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COMMENTARY

Saks Global Bankruptcy Filing

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Saks Global, parent company of Saks Fifth Avenue, Neiman Marcus, and Bergdorf Goodman, filed for Chapter 11 bankruptcy on January 13, 2026, in the U.S. Bankruptcy Court for the Southern District of Texas.¹ Saks' financial situation worsened when Saks acquired Neiman Marcus for \$2.65 billion in late 2024.² Even prior to the deal, the company faced challenges in meeting its obligations to suppliers, and the merger only accelerated the collapse.³

The Neiman Marcus acquisition provides a textbook example of how aggressive debt financing in M&A transactions can transform risk into a disaster. Saks Global used debt to buy Neiman Marcus, but didn't have enough cash left over to pay vendors.⁴ With Neiman Marcus, Bergdorf Goodman, and Saks Fifth Avenue under the new Saks Global umbrella, the company expected to see \$600 million in run-rate synergies over the five years after the deal closed.⁵ However, soon after the transaction closed, Saks realized that integrating Neiman Marcus would be more difficult and costly than expected.⁶

The situation deteriorated rapidly due to a specific vulnerability in Saks's borrowing structure. Saks Global's borrowing was asset-based, meaning loans were secured by its inventory.⁷ Once the company had less merchandise on hand, Saks could not borrow as much as it needed to.⁸ Saks Global continued to default on supplier payments.⁹ This situation created a spiral. Unpaid vendors stopped shipping inventory, reduced inventory further decreased

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¹ In re Saks Global Enters. LLC, No. 26-90103 (Bankr. S.D. Tex. Jan. 13, 2026).

² *GoldenTree to Buy About \$200 Million of Saks Global Bankruptcy Financing*, *Bloomberg News Reports*, REUTERS (Jan. 20, 2026, at 2:51 P.M. MST), <https://www.reuters.com/business/goldentree-buy-about-200-million-1-billion-bankruptcy-financing-saks-global-2026-01-20/>.

³ Suzanne Kapner & Chavie Lieber, *Inside the Mad Dash to Save Saks, America's Last Luxury Retailer*, WALL ST. J. (Jan. 14, 2026 at 10:28 pm ET), <https://www.wsj.com/business/retail/inside-the-mad-dash-to-save-saks-americas-last-luxury-retailer-f2e09745>.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

borrowing capacity, and decreased borrowing capacity further limited the company's ability to pay vendors. When Saks stopped paying its vendors, it couldn't secure the right inventory to drive sales, eventually leading to insolvency.

In the months leading up to the bankruptcy filing, Saks Global attempted multiple restructuring efforts, all of which proved insufficient. Over the summer, the company obtained \$600 million in additional funding and sold off real estate assets to generate additional cash.¹⁰ While these efforts bought the company some time, they ultimately didn't prevent the bankruptcy filing.

Chapter 11 allows Saks Global to continue operations while reorganizing its finances under court supervision.¹¹ Unlike many large corporate bankruptcies, Saks Global entered Chapter 11 without a pre-negotiated restructuring plan in place, with an eye toward crafting one during the proceedings. This filing approach carries significant risks, as it provides less certainty about the outcome.

Nevertheless, Saks Global secured a financing commitment of approximately \$1.75 billion, comprising \$1.5 billion from an ad hoc group of the company's senior secured bondholders and approximately \$240 million of incremental liquidity from the company's asset-based lenders.¹² The court approved the financing despite an objection filed by Amazon, which owns just over 23% of Saks Global.¹³ Amazon's objection highlights a common tension in bankruptcy proceedings. Equity holders typically see their investments wiped out or diluted in Chapter 11 cases, which creates potential conflicts between creditors who will benefit from continued operations and equity investors who risk a total loss.

As part of Saks Global's restructuring plan, the company will close eight Saks Fifth Avenue locations along with one Neiman Marcus location.¹⁴ Among these closures is the Saks Fifth Avenue at Biltmore Fashion Park in Phoenix, Arizona.¹⁵ This closing will lead to the termination of 67 workers.¹⁶ The stores targeted for closure will continue operating until the end of April 2026.¹⁷

¹⁰ Gabrielle Fonrouge, *Saks Global, the Longtime Leader of Luxury Department Stores, Files for Bankruptcy Protection*, CNBC (Jan. 14, 2026 at 3:34 AM EST), <https://www.cnbc.com/2026/01/14/saks-global-files-for-bankruptcy-protection.html>.

¹¹ 11 U.S.C. §1101 (empowers the trustee or debtor in possession to operate the debtor's business during the Chapter 11 proceedings).

¹² *Saks Global Secured \$1.75 Billion of Committed Capital and Announces Return of Industry Veterans to Advance Transformation of Iconic Luxury Portfolio*, SAKS GLOBAL (Jan. 14, 2026), <https://www.saksglobal.com/2026-01-14-Saks-Global-Secures-1-75-Billion-of-Committed-Capital-and-Announces-Return-of-Industry-Veterans-to-Advance-Transformation-of-Iconic-Luxury-Portfolio>.

¹³ Dietrich Knauth, *Saks Global Gets Final Court Approval for \$1 Billion Bankruptcy Loan After Addressing Vendor Complaints*, REUTERS (Feb. 20, 2026 at 10:09 AM MST), <https://www.reuters.com/legal/litigation/saks-global-gets-final-court-approval-1-billion-bankruptcy-loan-after-addressing-2026-02-20/>.

¹⁴ Suzanne Kapner, *Saks to Close Nine Department Stores in Initial Bankruptcy Review*, WALL ST. J. (Feb. 10, 2026 at 2:36 pm EST), <https://www.wsj.com/business/retail/saks-to-close-nine-department-stores-in-initial-bankruptcy-review-8ccedb3e>.

¹⁵ Nicole Gutierrez, *Saks Fifth Avenue to Close 8 Stores, Including Phoenix Location, in Restructuring*, ABC15 (Feb. 18, 2026 at 4:51 PM), <https://www.abc15.com/news/national/saks-fifth-avenue-to-close-8-stores-including-phoenix-location-in-restructuring>.

¹⁶ *Id.*

¹⁷ Kapner, *supra* note 14.

The Saks Global bankruptcy offers insights for attorneys advising corporate clients on financial distress. The case underscores how aggressive debt financing in M&A can increase existing risks. A common mistake distressed companies make is waiting too long to plan, a mistake that occurs even among large, well-established corporations. The Saks Global case offers a reminder that even iconic luxury brands with century-old legacies are not immune to the consequences of operational mismanagement.