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Tattered Cover initiates Chapter 11 reorganization to obtain new financing, improve inventory and strengthen operations for long-term sustainability

Elects to use streamlined Small Business Reorganization provisions of Chapter 11 (Subchapter V) to expedite restructuring process while arranging up to \$1 million in debtor-in-possession loan financing from existing investors and board members

More books and products, consolidation of store locations among actions to position Tattered Cover for a successful holiday sales season

DENVER (October 16, 2023) – Bended Page, LLC, which owns and operates Tattered Cover Book Store, announced today that it has filed a voluntary petition for reorganization under Chapter 11 Subchapter V in the U.S. Bankruptcy Court for the District of Colorado.

Utilizing the streamlined small business features of Chapter 11 will allow Tattered Cover to obtain supportive financing while working quickly toward overcoming substantial financial issues that have stymied the iconic, beloved 52-year-old independent bookstore's liquidity and ability to recover from changing market conditions exacerbated by the COVID pandemic.

Once approved by the court, Tattered Cover will have access up to \$1 million in debtor-in-possession financing provided by a newly created entity comprised of current company board members and investors. This new funding will be used to obtain much-needed additional inventory in time for the critical 2023 holiday consumer buying season, fulfill customer orders, upgrade technology, and to maintain operations and staff compensation during the restructuring process.

Congress enacted small business provisions of Subchapter V of Chapter 11 in 2020 to provide a more cost-efficient, streamlined process for revenue-generating small businesses like Tattered Cover and promote a faster path to successful financial and operational reorganization.

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“The board of directors, senior management, and prospective lenders and investors agree that reorganizing with the favorable tools of Subchapter V of Chapter 11 is the most expeditious way to regain our financial footing so Tattered Cover can continue its long legacy as a favorite Colorado destination and champion the First Amendment for generations to come,” said Brad Dempsey, a Colorado native and Denver attorney who was appointed Chief Executive Officer in July.

“Our objective is to put Tattered Cover on a smaller, more modern and financially sustainable platform that will ensure our ability to serve Colorado readers for many more decades,” Dempsey said. “Restructuring for long-term viability requires managers to make very difficult business decisions that affect people and business partners, and we intend to do what we can to minimize these impacts. We’re thankful for the professionalism and dedication of our management and staff in helping Tattered Cover transition to its next successful era.”

Dempsey reiterated that all customer gift cards will be honored and orders will continue to be fulfilled without interruption.

“Since I’ve come on as CEO, support from Tattered Cover customers, the community and business partners has been simply incredible,” he said. “We’re going to do our best to get people to continue coming into the store, as well as ordering online during this holiday season. A strong holiday season will help expedite the completion of our reorganization process.”

With all actions subject to court approval, Tattered Cover will continue its operations but will begin implementing the following steps to facilitate the restructuring:

- Tattered Cover will close three stores from its seven current locations: Denver’s McGregor Square, Westminster and Colorado Springs. Closure of these locations is expected to begin October 23, 2023 and be completed by early November.
- Inventory and technology from the three closing locations will be promptly transferred to the store’s four other locations, where it will be business as usual with much improved inventory at Colfax Ave. and Union Station in Denver, Aspen Grove Shopping Center in Littleton, and the children’s store at Stanley Marketplace in Aurora.

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- Events currently scheduled for October and November 2023 at closing locations will be rescheduled, if possible, to take place at the store's remaining locations. All event information will be updated on TatteredCover.com.
- The TatteredCover.com web site will continue to operate and fulfill orders as normal.
- Tattered Cover's "Friends of Tattered Cover" loyalty program and related benefits will continue without interruption, including private shopping events for members to be scheduled during the holidays.
- At least 27 staff positions out of Tattered Cover's current 103 positions will be impacted by the closures. Some impacted employees may fill temporary seasonal positions at the remaining stores during the holiday season. The company is working to develop severance packages for eligible employees affected by the closures.
- All customer gift cards will be honored and orders will continue to be fulfilled without interruption.
- Debtor-in-possession financing is being provided by a new entity that currently includes current investor board members Leslie Rainbolt and Margie Gart.
- The company's restructuring will be led by its senior management team of Brad Dempsey, CEO, Margie Keenan, CFO, Jeremy Patlen, COO, and Alexis Miles, Vice President of Human Resources. Previously Vice President of Buying Jeremy Patlen has officially been named Chief Operating Officer, after having informally served in that capacity since February.
- Tattered Cover's Denver International Airport locations will continue operating as part of a license agreement with Hudson Bookstores.

ABOUT TATTERED COVER

Founded in 1971, Tattered Cover is Colorado's largest independent bookstore. Noted literary and free speech advocate Joyce Meskis, who passed away in December 2022, became sole owner in 1973, leading the store to become an iconic, nationally-recognized Colorado destination for residents and tourists alike. The store was acquired by Len Vlahos and Kristen Gilligan in 2015, and then by Bended Page, LLC in December 2020.

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