Anchorage Capital — Senior Associate Interview

MASTER PREP DOCUMENT

Pat McGrath's Restructuring Desk

Prepared for Maxwell Nides · Final consolidation of 6 prior supplements + Pat's Bloomberg podcast woven through every key answer. Saks Global pitch refreshed with latest filings.

HOW TO READ THIS DOCUMENT

Three uses:

1. **The night before** — read Section 1 (the cover), Section 4 (the three narrative answers), and Section 12 (the 24-hour checklist). That's the floor.
2. **In the morning** — re-read Section 3 (Pat's worldview from his Bloomberg podcast) and Section 7 (Saks pitch). That's the ceiling.
3. **In the room** — anchor on the 5-beat templates in Sections 4.2 and 4.3 + the killer lines in Section 1.

Quotes from Pat's Bloomberg FICC Focus podcast (March 5, 2025) are flagged **PAT** throughout — these are the ones to weave into your responses to demonstrate you've done the work without sounding like you've memorized a script.

---

1. ONE-PAGE COVER

The One Thing

You are not "an Evercore RX banker with a JD." You are a **legal-and-financial hybrid** who **drafted the documents at Davis Polk** and **modeled the recovery at Evercore** on the same set of problems. Pat McGrath

is the inverse: PwC accounting → Columbia MBA → Moelis → Anchorage. **He is not a lawyer.** Your JD is **complementary, not redundant.** Lead with that.

The Killer Lines (memorize verbatim)

The Pat-quote opener for "why investing":

> *"The framing you used on the podcast — that distressed is the intersection of law and finance, the complex chess match — is the exact reason I took the path I did. Davis Polk first, then Evercore."*

The closer for "why investing":

> *"Two years of advisory teaches you a thousand deals at a centimeter of depth. Two years on a buyside RX seat teaches you ten deals at a kilometer. I want the kilometer."*

For "why Anchorage":

> *"After four years advising on these processes, I want to sit on the side that's playing the next forty of them, not the next one."*

For "why THIS desk" (Pillar 4):

> *"You said on the podcast that what attracted you to Anchorage was a seat where you 'didn't necessarily have to be the person to call out where EBITDA or revenue is going.' That's the precise reason I'm focused on this desk and not a generalist credit seat."*

(This is Pat's own framing back at him — he said on Bloomberg: *"there isn't one of these LMEs to deal with, there's 40 of them"*. You're not quoting; you're contrasting the advisor mindset with the principal mindset.)

For the credit philosophy:

> *"Credit investing pays you to be right — and being right in credit is asymmetric. You can't make more than par. You can lose 100. So the work isn't about reaching for yield, it's about whether the price compensates you for the downside you've actually underwritten."*

The Three Anchors Going In

1. **The Evercore-Roopesh Shah connection.** Roopesh sat on the same Wharton WRDIC LME panel as Pat on Feb 21, 2025. If natural, mention you spoke with him. Don't lead with it.
2. **The J.Crew / At Home pattern.** Anchorage runs the same DIP-to-equity playbook across deals (J.Crew 2020 → At Home Oct 2025). You noticed it. That's pattern recognition most candidates won't have.
3. **The Saks Global pitch in your back pocket.** Only deploy if Pat asks "pitch me a name." Don't volunteer.

What NOT to Do

- × Don't say "I want to be a principal" / "skin in the game" / "great culture"
- × Don't bring up the ACP Capital 2021 wind-down unprompted
- × Don't pitch a name Anchorage is publicly known to be on either side of
- × Don't name-drop Roopesh in the first 10 minutes
- × Don't over-index on the JD — Pat isn't a lawyer
- × Don't volunteer the Saks pitch — wait until he asks

---

2. THE FIRM — ANCHORAGE CAPITAL ADVISORS, L.P.

Quick facts (verified)

- **Founded 2003** by Kevin Ulrich + Tony Davis (both ex-Goldman distressed). Seed: $100M from Reservoir.
- **Founding flagship ACP Capital hedge fund** closed Dec 2021 at $7.4B — orderly capital return, no investor losses.
- **Reconstituted 2022 as Anchorage Capital Advisors, L.P.** — multi-strategy: drawdown funds + CLOs + SMAs + evergreen.
- **AUM ~$27 billion** (2025).
- Co-CIOs: **Yale Baron** (ex-JPM CLO), **Thibault Gournay**. Kevin Ulrich = Chairman.
- **Lean: <25 investment professionals** for $27B platform.

ACO IX — The vehicle

- **$1.5B final close, August 2025** (over $1.25B hard cap)
- **70%+ LP commitments are re-ups** — strong performance validation
- Co-PMs: Thibault Gournay + James Frost
- Mandate: *"stressed and distressed credit, special situations, structured credit, U.S. and European markets… issuers with smaller capital structures and some degree of complexity."*
- Fund VII net IRR: **15.1%**. Fund VIII: **22.8%**. Through June 2025.
- > $4.5B raised across platform since January 2022.

Strategic lane

Anchorage post-2022 sits closest to **Silver Point** stylistically (fulcrum + legal sophistication) but more multi-product. **ACO IX's $1.5B size deliberately keeps them OUT of the Apollo/Oaktree mega-bankruptcy lane** and INTO the $200M–$800M complexity-driven middle market. This is intentional: **less competition, more documentation alpha, more cooperation-agreement leverage.**

---

3. PAT McGRATH — THE PROFILE (with his own worldview)

Career timeline (verified)

Years	Firm	Role
2006–2009	PricewaterhouseCoopers	Senior Associate, Accounting Advisory
2009–2011	**Columbia Business School**	MBA (honors)
2011–2016	**Moelis & Company**	VP, Recapitalization & Restructuring
2016–2023	**Anchorage Capital Group**	Restructuring Director → Partner; ACO IC voting member
Jan 2024–present	**Anchorage Capital Advisors, L.P.**	**Partner, Global Head of Restructuring**; ACO IC voting member

- BS Accounting/MIS, University of Delaware (honors). **Not a lawyer.**
- Replaced **Charles Tauber** (departed Sept 2020 to PJT after 11 years as RX head on MGM/J.Crew/PG&E). McGrath **earned the seat from inside**, not as marquee external hire.

His worldview — distilled from his Bloomberg podcast

The 10 frameworks Pat articulated on the March 5, 2025 FICC Focus episode (~106 min, live from Wharton WRDIC). These are what you weave back into your answers.

PAT — Framework 1: The "two-player market" / Why private credit enabled LMEs

> *"Now you have a very large, sophisticated asset base in private lending that is chasing opportunities and can understand that complexity and can come in and say, yeah, we'll do that. We'll do it for 10, 11%. All of a sudden that works. And the owner of the business all of a sudden is like, wait, I can get 10, 11% or so from the incumbent lenders or I can get the exact same thing over here. So now I've got a two-player market."*

Where to use: when asked about how the LME wave emerged or why the threat of a "deal away" became credible.

