IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: WEST MARINE, INC., *et al.*,[1] Debtors.	Chapter 11 Case No. 26-10794 (KBO) (Jointly Administered) **Re: Docket No. 49** **Hearing Date: June 11, 2026, at 2:00 p.m. (ET)** **Objection Deadline: June 5, 2026[2]**

LIMITED OBJECTION OF THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO THE DEBTORS' MOTION TO ESTABLISH BID PROCEDURES

The Official Committee of Unsecured Creditors (the "Committee") of West Marine, Inc., *et al.*, the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), by and through its proposed undersigned counsel, hereby files this limited objection (the "Objection") to the *Debtors' Motion for Entry of an Order (I)(A) Approving Bidding Procedures, (B) Authorizing the Debtors to Enter Into One or More Stalking Horse Purchase Agreements and Provide Bid Protections, (C) Scheduling an Auction and Approving the Form and Manner of Notice Thereof, (D) Approving Assumption and Assignment Procedures, and (E) Scheduling a Sale Hearing and Approving the Form and Manner of Notice Thereof, (II)(A) Approving the Sale of the Debtors' Assets Free and Clear of Liens, Claims, Interests, and Encumbrances and (B) Approving the Assumption and Assignment of Executory Contracts and*

[1] The Debtors in these chapter 11 cases are: West Marine, Inc.; Marine One Holdco, LLC; Marine One Parent, Inc.; Rising Tide Holdings Inc.; Rising Tide Parent Inc.; Seascapes, Inc.; W Marine Management Company, Inc.; and West Marine Products, Inc.

[2] Extended for the Committee by consent of the Debtors.

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Unexpired Leases, and (III) Granting Related Relief (the "Bid Procedures Motion").[3] In support of this Objection, the Committee respectfully states as follows:

PRELIMINARY STATEMENT

1. Having been formed last Friday, and having only selected professionals in the last few days, the Committee is feverishly working to get up to speed in these expedited chapter 11 cases. In this short time, the Committee has already resolved its issues with the second day matters and served document requests to commence its investigation into the historic conduct of the Debtors and their insiders, the propriety of the secured debt, and the transactions preceding these chapter 11 cases. The Debtors also agreed to adjourn the hearing on the disclosure statement and the parties are working to consensually resolve cash collateral issues.

2. This leaves the proposed Bid Procedures. The Debtors entered bankruptcy with a restructuring support agreement (the "RSA") with a majority of their prepetition lenders and equity holders (collectively, the "Consenting Stakeholders") providing for a pre-negotiated plan of reorganization. This plan will convert existing term loan debt to equity, reinstate up to $200 million of secured debt, and grant broad releases to insiders. The plan, however, only provides unsecured creditors owed $120 million as of the filing either nothing or a pro rata share of just $250,000 – equating to a 0.2% recovery. The RSA includes various milestones, including a requirement for this plan to go effective within 95 days despite the fact that the Debtors will generate $90 million of operating cash flow and have excess liquidity during the initial 13-week budget period.

[3] Docket No. 49. The order attached as Exhibit A to the Bid Procedures Motion (the "Bid Procedures Order") includes the bidding procedures (the "Bid Procedures") as Exhibit 1. Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Bid Procedures Motion.

3. The RSA allows the Debtors to pivot to a sale if the postpetition marketing process is successful. The process, however, is destined to fail. The Debtors engaged an investment banker just weeks before the Petition Date and contacted only 5 parties prior to filing bankruptcy. Yet, the Bid Procedures, which are dictated by the RSA, require bids be submitted 3 weeks from today. Further, the term loan lenders can veto a sale, even if a bid is sufficient to pay the term loan debt in full. Additionally, bidders face uncertainty and further significant obstacles to even participate in the process because a bid must provide cash sufficient to (i) pay $429 million in secured claims in full; (ii) fund distributions on claims under the plan, including unquantified administrative and priority claims; and (iii) fund a yet-to-be disclosed Wind-Down Amount. So, while the RSA does contemplate a marketing process, the Consenting Stakeholders have devised a process that all but guarantees minimal third-party engagement and thus, no meaningful third-party bids will be received.

