

Bankruptcy Law Dec 4, 2018

Sears Seeks Approval Dec. 14 for Key Employee Incentive Plan

By Diane Davis Dec 3, 2018

- • Hearing on key incentive and retention programs Dec. 14
- • No objections have been filed with court

Floundering retailer Sears has teed up for bankruptcy court approval as soon as next week a proposal to pay key employees \$4.25 million in incentives over the next two quarters.

The key-employee incentive and retention plans also call for those key employees to receive \$8.5 million if the company successfully reorganizes or sells itself by October 2019.

The company's senior management and key employees are "critical to the Debtors' ability to maximize stakeholder value through this restructuring process," Chief Restructuring Officer Mohsin Meghji said in court documents.

The company filed a notice Nov. 30 asking Judge Robert D. Drain of the U.S. Bankruptcy Court for the Southern District of New York to move up a hearing to approve the bonus plan from Dec. 20 to Dec. 14. No objections have been filed to the debtors' proposal.

Jeffrey Schwartz, a principal with McKool Smith P.C. in New York who has represented debtors, secured lenders, and others in reorganizations and restructurings, said in an email usually key employee retention plans are precleared by creditors' committees to avoid objections.

Sears elected to raise base salaries for certain key employees, after the company filed for Chapter 11 protection Oct. 15. This group includes the top three senior executives—the chief digital officer, chief financial officer, and president-Softlines, who took over the combined role of chief executive officer after Eddie Lampert's departure Oct. 14.

Weil, Gotshal & Manges LLP, New York, and Paul Weiss Rifkind Wharton & Garrison LLP, New York, represent Sears.

The case is Sears Holdings Corporation , Bankr. S.D.N.Y., No. 18-23538 (RDD), Notice of hearing 11/30/18 .

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General Information

Court

Bankruptcy Court, Southern District of New York