PAT — Framework 2: The 4-part "deal-away credibility" assessment

> *"In its simplest form, you're evaluating: do they actually have a severable business or assets that they can pull away from the collateral group? Are there lenders that are willing to underwrite that? Do the docs allow for it? Are there holes in the documents that actually allow very clearly for them to put that much of an asset into an unrestricted subsidiary? And then you can back into how much money they can actually raise on that, and then you can kind of price it."*

Where to use: if asked how to assess whether a deal-away threat is real. This is a teachable framework you can lay out: (1) severable assets, (2) willing lenders, (3) permissive docs, (4) calculable borrowing capacity.

PAT — Framework 3: The "step-one shortcut" / Incumbency premium

> *"I know what step one works, you know, rough approximation. So I know the bogey I'm trying to hit. I know what your priorities are because we've had that discussion. And so I can just jump to step two. And I can try to engineer something that is solution-oriented to, you know, good outcome for me, good outcome for you."*

Where to use: answers to "what's Anchorage's edge as a sitting creditor in an LME." The incumbent doesn't have to compete with an outside lender — they can offer what the sponsor wants directly and skip the adversarial step.

PAT — Framework 4: Institutional reputation as a multi-deal asset

> *"Our job is to make money as a fund and an institution, not necessarily in an individual deal. And so, we as an institution are always thinking who are good partners, who works well in a group, who is consensus-oriented. And also, who is going to be maybe in the next deal or the next deal. I think most market participants are very mindful of the fact that there isn't one of these LMEs to deal with. There's 40 of them. And if we want to be at the table and a part of that, we need to show that we can be a good partner."*

Where to use: the "why Anchorage" answer — turn this back at him.

PAT — Framework 5: The missing stigma (why LMEs proliferated)

> *"I think back earlier in my career, five to six, seven years ago, everybody thought maybe there was like a stigma around doing these types of deals. It would upset your partners in the capital markets. There would be a cost of capital detriment on your next deal. Not sure that ever really existed. And I think owners of businesses learned that they could do these deals and they could get concessions and they could buy themselves time. And if the folks across the street are doing it, why shouldn't we be doing it?"*

Where to use: when explaining the velocity of the LME wave or behavioral drivers of distressed activity.

PAT — Framework 6: His view on Serta/Mitel (measured, not market-ending)

> *"The punchline is I'm not sure it means much because I think there's a lot of crafty lawyers out there and there's still a lot of holes in these documents. And so, we've already seen a couple transactions since Serta that were being negotiated at the time Serta's opinion came out... [Deals] resulted in a non-pro-rata outcome, but high participation in the transaction. So I think what it shows is that, like, liability management is going to persist."*

Where to use: if asked your view on post-Serta. The intellectually sophisticated answer is to agree with him — court decisions attack execution, not root cause.

PAT — Framework 7: The root cause courts haven't addressed

> *"To me, what neither Serta or Mitel or, frankly, Incora, what they don't address is what's really driving liability management, which is the holes in the documents that allow for the competitive tension in a deal or, said another way, the third-party deal away. As long as that persists, as long as that's there, I think lenders are going to come to the table and have the discussion."*

Where to use: the most sophisticated LME take. The root cause is the **basket holes**, not the execution mechanism. Even pro-rata rules wouldn't kill LMEs because the deal-away threat persists.

PAT — Framework 8: Co-ops as a "lender base diffusion" response

> *"Ten years ago, I think you'd have four or five kind of key constituents in a lender or bond group. They all knew each other very well... Now you've got probably 35 lenders that own 2% or 3%. And a lot of these asset managers that maybe have a CLO arm also have a very robust private lending arm. So they may want to play the situation a couple of different ways. I think it just led to... increased scrutiny and general distrust in the market that people wanted something more bona fide."*

Where to use: explaining why cooperation agreements emerged. It's about **base diffusion + conflicts of interest** (CLO arm vs PE arm in same asset manager), not just deal mechanics.

PAT — Framework 9: His contrarian co-op take

> *"I could argue that co-ops are really just beneficial to the folks that are undersized in an investment and can get into the co-op."*

Where to use: if asked about cooperation agreement value. This is a counterintuitive view — large creditors would have organized informally anyway. Cite this back to him.

PAT — Framework 10: The investment-first principle

> *"The LMEs that we participate in, we're not going to do it to kind of play the LME or a structural outcome. Elevating up in a capital structure is good, but if we can't underwrite to the recovery of the business, at least through that security, then I'd be highly circumspect of like getting into that type of investment."*

Where to use: the cleanest expression of how Anchorage differentiates from a pure LME-tourist trade. **Business underwrite first; structure second.** If asked "how does Anchorage think differently about LMEs than a hedge fund," this IS the answer.

PAT — Bonus: The J.Crew "Humpty Dumpty" quote

> *"When we did the IP drop-down in J.Crew, you know, we always thought about, okay, well, if this ultimately doesn't work, how do we put Humpty Dumpty back together again? Because we thought that, you know, how much would you pay for a J.Crew shirt that didn't have J.Crew written on it? We didn't think very much. We thought that the IP was actually incredibly valuable. And ultimately, when we had to restructure that business and take ownership, we found a way to put it back together."*

Where to use: if asked about J.Crew specifically. This confirms Anchorage was on the lender side of the IP drop-down and actively underwrote the put-back optionality.

PAT — Framework 11 (NEW from transcript): The "intersection of law and finance" reason he chose distressed

> *"I'm not a lawyer by background — I'm not a financier by background. But at that time, it felt like this intersection of law and finance that created this complex chess match that just sounded really interesting."*

Where to use: the opening of your "why investing" answer. This is the single most pitchable quote in the whole podcast for you specifically — Pat literally describes the reason he chose this field, and it's your training profile. (Note: he also took **Harvey Miller's bankruptcy class at Columbia Law** while at business school — cross-registered.)

PAT — Framework 12 (NEW): Why he chose THE ANCHORAGE SEAT, not just any buyside

> *"I always wanted to kind of get to that side of the business. And I knew working for and learning for somebody like Charles [Tauber] would be an incredible opportunity. And it would also put me in a seat where I didn't necessarily have to be the person to call out where EBITDA or revenue is going. I really was in a unique seat where I could focus on what I really enjoyed, which was the restructuring, advocating through a process, understanding that process."*

Where to use: the 4th pillar of "why Anchorage" — the personal Pat-arc piece. The Anchorage seat is **restructuring-focused, not generalist credit underwriting.** That distinction matches your training exactly.

PAT — Framework 13 (NEW): Anchorage's "1+1+1>3" mantra

> *"Anchorage's mantra is that if you bring research and restructuring and trading together, then one plus one plus one equals more than three."*

Where to use: quote this back to him as the Anchorage value-prop articulated by the Global Head himself. Best in the "why Anchorage" answer or in response to "what do you know about how we work."

PAT — Framework 14 (NEW): What sell-side teaches you that you keep on the buyside

> *"On the sell side, you learn how the banking and legal process works and how the network works and how relationships work. And you really come to value that... understanding that restructuring process and understanding how to manage it and bend it and advocate within it is a lot of what I do now on the buy side."*

Where to use: when asked "what does your advisory experience give you here." Pat validated the answer — the process expertise, the relationships, the legal-banking-network knowledge ARE the assets that transfer.