4. Despite these concerns, the Committee is not objecting to the Bid Procedures timeline chosen by the Debtors and the Consenting Stakeholders. Instead, the Committee submits that the outcome of this process should not be determinative or even indicative of the company's value for plan purposes. Over the next two months, the Committee intends to conduct its own valuation to ensure unsecured creditors receive fair treatment under the Plan. The Committee also intends to investigate the validity of the prepetition liens and assess potential causes of action and other sources of value that could generate value for unsecured creditors. In these regards, all parties' rights on valuation should be fully reserved for plan confirmation.

5. The Committee does, however, have a number of specific proposed revisions to the Bid Procedures, detailed further below, for which the Committee anticipates it will reach consensual resolution with the Debtors in advance of the hearing.

BACKGROUND

A. General Background

6. On May 17, 2026 (the "Petition Date"), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with this Court. Since the Petition Date, the Debtors have remained in possession of their assets and have continued to operate and manage their businesses as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

7. On May 29, 2026, the Office of the United States Trustee for Region 3 appointed a seven-member Committee consisting of: (i) Realty Income Corporation; (ii) Facility Solutions Group, Inc.; (iii) Modern Recreational Technologies, Inc.; (iv) East Penn Manufacturing Co.; (v) Virtual Supply, Inc.; (vi) Lippert Components, Inc.; and (vii) Garmin USA, Inc.[4]

8. On June 1, 2026, the Committee selected Kelley Drye & Warren LLP as its lead counsel and, on June 2, selected Ice Miller LLP as its Delaware co-counsel and Province, Inc. as its financial advisor. No other official committee has been appointed in these cases.

[4] Docket No. 103.

B. Prepetition Transactions

9. The Debtors are a leading marine retailer founded in 1968 that provides direct-to-consumer and wholesale boating, fishing, sailing, and paddling products.[5] Since 1978, the company has expanded from a small ropes business into a premier retailer through targeted acquisitions, growth of its retail operations and store footprint, and the launch and expansion of its eCommerce platform over the past four decades.[6] As of the Petition Date, the Debtors operated more than 200 stores across 34 states and Puerto Rico, and employed approximately 2,600 employees.[7]

10. Based on its last publicly available filings, in 2016 the company generated approximately $703.4 million in net revenue, had no material outstanding secured debt and generated over $34 million of EBITDA.[8]

11. In September 2017, private equity firm Monomoy Capital Partners ("Monomoy") acquired the company in a take private leveraged buyout.[9] Based on sparse publicly available information, the Committee understands the transaction value was approximately $338 million and resulted in approximately $250 million in debt being incurred by the Debtors to fund the LBO.

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5 *See Declaration of Paulee Day, Chief Executive Officer of West Marine, Inc., in Support of the Debtors' Chapter 11 Petitions and First Day Pleadings* (the "First Day Declaration"), Docket No. 15, ¶¶ 24-25.

6 *Id.* ¶ 24-28.

7 *Id.* ¶¶ 7, 31.

8 West Marine, Inc., Annual Report (Form 10-K) (2017), for the fiscal year ended December 31, 2016, pp. 19, 25.

9 First Day Declaration, ¶ 29; GlobeNewswire, *West Marine Inc. to be Acquired by Monomoy Capital Partners for $12.97 Per Share* (2017), https://www.globenewswire.com/news-release/2017/06/29/1035237/0/en/west-marine-inc-to-be-acquired-by-monomoy-capital-partners-for-12-97-per-share.html.

