Tenant upon approval by the Bankruptcy Court, provided that if this Agreement is not approved by the Bankruptcy Court by March 31, 2017, this Agreement shall be null and void ab initio and of no force or effect with respect to Tenant.

6. Further Assurances. At any time and from time to time after the date hereof, without further consideration, (a) at the request of Landlord, Tenant shall execute and deliver such other instruments of sale, transfer, conveyance and termination or consents and take such other action as Landlord may reasonably request as necessary or desirable in order to more effectively transfer, convey and surrender to Landlord all of Tenant's rights to the Premises and under the Lease, and (b) at the request of Tenant, Landlord shall execute and deliver such other instruments of assumption and confirmation and take such other action as Tenant may reasonably request as necessary or desirable in order to more effectively evidence Landlord's acceptance of Tenant's surrender of the Lease.

7. "As Is, Where Is" Transaction. Landlord hereby acknowledges and agrees that Tenant makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Premises or the Lease. Accordingly, Landlord accepts the Premises "AS IS" and "WHERE IS."

8. Miscellaneous.

(a) This Agreement is binding upon and shall inure to the benefit of Tenant's successors and assigns, including, without limitation, a trustee, if any, subsequently appointed under chapter 7 or chapter 11 of the Bankruptcy Code, and is binding upon and shall inure to the benefit of Landlord's successors and assigns.

(b) Each of Tenant and Landlord warrants and represents that it has the power

and authority to enter into this Agreement.

(c) This Agreement and any additional agreements delivered in connection herewith together contain the entire agreement between the parties hereto, and except as otherwise specifically set forth herein, supersede all prior agreements and undertakings between the parties hereto relating to the subject matter hereof.

(d) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, and presentation of any copy of this Agreement, whether original or facsimile (including in portable document format (pdf)), signed by Tenant and Landlord shall constitute sufficient proof of this Agreement.

(e) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law, and any disputes shall be resolved by the Bankruptcy Court, which shall have exclusive jurisdiction at all times during which Tenant's bankruptcy case is pending.

(f) Any and all sales, transfer and recording taxes, stamp taxes, or similar taxes or fees, if any, relating to the termination of the Lease shall be the sole responsibility of Landlord and shall be paid, if applicable, to the proper governing body on the Termination Date.


(g) This Agreement may not be amended orally but rather may be amended only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(h) The prevailing party in any suit for violation of or to enforce any of the covenants or conditions of this Agreement shall be entitled to all of its costs, expenses and reasonable fees of its attorney(s) in connection therewith.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of
the date first written above.

TENANT: BCBG Max Azria Group, LLC, formerly
known as BCBG Max Azria Group, Inc.

By: 
Name: Erica Meierhans
Title: General Counsel

LANDLORD: 113 E. Oak Street, LLC

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of
the date first written above.

TENANT: BCBG Max Azria Group, LLC, formerly
known as BCBG Max Azria Group, Inc.

By: _____
Name:
Title:

LANDLORD: 113 E. Oak Street, LLC

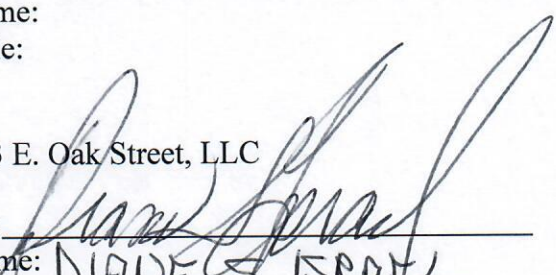
By: 
Name: DIANE S ISRAEL
Title: MANAGER

EXHIBIT B

Etlin Declaration

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, <i>et al.</i> , ¹)	Case No. 17-10466 (SCC)
)	
Debtors.)	(Jointly Administered)

**DECLARATION OF HOLLY FELDER ETLIN
IN SUPPORT OF THE DEBTORS' MOTION FOR
ENTRY OF AN ORDER PURSUANT TO FEDERAL RULE OF
BANKRUPTCY PROCEDURE 9019 AND SECTION 365 APPROVING
LEASE TERMINATION AGREEMENT WITH 113 E. OAK STREET, LLC**

I, Holly Felder Etlin, Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC and certain of its subsidiaries hereby declare under under penalty of perjury:

1. I am a Managing Director at AlixPartners LLP ("AlixPartners") and have served as the Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC since January 12, 2017. I submit this declaration (the "Declaration") in support of the Debtors' motion (the "Motion")² seeking entry of an order authorizing the Debtors to enter into the Termination Agreement.

2. Except as otherwise indicated, all facts in this Declaration are based on my personal knowledge, my discussions with the Debtors' management team and advisors, including the AlixPartners team working under my supervision, my review of relevant documents and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors' service address is: 2761 Fruitland Avenue, Vernon, California 90058.

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

information provided to me or verified by other executives, management, employees, or advisors of the Debtors, or my opinion based on my experience and knowledge of the Debtors' operations and financial condition. If called upon to testify, I could and would testify competently to the facts set forth herein.

3. The Debtors are tenants under approximately 200 nonresidential real property leases across the United States. These leased premises constitute the Debtors' standalone retail store and factory outlet locations. Among these locations, Debtor BCBG Max Azria Group, LLC (the "Tenant") is currently party to a lease agreement with the 113 E. Oak Street, LLC (the "Lease Agreement") covering the Tenant's standalone retail store located at 113 E. Oak Street, Chicago, IL (the "Leased Premises"). As set forth in the First Day Declaration, the Debtors have determined to liquidate the inventory contained in and wind-down approximately 120 of their standalone retail store and factory outlet locations. The Leased Premises is one of these locations. To facilitate the liquidation sales and store closings, BCBG Max Azria Group, LLC entered into the Letter Agreement Governing Inventory Disposition dated as of February 1, 2017 (the "Agency Agreement"), with Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC. Under the Agency Agreement, the liquidation sales commenced on February 4, 2017 and are scheduled to conclude on April 30, 2017. An inventory liquidation sale is ongoing at the Leased Premises, which was scheduled to end by April 30, 2017 in accordance with the Agency Agreement.

4. After the Petition Date, counsel to the Landlord approached the Debtors to negotiate a potential exit from the Leased Premises by March 31, 2017. The Debtors and the Landlord engaged in arm's-length discussions, ultimately culminating in the execution of the Termination Agreement.

5. The Termination Agreement offers a number of benefits to the Debtors' estates, including payment by the Landlord to the Debtors of \$120,000 and the full and final settlement of all claims. In light of the fact that, among other things, the Debtors intended to vacate the Leased Premises in any event on or before April 30, 2017, and that that Landlord has agreed to pay the Termination Payment for vacating the Leased Premises only one month earlier than planned, I believe that it is in the best interests of the Debtors and their estates to enter into and perform under the Termination Agreement pursuant to Bankruptcy Rule 9019 and section 365 of the Bankruptcy Code.

[Remainder of page intentionally left blank]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true
and correct to the best of my knowledge and belief.

Dated: March 14, 2017
New York, New York

/s/ Holly Felder Etlin
Holly Felder Etlin
Chief Restructuring Officer
Max Azria Global Holding, LLC