PAT — Framework 15 (NEW): What was hardest in the transition — his warning to you

> *"On the investment side, you actually have money at work. You have P&L at risk... being able to ensure that you're comfortable investing, not knowing everything, but ensuring you've done what you need to do to know enough is something that, frankly, took me years to kind of understand how I get there, but also like how you sleep at night and how you kind of wear it. Because you're never always going to be right. Your goal is to just try to be right more than you're wrong."*

Where to use: this is his honest warning. If he asks "what worries you about making this move," you can preempt the answer with: *"You said on the podcast it took you years to learn how to be comfortable investing with incomplete information — that's the part I expect to be the hardest. I'd want to learn whatever shortcuts to that process you'd be willing to share."*

---

4. THE THREE NARRATIVE ANSWERS

4.1 OPENING / "TELL ME ABOUT YOURSELF" (~25 seconds)

> *"Sure. Four years on restructuring from both sides of the table — two at Davis Polk papering the credit agreements, DIP financings, and RSAs, then two at Evercore building the recovery models, waterfall analysis, and lender outreach. Before that, two years on a municipal credit desk at Morgan Stanley out of undergrad, then law school at Georgetown. The arc I've been building is the legal-and-financial synthesis on the same set of restructuring problems — and the seat I'm trying to step into is the one where that synthesis actually gets deployed as a thesis, not as a deliverable."*

Why it works: Lean, structured, signals the JD-banker-RX integrated path without leading with the JD. The phrase "legal-and-financial synthesis on the same set of restructuring problems" is precise — that's the inverse complement to Pat's accounting-MBA-RX background.

4.2 "WHY THE SWITCH TO INVESTING?" (~85 seconds — gold standard, updated with Pat's own framing)

> *"The framing you used on the podcast — that distressed is the intersection of law and finance, a complex chess match — is the exact reason I took the path I did. Davis Polk first, then Evercore. The legal side and the financial side of the same problem.*
>
> *The honest version is that I've spent four years on the analytical part of restructuring without ever owning the outcome. Two at Davis Polk drafting the credit agreements, RSAs, disclosure statements — the document is the record of what the capital structure decided. Two at Evercore building the recovery models, waterfall, liquidity runway — the math is the case for why one tranche wins and another loses.*
>
> *Around year three, I noticed something. The questions I was spending the most time on weren't the ones that paid the fee. Where does value break under three different operating cases. Which tranche has the real optionality versus which one looks cheap but is structurally subordinated. What does the 18-month docket actually look like. Those are buyside questions being asked from the wrong chair.*
>
> *The frame I keep coming back to: advisory pays you to close. The success function is binary and ends at signing. Credit investing pays you to be right — and being right in credit is asymmetric. You can't make more than par. You can lose 100. So the work isn't about reaching for yield; it's about whether the price compensates you for the downside you've actually underwritten, and whether the technical that pushed a loan to 70 reflects something fundamental or just a CLO manager dumping a CCC bucket on a thin Wednesday. That distinction is the part of the work I find genuinely engaging.*
>
> *What I'd be giving up is real — advisory breadth, repeatability, the cross-deal pattern recognition. But the math is that two years of advisory teaches you a thousand deals at a centimeter of depth. Two years of a buyside RX seat teaches you ten deals at a kilometer. I want the kilometer."*

Note on the opener: quoting his "intersection of law and finance" framing back to him is the single highest-leverage move you can make. Pat used this exact phrase to describe why HE chose distressed in 2009 at

Columbia. You're not parroting — you're saying *"the reason you chose this field is the reason I chose this path."* That's the deepest possible alignment.

Bloomberg integration (if you want to weave in Pat's framing):

After "those are buyside questions being asked from the wrong chair," you can add:

> *"And the framing I've taken from how you've talked about this publicly is that the LME world specifically rewards being the institution that's already in the structure — your line about 'I can just jump to step two' instead of having to compete the entire deal from scratch. That's not a structural arbitrage; that's a position you build over multiple deals as the right partner. That's the work I want to learn how to do."*

But — **only weave in the Pat reference if the conversational tempo allows it.** Don't force it.

The 5-beat template (anchor under pressure):

1. **Honest version setup —** "four years on the analytical part without ever owning the outcome"
2. **The pivot —** "around year three, the questions I was spending the most time on weren't the ones that paid the fee"
3. **Intellectual anchor —** "credit pays you to be right, and right in credit is asymmetric: capped upside, full downside"
4. **The acknowledgment —** "what I'd be giving up is real"
5. **The landing —** "thousand deals at a centimeter / ten at a kilometer / I want the kilometer"

4.3 "WHY ANCHORAGE? WHY THIS DESK?" (~85 seconds — 4-pillar, trifecta-validated)

> *"Four reasons, concrete ones.*
>
> *First, the seat. Post-2022, Anchorage rebuilt the restructuring franchise with senior ownership — you as Partner, Global Head, and an ACO IC voting member. That means the person running the desk is also voting capital, so the work product on day one is investment work, not deck production for someone else's investment work.*
>
> *Second, the style. Anchorage plays offense. J.Crew — $800M of DIP and exit financing alongside GSO and Davidson Kempner, equitize $1.6B of secured, end up majority owner. Altice France — on the steering committee of a 94% lender co-op working to eliminate roughly €8.6B of term debt. At Home this October — same DIP-to-equity template, member of the AHC that backstopped the $600M DIP and now owns 98% of the reorganized equity. MGM — $500M out of Chapter 11, board seat, eleven-year hold, sold to Amazon for $8.45B. That's a very different lane than coupon-clipping credit shops or the LME-tourist hedge funds. And*

> *the institution backs the strategy with capital — Fund VIII at 22.8% net, ACO IX over its hard cap with 70%+ re-up.*
>
> *Third, institutional weight. When Anchorage walks into a creditor group, the room reorders. You said it on Bloomberg in March — there isn't one LME to deal with, there are forty, and the job is being the partner people want in the next one. I've spent four years watching that calculus from the advisor side. I want to sit on the side that's playing the next forty of them, not the next one.*
>
> *Fourth, you. You made the Moelis-to-Anchorage move in 2016 and built into Global Head from the inside. That's the exact arc I'm trying to run, and I'd rather learn the arc from the person who actually ran it."*

The 5-beat template:

1. **Four reasons, concrete ones** — open
2. **The seat** — Partner / Global Head / IC voting member → investment work on day one
3. **Offense** — four deals (J.Crew → Altice → At Home → MGM) + folded-in institutional weight
4. **Pat's quote tie-in** — "forty LMEs, not one" → "I want to play the repeated game"
5. **The arc** — Moelis-to-Anchorage, learn from the person who ran it

---

4A. THE ANCHORAGE DIP-TO-EQUITY PLAYBOOK (the signature move — know this cold)

DIP-to-equity is **Anchorage's signature restructuring move.** It's the structural mechanic that connects J.Crew (2020), At Home (2025), and the Saks setup (June 2026). If you can articulate this playbook cleanly, you've demonstrated cross-deal pattern recognition that most candidates won't have.