12. In April 2021, Monomoy sold West Marine to private equity firm L. Catterton.[10] The terms of the transaction were not publicly disclosed, but, upon information and belief, the transaction increased the company's secured debt substantially, which ultimately ballooned to more than $800 million.[11]

13. In March 2023, West Marine completed the first of two liability management transactions with L. Catterton and existing lenders that restructured its debt into multiple new super-senior and junior tranches through a series of exchange offers ("March LMT").[12] The transaction also established a new FILO credit facility and purportedly provided $150 million in new liquidity.[13] Only six months later, West Marine completed the second LMT in which approximately $660 million of funded debt was exchanged for equity (the "September LMT," together with the March LMT, the "2023 LMTs").[14] The September LMT also provided $125 million in new liquidity.[15] Although the 2023 LMTs purportedly stabilized operations and improved the company's balance sheet, they did not reduce the overall debt to a level the business could sustain.[16]

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10 Monomoy Capital Partners, *Monomoy Capital Partners Agrees to Sell West Marine, Inc.* (2021), https://www.mcpfunds.com/news/monomoy-capital-partners-agrees-to-sell-west-marine-inc/.

11 First Day Declaration, ¶ 58.

12 *Id.* ¶ 56; Boat Blurb, West Marine Files for Chapter 11 Bankruptcy Protection (2026), https://www.boatblurb.com/post/west-marine-files-for-chapter-11-bankruptcy-protection.

13 First Day Declaration, ¶57.

14 *Id.* ¶¶58-59.

15 *Id.* ¶ 59.

16 *Id.* ¶ 60.

14. The Debtors entered into a new asset-based lending facility (the "ABL Facility") and a "first in, last out" term loan facility (the "FILO Facility") in May 2024.[17] The ABL Facility provided up to $165 million in aggregate revolving commitments, while the FILO Facility provided up to $45 million in term loan commitments.[18] The FILO Facility carried expensive borrowing terms, including PIK interest accruing at up to 30%.[19] As of the Petition Date, approximately $118.9 million remained outstanding under the ABL Facility, and approximately $59.2 million remained outstanding under the FILO Facility.[20]

15. On September 25, 2025, the Debtors entered into a term loan credit agreement (the "Term Loan") providing for three tranches of loans, totaling $207.5 million.[21] As of the Petition Date, $251.2 million was outstanding under the Term Loan.[22]

16. By the Petition Date, the secured debt under the ABL, FILO, and Term Loan facilities totaled $429.3 million.

C. The RSA, Plan and Bid Process

17. By early 2026, the Debtors' secured debt had again become unsustainable. In April 2026, one month before the Petition Date, the Debtors retained Triple P Securities, LLC ("Portage Point") as investment banker to develop a sale and marketing plan.[23] Portage Point conducted a limited prepetition marketing process, contacting only five potential buyers prior to

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17 *Id.* ¶ 44.

18 *Id.*

19 *Id.* ¶ 45.

20 *Id.* ¶ 46.

21 *Id.* ¶ 50.

22 *Id.* ¶ 51.

23 *Id.* ¶ 11.

the Petition Date.[24] As a result, the Debtors entered these chapter 11 cases without a stalking horse.

18. Rather than pursue a thorough prepetition marketing process, the Debtors and the Consenting Stakeholders negotiated the RSA, which has been incorporated into the proposed *Joint Plan of Reorganization of West Marine, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* (the "Plan").[25] The RSA provides for the Debtors' reorganization through the Plan pursuant to which: (i) $250 million in Term Loan claims will be exchanged for 100% of the reorganized company's equity (subject to dilution from a MIP), (ii) $178 million in ABL and FILO claims will either be paid in full or converted into exit financing obligations; and (iii) general unsecured creditors holding more than $120 million in the aggregate will receive a pro rata share of $250,000 – representing an approximate 0.2% recovery – conditioned upon the class voting to accept the Plan.[26] The RSA provides commitments for only $7.5 million in new-money exit funding.[27]

19. The RSA contains various milestones, including an 80-day confirmation timeline and emergence within 95 days.[28] The RSA also provides for an expedited marketing process with bids required to be submitted within 40 days of the Petition Date.[29]

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24 *Id.* ¶ 71; Motion, ¶3.

25 Docket No. 46.

26 First Day Declaration, Ex. A (the RSA).

27 *Id.* ¶ 14.

