

Kirkland & Ellis Reaps Financial Rewards in Recent Bankruptcy Cases



Kirkland & Ellis, a legal stalwart renowned for its robust financial performance, has experienced a windfall with \$41.5 million in retainer payments from high-profile bankrupt clients. The beneficiaries of this substantial sum include Rite Aid Corp., WeWork Inc., and SmileDirectClub Inc., all grappling with financial distress and turning to Kirkland for its expertise.

WeWork Inc.: A High-Stakes Bankruptcy Battle

In the bankruptcy proceedings of WeWork Inc., Kirkland & Ellis revealed in court filings dated November 20 that it secured a \$1 million retainer on September 13. Subsequently, the firm received specialized retainers totaling an impressive \$21 million. The restructuring efforts for WeWork, which filed for bankruptcy in early November, involve fees ranging from \$685 to \$2,245 per hour for Kirkland's lawyers. WeWork, seeking to leverage the bankruptcy process to renegotiate leases, faces opposition from landlords in this complex legal battle.

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Legal Partnerships and Billing Details

In a strategic move, WeWork enlisted Kirkland's services in August and added seasoned bankruptcy expert Paul Aronzon to its board. Munger, Tolles & Olson; Cole Schotz; and Goodmans are also advising WeWork, with Munger Tolles receiving a \$250,000 retainer on Oct. 30 and an additional \$884,000 on Nov. 1. Cole Schotz, serving as local counsel, received over \$211,000 in the 90 days preceding the bankruptcy, holding a current retainer of nearly \$939,000. The legal battle is marked by hourly billing rates ranging from \$375 to \$2,245.

Rite Aid Corp.: A Pharmacy Giant's Financial Struggles

In the Chapter 11 case of Rite Aid Corp., Kirkland & Ellis, acting as legal counsel, disclosed receiving an initial \$500,000 retainer on May 3. Special purpose retainers totaling \$19 million followed from the pharmacy chain, which declared bankruptcy last month. Like the WeWork case, Kirkland's lawyers bill hourly rates ranging from \$685 to \$2,245.

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Co-Counsel and Legal Fees

Rite Aid has enlisted Cole Schotz as co-counsel in its Chapter 11 case in Trenton, N.J., with Wilson Sonsini Goodrich & Rosati and Kobre & Kim representing the company's board. Cole Schotz, having received about \$412,000 in the 90 days before insolvency, holds a retainer of approximately \$783,000. Wilson Sonsini has secured \$2.2 million in advance retainers, billing Rite Aid

between \$615 and \$2,475 per hour. Kobre & Kim reported receiving nearly \$800,000 since late July, with hourly rates ranging from \$950 to \$2,000.

Tight Deadlines and Strategic Shifts

Rite Aid, led by Thomas Sabatino, faces a pivotal March 1 deadline to conclude its turnaround and emerge from Chapter 11. The company welcomed Sabatino as its top lawyer earlier this year and has undergone significant changes, parting ways with Big Law firms linked to former executives. As Kirkland & Ellis plays a pivotal role in these high-stakes bankruptcies, the legal landscape is poised for further complexities and strategic maneuvering.

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