What the playbook actually is

A DIP-to-equity conversion is when **a debtor-in-possession financing instrument is structured (or evolves) such that, instead of being repaid in cash at emergence, it converts into the reorganized company's equity** — usually via either: - **Direct conversion:** the DIP balance is exchanged for equity at the plan's reorganization valuation - **Rights offering backstop:** the DIP lenders commit to backstop a new-money rights offering at emergence; their existing DIP rolls into equity if not refinanced - **DIP-to-exit-then-equity:** the DIP rolls to an exit term loan AND the same lender group takes the bulk of the reorganized equity (the J.Crew template)

The strategic point: the DIP isn't priced as a yield instrument. It's priced as **a control-acquisition cost**. The superpriority, the roll-up, the fees, the milestones — those are mechanical features. The economic value is **the embedded call on the reorganized enterprise value at emergence.**

Why Anchorage runs this playbook (vs other shops)

Five structural reasons this template fits Anchorage specifically — and not Apollo Credit, not Oaktree's flagship, not GoldenTree, not a typical hedge fund:

1. **They're already prepetition holders.** Anchorage doesn't enter the DIP cold. They built positions in the prepetition senior secured paper at distressed prices (40-60¢) BEFORE the bankruptcy. The DIP is a way to ADD to their basis on better terms and lock in their equity conversion path.

2. **Patient capital.** ACO drawdown funds aren't quarterly-liquid. They can hold reorganized equity for 3-10 years — exactly what's needed to capture the post-emergence operational recovery. A hedge fund with quarterly redemptions can't do this.

3. **Investment committee tolerance for equity.** Most credit shops won't hold post-emergence equity on the credit book. Anchorage's IC explicitly underwrites the equity-conversion outcome at entry — Pat's an IC voting member, so the conversion math is baked in.

4. **Operational capacity.** Ulrich on the MGM board for 11 years. Anchorage running J.Crew as a portfolio company. They have the muscle to govern post-emergence — not just hold equity.

5. **Reputation to assemble co-lenders.** Anchorage doesn't fund $400M-$1B DIPs alone. They consistently bring in GSO/Blackstone Credit, Davidson Kempner, Redwood, Farallon. Their **institutional reputation** (Pat's Bloomberg framework) makes them the natural lead — and the co-lenders trust the term sheet.

The mechanic in detail — the three economic components

When you walk through "how do you value a DIP-to-equity option" in interview, deploy this three-layer breakdown:

Layer 1 — The cash-pay/PIK coupon (small piece of total economics): DIPs typically priced at SOFR + 500-1000bps + significant PIK premiums. At Home was SOFR + 11% PIK (per Saks framework). Yieldy on its own but secondary to the conversion economics.

Layer 2 — The superpriority + roll-up (defensive layer): The DIP is administrative claim ahead of all prepetition debt. Existing prepetition holders who participate in the DIP get to "roll up" their prepetition paper into superpriority status — meaningful for credits where prepetition recovery was uncertain. At Saks the roll-up is structured as $1.6B of prepetition paper rolled into the $2.6B DIP TL (alongside $1B new money).

Layer 3 — The embedded call (where the real value sits): At emergence, the DIP either converts to equity at the plan-implied valuation OR converts to an exit term loan PLUS the same lender group takes the bulk of equity in a separate process. Either way, you've effectively bought **call options on post-emergence enterprise value with your debt instrument**. If EBITDA recovers, the equity multiple expands well beyond what the DIP coupon would pay. If EBITDA stays flat, you still have the senior debt with hard collateral protection. **The asymmetry is the embedded call.**

How it ran in each deal

J.Crew (2020) — the founding template: - $400M DIP funded by Anchorage + GSO + Davidson Kempner (the AHC) - The DIP did NOT get repaid in cash. It **converted directly to the $400M exit term loan** at emergence - ALSO: ~$1.6B of secured prepetition debt was equitized → Anchorage emerged as majority equity owner - McGrath publicly named as the lead on this exit financing structure - **Result:** Anchorage owned the post-emergence company AND held the senior secured exit TL

At Home (Oct 2025) — five years later, same template, more aggressive: - $600M DIP backstopped by Redwood (lead), Anchorage, Farallon, Silver Rock, Aryeh, Glendon — the AHC - Structure: $200M new money + $400M roll-up of prepetition senior debt - **DIP converted directly to 98% of reorganized equity** at emergence (Oct 24, 2025) - $1.62B of debt eliminated; emerged with clean balance sheet and 219+ stores - **Result:** The AHC effectively bought the company through the DIP

Saks Global (June 2026) — the live one: - $2.6B DIP TL ($1B new + $1.6B roll-up) + $1.5B ABL DIP, three-tranche TL structure - DIP lenders convert to ~100% of reorganized equity at emergence - Lead AHC: Pentwater ($1.2B / 37.9%), FFI ($553M / 16.8%), GoldenTree (≥$200M) - **Anchorage is NOT in this AHC** — which is why Saks is your PITCH, not your stay-clear - Same template Anchorage ran, executed by other shops here

The Saks angle for the pitch — why this matters

If Pat asks "why pitch Saks as an exit TL play rather than chasing the equity," your answer becomes much sharper now:

> *"The equity is locked up at the AHC level — Pentwater, GoldenTree, FFI bought their basis through the DIP. That's the playbook your desk has run twice — J.Crew, At Home. The opportunity for an outside buyer isn't competing with them for the equity at the implied valuation. It's the secondary trading overhang on the $750M exit TL when Pentwater and others need to free up risk budget. They ran the DIP-to-equity move; I want to be in the credit instrument they're stuck holding alongside. That's the cleaner risk-reward."*

This is the pattern-recognition pitch: you're not just naming a deal, you're showing you understand WHY the lender-equity owners are the natural sellers of the exit TL and why that creates an entry.

If pressed: the asymmetric edge in DIP-to-equity vs other paths to ownership

Pat may probe: *"Why is the DIP the right instrument to acquire control, versus a stalking horse 363 sale or a backstopped rights offering?"*

> *"Three reasons:*
>
> *One, basis advantage. The DIP gets in at the implied plan valuation, which is generally below the trading enterprise value at emergence. A stalking horse pays the auction-clearing price; the DIP-to-equity converts at the disclosure statement valuation.*
>
> *Two, process control. The DIP comes with milestones — bid deadlines, plan confirmation dates, fee triggers. You're controlling the timeline AND the financing AND the consultation rights with the debtor's professionals. A backstopped rights offering gives you participation but not the same level of process control during the case.*
>
> *Three, defensive optionality. If the plan you wanted doesn't materialize — say the debtor fights the plan or another bidder shows up — your DIP is still senior secured admin-priority debt with hard collateral. You don't lose. A stalking horse bidder who gets outbid pays a small breakup fee and loses the optionality. The DIP holder either gets the company or gets paid back. That's the asymmetry."*

Risks of the playbook — be ready to acknowledge

If Pat asks where the playbook fails or what its limits are:

- **Plan litigation risk:** if non-DIP creditors challenge the plan valuation or the indemnity package (Serta-style), the equity-conversion path can be disrupted or repriced
- **Operational risk:** if the company doesn't have unit-level positive economics at zero leverage, you've bought a doomed business. Pat's investment-first principle (Framework 10) is the defense here — *"if we can't underwrite to the recovery of the business... I'd be highly circumspect."*
- **Capital structure complexity:** when there are multiple operating silos (Envision dual-silo, Saks's SGUS / HBS / OpCo / HoldCo waterfall), the DIP-to-equity math becomes harder; cross-silo intercreditor disputes can erode the embedded call value
- **Vendor / customer flight:** the DIP-to-equity playbook works for B2C retail (J.Crew, At Home, Saks) where customer relationships migrate. It works worse for B2B credits where major customers can defect on the bankruptcy

One-liner to have ready

> *"DIP-to-equity is the Anchorage signature move — it's the credit instrument as a control-acquisition cost, not a yield instrument. J.Crew, At Home, and Saks all run the same template. The economic value isn't the SOFR + 11% PIK coupon — it's the embedded call on post-emergence enterprise value, sized cheaply because you're buying the prepetition paper at distressed levels and rolling up at par."*

---

5. TECHNICAL Q&A — 10 QUESTIONS PAT IS LIKELY TO ASK

Each answer is designed to deploy Pat's own frameworks back at him as supporting structure.

Q1. "Walk me through a J.Crew trapdoor."

Your answer:

> *"Sure. 2017 unrestricted-sub designation of IP. The mechanism stacks three nested investment baskets: the basket permitting investments by non-loan-party restricted subs in unrestricted subs, combined with the basket permitting investments funded by proceeds of other permitted investments. That stacking creates a trap door to move IP to an unrestricted sub — beyond first-lien lender reach — and then issue new debt at the sub using the IP as collateral. ~$250M of IP went to Chinos Intermediate Holdings A in 2017. Every drop-down since (PetSmart's guarantor release, Envision, EchoStar) is a variation. The 'J.Crew blocker' provision now appears in nearly all new credit agreements."*

Pat connection: he was on the LENDER side of this trade and said on Bloomberg: *"When we did the IP drop-down in J.Crew, we always thought about, okay, well, if this ultimately doesn't work, how do we put Humpty Dumpty back together again?"* — meaning Anchorage explicitly underwrote the put-back optionality even at the moment of the drop-down. If asked about your view on IP drop-downs broadly, you can reference this.

Q2. "Post-Serta, how do you underwrite an uptier?"

Your answer (5-step framework):

> *"Five-step framework, post-Serta and Mitel.*
>
> *One, jurisdiction first. 5th Circuit is hostile per the December 2024 reversal; SDNY and Delaware remain permissive per Mitel. Where the credit agreement is governed materially changes the underwrite.*
>
> *Two, 'open market purchase' definition risk. If the 5th Cir reading is going to apply, was the transaction in form an open-market repurchase or a privately negotiated bilateral exchange?*

> *Three, sacred rights and pro-rata sharing. Any 100%-consent requirements being walked over? What's the litigation option value for non-participating creditors?*
>
> *Four, >51% participation is table stakes. But you have to model the non-participating minority's litigation drag on realized recovery — the headline yield on the priming tranche is not the actual yield.*
>
> *Five, the structural question. The point you've made publicly is that neither Serta nor Mitel addresses the actual driver — the basket holes around investments and restricted payments that create the deal-away threat in the first place. So even if jurisdiction goes against the structure, the next LME will use new doc technology. The Better Health post-Serta deal is the example. The 'crafty lawyers' point holds."*

Pat connection: the last beat directly quotes his Bloomberg view: *"there's a lot of crafty lawyers out there and there's still a lot of holes in these documents. And so, we've already seen a couple transactions since Serta..."* Naming his view back at him with attribution shows you listened.

Q3. "How do you value a DIP-to-equity option?"

See Section 4A above for the full DIP-to-equity playbook treatment. The compressed answer:

> *"Price it as a control-acquisition cost, not a yield instrument. Three economic layers:*
>
> *One, the cash-pay/PIK coupon — small piece, SOFR+500-1000bps with PIK premiums.*
>
> *Two, the superpriority and roll-up — admin priority ahead of all prepetition debt; existing holders fold prepetition paper into superpriority status. Saks's $1.6B roll-up alongside $1B of new money is the current template.*
>
> *Three — and this is where the real value sits — the embedded call on post-emergence enterprise value. The DIP either converts directly to equity at plan-implied valuation, or rolls to an exit TL while the same lender group takes the bulk of equity. Either way, you've bought call options on post-emergence EV with your debt instrument.*
>
> *J.Crew 2020 is the founding template — $400M DIP rolled to $400M exit TL, $1.6B of prepetition secured equitized, Anchorage emerged majority owner. At Home October 2025 is the same playbook executed more aggressively — $600M DIP converted to 98% of equity. Saks Global is the live version run by Pentwater/GoldenTree/FFI.*
>
> *The asymmetric edge versus a stalking horse 363 or a backstopped rights offering is three-fold: basis advantage (DIP enters at plan-implied valuation, below trading EV); process control (milestones, fee triggers, consultation rights); and defensive optionality (if the plan doesn't materialize you're still admin-priority secured debt). You don't lose."*

Pat connection (the key framing from his Bloomberg interview):

> *"if we can't underwrite to the recovery of the business, at least through that security, then I'd be highly circumspect of like getting into that type of investment."*

DIP-to-equity works specifically because you can underwrite BOTH the debt recovery (collateral floor) AND the post-emergence equity (the embedded call) — it's not a pure structural arbitrage. That's what makes it a Pat-style trade, not an LME-tourist trade.

Q4. "What's the right way to think about cooperation agreement value?"

Your answer:

> *"It's an option on collective action. You give up some optionality — can't free-ride a deal away from the group — in exchange for blocking position and litigation cost-sharing. The value is highest when the company has multiple LME paths available, so a unified creditor block can extract premium. The value is lowest when the docs are airtight — no LME path means no need to coordinate.*
>
> *Your contrarian point on Bloomberg — that co-ops are really most valuable to undersized creditors who need the equitable-treatment guarantee — is worth thinking about. Large creditors would have organized informally anyway. The paper is more about leveling the floor than raising the ceiling for the leads."*

Pat connection: Directly engaging his contrarian framing: *"I could argue that co-ops are really just beneficial to the folks that are undersized in an investment and can get into the co-op."* Citing his counterintuitive view back at him signals you actually engaged with his thinking, not just memorized his deals.

Q5. "Altice France — where's the fulcrum?"

Your answer:

> *"The secured term loan group at 94% co-op participation is the seat — that's the fulcrum class. The question is enforcement venue and whether Drahi has a credible threat to use a French sauvegarde to bind dissenting holders. The steering committee seat is worth a premium because it's where consent gets traded for economics. Final outcome — secured got 31% equity stake plus cash plus reinstated debt with tighter doc protections on related-party transactions; HoldCo got 14% equity plus reinstated notes plus CVRs. The doc-tightening on related-party transactions may matter more long-term than the headline equity stake — that's the structural piece that prevents Drahi from re-extracting in the future."*

Pat connection: acknowledges his fund's involvement without overclaiming knowledge of internal positioning. The doc-tightening point shows you understand that legal architecture matters as much as headline economics — exactly his framing.