28 First Day Declaration, Ex. B (Restructuring Term Sheet), at 6.

29 *Id.*

D. The Special Committee

20. Cognizant of the upcoming bankruptcy filing, on April 13, 2026, the Debtors established a special committee (the "Special Committee") and appointed 2 disinterested directors to evaluate conflict-related matters, including the investigation, release, or settlement of potential insider claims.[30] The Special Committee has reportedly commenced an independent investigation into potential claims, which remains ongoing.[31] To date, the Committee has not been advised of the results of the Special Committee's investigation.

LIMITED OBJECTION

21. The goal of a section 363 sale is to maximize proceeds for a debtor's estate and creditors.[32] To effectuate this goal, bankruptcy courts are provided discretion and latitude in the sale process.[33] Courts have consistently held that bid procedures must be crafted to facilitate an open and fair public sale designed to maximize value for all creditors.[34] "A principal goal of the reorganization provisions of the Bankruptcy Code is to benefit the creditors of the Chapter 11 debtor by preserving going-concern value and thereby enhancing the amounts

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30 First Day Declaration, ¶ 73.

31 *Id*. ¶¶ 73-74.

32 *In re Dura Auto. Sys.*, 2007 WL 7728109, at *490 (Bankr. D. Del. Aug. 15, 2007) (internal quotations omitted) (debtor "had a fiduciary duty to protect and maximize the estate's assets") (*citing In re Mushroom Transp. Co., Inc.*, 382 F.3d 325, 339 (3rd Cir. 2004); *Official Comm. of Unsecured Creditors of Cybergenics Corp., v. Chinery*, 330 F.3d 548, 573 (3rd Cir. 2003) (same); *Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 564-65 (8th Cir. 1997) (in bankruptcy sales, "a primary objective of the Code is to enhance the value of the estate at hand")).

33 *In re Wintz Co.*, 219 F.3d 807, 812 (8th Cir. 2000) ("[B]ankruptcy courts have wide discretion in structuring sales of estate assets") (*citing Food Barn Stores*, 107 F.3d at 565); *In re Edwards*, 228 B.R. 552, 561 (Bankr. E.D. Pa. 1998) ("[B]ankruptcy courts are necessarily given discretion and latitude in conducting [a] sale").

34 *See In re RathGibson, Inc.*, 2010 Bankr. LEXIS 5161, *5 (Bankr. D. Del. Mar. 26, 2010) (approving the bid procedures in part because they "are fair, reasonable and appropriate and are designed to maximize the value of the Debtors' estates" and ordering that the auction be "conducted openly"); *Edwards*, 228 B.R. at 561 ("The purpose of procedural bidding orders is to facilitate an open and fair public sale designed to maximize value for the estate").

recovered by all creditors."[35] In determining whether to authorize the use, sale, or lease of property of the estate under section 363(b) of the Bankruptcy Code, the Debtors bear the burden of establishing a sound business purpose.[36]

22. While the Debtors have discretion in structuring a sale process in accordance with their fiduciary obligations, that process should not predetermine broader case issues. As of the filing of this Objection, the Committee has been in existence for 1 week. It has not had the opportunity to even begin its investigation into broader case issues, including the validity of the prepetition secured debt, the existence and value of potential estate causes of action, the terms of the Plan, the feasibility of the Plan, the treatment of unsecured creditors, or the value of the Debtors' proposed go-forward business.

23. Information regarding the Debtors' historic transactions and financial condition since the business was acquired by Monomoy in 2017 is not publicly available. At that time, the Debtors appeared healthy, with over $700 million of revenue, $34 million of EBITDA and no outstanding secured debt, which made the Debtors an attractive acquisition target. Over the ensuing years, the Debtors appear to have amassed more than $800 million in debt and their financial condition deteriorated. Even after a substantial deleveraging in 2023, the Debtors entered bankruptcy with more than $400 million in secured debt and at least $120 million in unsecured claims.