Q6. "CLO OC test failure — what's the trade implication?"

Your answer:

> *"Two trades. First, you can buy quality B2/B3 paper at technical discounts when CLO managers are forced to sell because the credit crossed the CCC threshold. The loan is selling because the structure forces the sale, not because the credit deteriorated meaningfully. Second-order, the equity tranches of stressed CLOs themselves become distressed — you can buy control of the CLO and run the wind-down on your timeline rather than the manager's.*
>
> *Right now 13% of amortizing CLOs are failing OC tests, 39% have under 1% cushion. The distressed ratio is 7.23%, highest since December 2022. The forced-seller channel is active, and Anchorage's CLO franchise via Yale Baron gives the desk visibility into this dislocation early."*

Q7. "Why is private credit not the answer to the maturity wall?"

Your answer:

> *"PIK toggle usage has doubled — from 5% to 11% of private credit income — between 2022 and 2025. 'Bad PIK,' meaning mid-contract conversion from cash-pay, is at 6.4% of total exposure, 3× three years ago. The IMF found 40% of PC borrowers have negative free cash flow. Fitch's PC default rate at 5.8% TTM is a record.*
>
> *Your point on Bloomberg connects here — private credit absorbed the LBO borrowers who couldn't access the BSL market in 2022-23 at 10-11% rates, creating the 'two-player market' that made the LME wave possible. But PC is a deferral mechanism, not a recapitalization mechanism. It kicks the can but compounds principal. When the deferral unwinds in 2026-27, the same borrowers come back to market with weakened balance sheets, fewer options, and bigger problems. PC isn't the off-ramp; PC IS the next wave of opportunity."*

Pat connection: explicitly references his Bloomberg "two-player market" framework as the historical setup, then extends it forward.

Q8. "How do you think about risk in credit?"

Your answer:

> *"Two distinctions matter. First, risk is permanent impairment of capital, not mark-to-market volatility. A name that moves from 100 to 70 and back to 95 hasn't lost you anything if you were right about the cap structure and held through. A name that moves 100 → 70 and then defaults at 30 is permanent. The discipline is to underwrite the second case, not size the first.*

> *Second, in credit specifically, the geometry is asymmetric. You cap at par plus coupon; you wear the full downside. Equity has the opposite shape — capped downside but uncapped upside. So in credit, discipline matters more than insight. You can't win the bad ones; you can only avoid them. That's why the screen for me isn't 'is this a good company' — it's 'what's already priced in, what is the path from here, and where do I want to sit if I'm wrong about the path.'"*

Q9. "Pick a name — long or short."

See Section 7 — Saks Global Exit Term Loan pitch. Don't lead with it. Deploy only if asked.

Q10. "Tell me about a time you disagreed with a senior."

This is testing intellectual honesty, not conflict tolerance. The strong answer is a **substantive analytical disagreement**.

Template (adapt to a real Evercore deal):

> *"On [deal], we were advising [debtor/creditor]. My MD's view was that the company had [X] turns of debt capacity at emergence, which drove the recovery math to [Y cents] for the second lien. I thought the exit EBITDA assumption was too optimistic by 15-20% because [specific operational reason]. I modeled out three scenarios; the sensitivity showed if EBITDA was 15% lower, second lien went from 40-cent recovery to near-zero. The real disagreement wasn't the number — it was whether to surface that sensitivity in the client deliverable, because it complicated the narrative we were selling. I raised it. The outcome: [what happened]."*

The structure shows: (1) analytical judgment, (2) willingness to hold a position, (3) understanding of the professional tension between honest analysis and client service in advisory — a tension the buyside doesn't have in the same way.

---

6. THE MARKET THESIS (~90 seconds)

> *"My base case is that the next 24 months are dominated by three forces that compound.*
>
> *One: the LME trilemma you laid out at Wharton is becoming a maturity problem, not a discount problem. 2022-23 was discount-capture-driven; with $301B of loans maturing in 2028 and 68% rated B− or worse, the leverage shifts to whoever can credibly extend. That favors institutional capital with a reputation for showing up — your 'deal-away credibility' framework from the Bloomberg podcast.*

> *Two: CLO technicals are breaking down — 13% of amortizing CLOs failing OC tests, 39% with under 1% cushion — which means forced selling at exactly the wrong moments and a structural bid leaving the market just as the maturity wall hits.*
>
> *Three: the macro overlay is a tariff-driven margin compression story, not a rate story — 20.6% effective tariff rate is a 1940s number, and it lands on EBITDA, not interest expense. Distressed ratio at 7.23%, LMEs at 65% of defaults — the regime is confirmed.*
>
> *Contrarian piece: I don't think private credit is the savior. Bad PIK at 6.4%, 40% of PC borrowers with negative free cash flow per the IMF — private credit is a deferral mechanism, not a recapitalization mechanism. The PC books become the next wave of opportunity, not the off-ramp.*
>
> *What would change my mind: a sustained Fed cut cycle that reopens primary HY issuance below 7% would push the maturity wall out and compress the opportunity by 12-18 months."*

Numbers ready

- US CLO market ~$1.3T
- 13% of amortizing CLOs failing OC tests; 39% have <1% cushion
- Distressed ratio (loans <80¢): 7.23% Mar 2026 — highest since Dec 2022
- TTM lev loan default rate 5.9% (long-run avg 4.1%)
- LMEs = ~65% of all defaults in 2025
- $1.2T leveraged debt maturity wall 2027-2029
- 2028: $301B loans, 68% B− or below
- Private credit: PIK toggle 5%→11%; "Bad PIK" 6.4%; IMF: 40% PC borrowers negative FCF
- Trump 2.0 tariffs: 20.6% effective — highest since 1943
- Office CMBS delinquency 12.34% Jan 2026 — record

Sources to cite (selectively)

- Howard Marks memos (oaktreecapital.com) — risk control, second-level thinking
- Apollo Torsten Slok on maturity wall — apolloacademy.com
- CFA Research Foundation *Foundations of High-Yield Analysis* (2018) — technicals as alpha source
- Oaktree Credit Quarterly 4Q2024 — *The LME Wave* (Panossian)
- Roe & Rotaru, forthcoming Yale Law Journal — *Liability Management's Limited Runway*

---

7. THE MACRO PITCH — SAKS GLOBAL EXIT TERM LOAN (VERIFIED 2026-05-18)

Critical rule: Don't volunteer this pitch. Deploy ONLY when Pat asks "pitch me a name" or "what are you watching."

Material corrections vs earlier draft (post-verify): - Filed in **SDTX**, not SDNY (January 13, 2026) - The original 11% 2029 notes were **largely exchanged in August 2025** (~98% tendered). Current traded paper is the new second-out ($1.439B) + third-out ($440.7M) + SPV notes ($462.5M) - DIP is **two-facility, three-tranche TL** — $1B new money first-out + $808M second-out roll-up + $751M third-out roll-up, plus $1.5B ABL DIP - **March 16, 2026:** bondholders approved 5-year plan; $300M additional DIP draw unlocked - **April 1, 2026:** RSA signed (Pentwater, GoldenTree, FFI as named AHC) - **May 1, 2026:** disclosure statement approved - **UCC formally supports the plan** — luxury vendor coalition is aligned (rare and material) - **HoldCo Seller Note holders** are **Davidson Kempner, Sixth Street, PIMCO** (former Neiman equityholders) - **Bergdorf will NOT be sold** — stays in reorganized entity - **50 stores at emergence** (downsized footprint, confirmed) - **NYC flagship appraisal: $3.62B (March 2024)** — vs $1.25B CMBS face. Collateral asymmetry is MUCH stronger than original pitch implied - Court explicitly cited concern about "merchandising woes" when approving $500M exit financing — flag for confirmation hearing

Why this name (the criteria)

1. ~$1-5B debt range — fits Anchorage's ACO IX lane
2. B-/CCC equivalent
3. Live catalyst window — emergence June 22, 2026
4. Public cap structure
5. **Anchorage is NOT publicly positioned** — DIP holders are Pentwater / GoldenTree / FFI

The one-sentence framing

> *"I've been watching Saks Global since the vendor-payment story broke in late 2025. The pitch is the exit term loan at primary issuance, with a secondary entry around 90-95 if the technical selling overhang I expect materializes in July."*

Cap structure (pre-petition ~$3.4B Global Debtor; post-emergence ~$1.2B)

Pre-petition (at January 13, 2026 filing in SDTX):

Tranche	Issuer	Amount	Notes
NYC Flagship CMBS (SPV-backed)	Non-Debtor Saks Flagship Real Property LLC	$1.25B	Securitized on 611 Fifth Avenue; **appraised $3.62B (March 2024)**. Structurally outside the estate
HBS JV Leasehold Notes	HBS JV (62.4% owned)	$428M	Securitized on 31 U.S. property leaseholds
SPV Notes (SGUS-level)	SGUS LLC (Jun + Aug 2025)	~$762M	From the Aug 2025 LME: $300M cash + $162.5M exchange + $1.439B second-out + $440.7M third-out exchange notes
FILO On-Loan	SGUS → SGE	$400M	1L on ABL collateral, 2L on Notes collateral
NPC On-Loan (OpCo Notes)	SGUS → SGE	~$362M	OpCo intercompany loan
HoldCo Seller Note (PIK'd)	Mercury Aggregator HoldCo	~$310M	Held by **Davidson Kempner, Sixth Street, PIMCO** (former Neiman equity); was due April 2026
Total Global Debtor		**~$3.4B**	

Important nuance: The original $2.2B in 11% 2029 Senior Secured Notes were **largely restructured in August 2025 —** ~98% tendered into the new tiered SPV/second-out/third-out structure above. The "sub-30¢ January 2026" trading refers to the **new exchange notes**, not the original 11% bonds.

DIP financing (January 2026 — two facilities):

- **ABL DIP: $1.5B revolving** (existing ABL lenders; ~$240M incremental availability)
- **SGUS Term Loan DIP: $2.6B delayed-draw**, three tranches:
- **$1B new money first-out —** Term SOFR + 11% PIK + 6% PIK structuring premium + 2% PIK commitment premium + 8% backstop premium
- **~$808M second-out roll-up** (prepetition SGUS notes)
- **~$751M third-out roll-up** (additional prepetition notes)
- **+$300M incremental DIP draw** (March 16, 2026, post 5-year-plan approval)
- AHC: **Pentwater ($1.2B / 37.9%), FFI Fund ($553M / 16.8%), GoldenTree (≥$200M)**, balance to $3.3B AHC total

Post-emergence target (June 22, 2026): - Exit Term Loan: $750M @ ~98¢ (2-pt OID) — confirmed pricing; expected ~SOFR+650, 5-yr tenor (spread + maturity [VERIFY at emergence]) **- Exit ABL Revolver: $347M - $500M incremental exit financing** (debt or preferred equity; court-approved May 2026; reduces if

exit liquidity > $700M) - **~$1.2B total post-emergence debt - DIP lenders convert to ~100% of reorganized equity - Emergence liquidity target: ~$700M**

The five-piece thesis

(a) The FY2024 ($102M) EBITDA loss was integration friction, not structural collapse. Neiman standalone was generating positive EBITDA pre-merger. Saks standalone was producing operating cash. Vendor payment disruptions and inventory starvation post-merger destroyed both temporarily. Operationally fixable.

(b) The 50-store retained portfolio is a different business. Down from 70+. Concentrated in highest-wealth zip codes. Per-store productivity should normalize materially.

(c) Bergdorf Goodman is genuinely irreplaceable. 5th Avenue flagship is one of the most productive luxury retail real estate assets in the world by revenue per square foot. **Strategic monetization optionality** (partial IP licensing, concession model with LVMH/Kering) is real upside not in any plan projection.

(d) Exit leverage deleverages fast IF revenue + margin recover. Plan projections (confirmed publicly): - FY2026 revenue ~$5.3B; net loss ~($135M) - FY2029 net income ~$99M - FY2030 revenue ~$7.2B with double-digit adj. EBITDA margin (implied ~$720M+ EBITDA on the FY30 base case — aspirational) - FY27-FY30 revenue CAGR ~7%

⚠ **Year-by-year EBITDA figures (FY2027/FY2028 absolute $) are NOT publicly disclosed.** Don't cite specific numbers. Frame as: *"the plan implies meaningful EBITDA inflection between emergence and FY2029, but the year-by-year track is not in the publicly available DS summaries — I'd want to model that path from the full DS projections table when those become available."*

(e) New ownership has perfect incentives. Pentwater/GoldenTree/FFI did NOT pay par. They're getting equity at a low basis. They won't over-lever.

(f) The UCC supports the plan — material confirmation-risk reducer. The Unsecured Creditors' Committee, dominated by luxury brand vendors, formally agreed to the plan. For a luxury retailer, vendor alignment is rare and structurally important: it means LVMH/Kering/Chanel-type houses have negotiated assurance of ongoing relationships under reorganized ownership. That removes a major operational tail risk.

The collateral floor — the killer asymmetry (revised after appraisal verify)

Critical update: The NYC flagship at 611 Fifth Avenue was **appraised at $3.62 billion in March 2024** (per BoF). The $1.25B figure is just the CMBS face on it, not the asset value. The flagship is non-Debtor collateral held outside the estate.

Hard asset coverage in a bear-case Ch.22 scenario: - **NYC flagship real estate: $3.62B appraised value** (March 2024) vs $1.25B CMBS - HBS JV leasehold portfolio (31 properties): material value - OpCo collateral (inventory, fixtures, IP, Bergdorf brand): substantial additional value - **Asset coverage against $750M exit TL is conservatively 3-5x in any reasonable distress scenario**

Recovery floor materially above par on the secured term loan even in liquidation. That's the asymmetry: capped downside far below realistic collateral floor, real upside via EBITDA recovery + Bergdorf monetization optionality.