24. What happened in the intervening 9 years is unclear. Whether this was the result of bad luck, macro-economic changes, poor business decisions, or actionable misconduct

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35 *In re Timbers of Inwood Forest Assoc., Ltd.*, 808 F.2d 363, 373 (5th Cir. 1987), *aff'd*, 484 U.S. 365 (1988).

36 *See Dai-Ichi Kangyo Bank, Ltd. v. Montgomery Ward Holdings, Corp. (In re Montgomery Ward),* 242 B.R. 147, 153 (D. Del. 1999).

is unknown. The Special Committee's investigation is ongoing. This Committee will similarly investigate the facts and circumstances precipitating this bankruptcy to maximize value for the unsecured creditors and ensure the business is poised for long-term success.

25. The Committee needs time to do this, and it will move quickly assuming the cooperation of the Debtors and the Consenting Stakeholders. The Committee will be prepared, if necessary, to address these broader case issues at confirmation.

26. As noted above, the Committee does not seek to derail or delay the Debtors' proposed process. It only asks that the process imposed under the terms of the RSA not be used to predetermine valuation at confirmation. All parties' rights with respect to valuation should be preserved and the Committee should be afforded the time necessary to investigate and address valuation issues at the proper time.

27. The Committee does have limited objections to certain aspects of the proposed Bid Procedures as set forth below. The Committee intends to work with the Debtors to resolve these issues in advance of the hearing on the Bid Procedures Motion. To the extent, however, the parties are unable to reach consensus, the Committee requests that the Court not approve the Bid Procedures Motion without the following modifications:

- Objection Deadline: Requiring objections 1 day after the auction and 1 month before the sale hearing is inappropriate and effectively truncates the Committee's challenge deadline in the cash collateral order. The deadline to object to the sale should be 7 days before the sale hearing.

- Veto Rights: The Term Loan Lenders should not have veto rights with respect to the selection of any Stalking Horse Bid, Qualified Bid, or any other bid. These rights chill bidding and could create an insurmountable hurdle.

- Credit Bid: A bidder's right to credit bid must be subject to the Committee's challenge rights under section 363(k) of the Bankruptcy Code and the terms of the

final cash collateral order and the closing of a credit bid sale should not be permitted until all lien challenge issues have been resolved.

- Backup Bidder Status: Debtors must be able to designate any Secured Party with a Qualified Bid under section 363(k) as the Back-Up Bidder in the event the Successful Bidder(s) fail to close the sale. Absent such flexibility, the Debtors may be disincentivized from considering potentially higher or better bids, given the risk that a Secured Party could decline to serve as Back-Up Bidder after being outbid at auction.

- Assumption and Adequate Assurance of Future Performance: Bid Procedures should provide that (i) the deadline for filing a cure notice shall be no later than 5 days after entry of the Bidding Procedures Order; (ii) the deadline for the Debtors to provide adequate assurance of future performance shall be no later than 24 hours after service of the Notice of Successful Bidder; and (iii) the cure and assumption objection deadline shall be July 15, 2026, thereby allowing counterparties sufficient time to review and assert any objections.

CONCLUSION

WHEREFORE, the Committee respectfully requests that the Court (i) deny the Bid Procedures Motion unless modified as set forth herein; (ii) defer any determination as to the value of the company to the plan confirmation hearing; and (iii) grant such other and further relief as the Court deems just and proper.

Dated: June 5, 2026
Wilmington, Delaware

ICE MILLER LLP

/s/ Sarah R. Gladieux
Christopher M. Samis (No. 4909)
Sarah R. Gladieux (No. 7404)
500 Delaware Avenue, Suite 220
Wilmington, Delaware 19801
Telephone: (302) 313-0600
Email: christopher.samis@icemiller.com
sarah.gladieux@icemiller.com

and

KELLEY DRYE & WARREN LLP
Eric R. Wilson (admitted *pro hac vice*)
Jason R. Adams (admitted *pro hac vice*)
Maeghan J. McLoughlin (admitted *pro hac vice*)
3 World Trade Center
175 Greenwich Street
New York, New York 10007
Tel: (212) 808-7800
Fax: (212) 808-7897
Email: ewilson@kelleydrye.com
jadams@kelleydrye.com
mmcloughlin@kelleydrye.com

Proposed Counsel to the Official Committee of Unsecured Creditors of West Marine, Inc., et al.

CERTIFICATE OF SERVICE

I, Sarah R. Gladieux, do hereby certify that on June 5, 2026, a copy of the foregoing **Limited Objection of the Official Committee of Unsecured Creditors to the Debtors' Motion to Establish Bid Procedures** was served on the parties listed on the attached service list via email.

/s/ Sarah R. Gladieux
Sarah R. Gladieux (No. 7404)

SERVICE LIST

Proposed Counsel to the Debtors Joshua A. Sussberg, P.C. Matthew C. Fagen, Esq. KIRKLAND & ELLIS LLP KIRKLAND & ELLIS INTERNATIONAL LLP 601 Lexington Avenue New York, NY 10022 Email: joshua.sussberg@kirkland.com matthew.fagen@kirkland.com	**Proposed Counsel to the Debtors** Brian J. Nakhaimousa, Esq. KIRKLAND & ELLIS LLP KIRKLAND & ELLIS INTERNATIONAL LLP 830 Brickell Plaza Miami, FL 33131 Email: brian.nakhaimousa@kirkland.com	**Proposed Counsel to the Debtors** Michael R. Nestor, Esq. Kara Hammond Coyle, Esq. Shella Borovinskaya, Esq. Kristin L. Cardoza, Esq. YOUNG CONAWAY STARGATT & TAYLOR, LLP 1000 N. King Street Wilmington, DE 19801 Email: mnestor@ycst.com; kcoyle@ycst.com; sborovinskaya@ycst.com; kcardoza@ycst.com
Counsel to Eclipse Business Capital LLC Steven Fox, Esq. Janine M. Figueiredo, Esq. RIEMER & BRAUNSTEIN LLP Seven Times Square, Suite 2506 New York, NY 10036 Email: SFox@riemerlaw.com; JFigueiredo@riemerlaw.com	**Counsel to Eclipse Business Capital LLC** Gregory A. Taylor, Esq. ASHBY & GEDDES, P.A. 500 Delaware Avenue, 8th Floor Wilmington, DE 19801 Email: GTaylor@ashbygeddes.com	**Counsel to Wilmington Savings Fund Society** Jeffrey R. Gleit, Esq. Matthew R. Bentley, Esq. ARENTFOX SCHIFF LLP 1301 Avenue of the Americas, 42nd Floor New York, NY 10019 Email: jeffrey.gleit@afslaw.com; matthew.bentley@afslaw.com
Counsel to Wilmington Savings Fund Society Justin A. Kesselman, Esq. ARENTFOX SCHIFF LLP 800 Boylston Street, 32nd Floor Boston, MA 02199 Email: justin.kesselman@afslaw.com	**Counsel to Wilmington Savings Fund Society** Eric J. Monzo, Esq. Jason S. Levin, Esq. MORRIS JAMES LLP 3205 Avenue North Blvd., Suite 100 Wilmington, DE 19803 Email: emonzo@morrisjames.com; jlevin@morrisjames.com	**Counsel to Ad hoc Group of Consenting Stakeholders** Matthew L. Brod, Esq. Benjamin M. Schak, Esq. MILBANK LLP 55 Hudson Yards New York, NY 10001 Email: mbrod@milbank.com; bschak@milbank.com
Counsel to Ad hoc Group of Consenting Stakeholders Michael J. Merchant, Esq. Brendan J. Schlauch, Esq. Zachary J. Javorsky, Esq. RICHARDS LAYTON & FINGER, P.A. 920 N. King Street Wilmington, DE 19801 Email: merchant@rlf.com; schlauch@rlf.com; javorsky@rlf.com	**Office of the United States Trustee** Linda J. Casey, Esq. 844 King Street, Suite 2207 Lockbox 35 Wilmington, DE 19801 Email: linda.casey@usdoj.gov	