⚠ **Caveat for interview:** The flagship is **non-Debtor —** held by Saks Flagship Real Property LLC, outside the SGE estate. The exit TL is secured at SGE level, not against the flagship directly. So the collateral story for the exit TL specifically is the HBS JV leases + OpCo collateral, NOT the $3.62B flagship. The flagship value protects the SPV CMBS noteholders, who sit outside the bankruptcy entirely. **Don't conflate these in interview.** The asymmetry is still strong (HBS JV alone covers material exit TL value), but be precise.

Three scenarios (qualitative — avoid specific year-by-year EBITDA citations)

Scenario	Operating trajectory	Exit TL trading	Return
Bear: Ch.22 in 3yrs, vendor flight, luxury secular decline	Revenue persistently below plan	60-70¢	-25 to -35%
Base: plan-tracking; Holiday'26 in-line; vendor relationships hold	**Revenue ~$5.3B FY26 → $7.2B FY30 per plan**	**100-105**	**+8-12%**
Bull: Holiday'26 outperforms; luxury rebound; Bergdorf monetization crystallizes	Revenue accelerates ahead of plan	105-110	+15-20%+

What would change my mind

- Vendor re-destabilization (LVMH/Kering moving to consignment)
- Luxury secular decline (not cyclical)
- New ownership treats as quick liquidation
- Manhattan retail real estate impairment

Catalyst path (verified May 2026)

Date	Event	Status
Jan 13, 2026	Ch.11 filing SDTX	Done
Mar 16, 2026	Bondholders approve 5-yr plan; $300M DIP unlock	Done
Apr 1, 2026	RSA signed with Pentwater / GoldenTree / FFI	Done
May 1, 2026	Disclosure statement approved	Done
Jun 1, 2026	**Creditor vote deadline**	On schedule
Jun 5, 2026	**Plan confirmation hearing**	On schedule, no delays
Jun 22, 2026	**Emergence; exit TL funded**	Target on schedule
Jul 2026	Secondary trading begins; DIP roll-up sellers exit (entry opportunity)	—
Nov-Dec 2026	**Holiday 2026 — THE signal quarter. Bergdorf is the leading indicator**	—
Jan 2027	Full FY2026 report; revenue vs. ~$5.3B target	—
2027	**Bergdorf stays in the entity** (won't be sold per plan) — but potential strategic monetization optionality	—

Note: Bergdorf will NOT be sold (per confirmed plan). The pitch can still cite optionality value, but frame as **"future monetization optionality if new owners choose,"** not as a near-term catalyst.

Why this fits Anchorage

- **Same playbook as J.Crew/At Home —** secondary version (buying exit TL of a name someone else already DIP-equitized)
- **ACO IX mandate fit —** small-cap, multi-tier complexity, real-asset collateral
- **Multi-tier expertise —** Altice France's OpCo/HoldCo/SPV waterfall is structurally similar to Saks's SPV/OpCo/FILO/HoldCo

Three probe-and-response pairs

Q: "What's Anchorage's edge vs Pentwater/GoldenTree who are already in?" A: *"They're locked at their DIP basis and will be motivated equity-holders trying to run the business. The opportunity isn't competing with them for equity — it's buying the exit term loan they'll be selling in size to free up risk budget for their next deals. Pentwater alone holds $1.2B of DIP paper they're getting equity for; they don't also want to hold the exit term loan. That's the technical overhang I expect in July."*

Q: "Why not buy equity directly through secondary?" A: *"Two reasons. First, the equity is unregistered private — not liquid at scale. Second, the asymmetry is better on the term loan: capped at par + coupon, but with hard collateral floor giving recovery upside in distress. The equity is option-like; the term loan is closer to bonds-with-warrants. For a credit-focused fund, the term loan is the cleaner instrument."*

Q: "Credit-fundamental case for luxury retail in 2026?" A: *"Two-factor. Structurally, the ultra-HNW consumer — top 1% by income — has been resilient through the 2023-24 luxury pullback. That's Bergdorf's customer. The cyclical piece is 'aspirational' luxury — affluent professionals — overshot in 2021-22 and undershot in 2023-24. Tariff disruption added a one-time inventory bullwhip in 2025. Normalization through 2026-27 is base case. Bear case: 'aspirational' luxury never recovers — the shift to experiences and DTC at the brand level is permanent. Holiday 2026 is when we find out."*

SAKS VERIFY SWEEP — UPDATING

[This section will be replaced with the agent's output once they return with fresh court-filing data — cap structure confirmation, exit TL terms, latest EBITDA projections, current 2029 Notes trading levels, etc. If the verify is not complete by interview time, fall back to the figures above with the explicit caveat: "These are from the disclosure statement as of ~May 1, 2026; the actual exit TL terms will price at emergence."]

---

8. QUESTIONS TO ASK PAT

Five questions designed to engage his actual published views. Each ladders to a specific public source.

1. *"On the Bloomberg podcast you talked about 'institutional reputation' as a negotiating asset — how do you operationalize that inside the team? Is it deal selection, who you co-invest with, or consistency on follow-on capital?"*
2. *"On the WRDIC panel, you and Roopesh framed 2025-28 as maturity-driven rather than discount-driven — does that change the holding-period assumption for ACO IX names versus what worked in Funds VII and VIII?"*

3. *"Post-Serta in the 5th Cir and Mitel in the First Department, how is the desk thinking about venue selection when you're building a co-op or AHC position? Are you actively picking jurisdiction at the entry trade?"*

4. *"Altice France — without asking you to talk your book — how do you think about European secured creditor leverage when the sponsor has a credible sauvegarde threat? The doc-tightening on related-party transactions in the final deal struck me as potentially more important long-term than the headline equity stake."*

5. *"You said on the podcast that it took you years to learn how to be comfortable investing with incomplete information — your line about 'how you sleep at night and how you wear it.' Two questions: first, what specific habit or process did you build that got you there faster than you would have organically? Second, what's the most expensive lesson on that front you'd want a Senior Associate to learn from your experience rather than their own?"*

(This question engages his exact words from the podcast, asks for practical advice, and shows you internalized his transition narrative. Most candidates won't have done this work.)

---

9. ADDITIONAL DEAL TEARDOWNS (FOR REFERENCE)

J.Crew 2017 → 2020 — Anchorage's flagship (Pat publicly named lead)

- 2017 IP "trapdoor" — ~$250M IP moved to unrestricted sub Chinos Intermediate Holdings A LLC
- May 2020 Ch.11 filing
- Sept 2020 emergence: Anchorage led $800M new financing ($400M DIP → exit TL + $400M ABL via BofA); GSO/Davidson Kempner co-lenders
- ~$1.6B secured debt equitized; **Anchorage majority equity owner**
- Milbank legal; PJT Partners FA

Altice France 2023-2025 — IFR EMEA Restructuring of the Year (Pat on steerco)

- Closed Oct 1, 2025
- ~€8.6B term debt eliminated; secured got 31% equity + cash + reinstated debt with related-party-transaction tightening; HoldCo got 14% equity + reinstated notes + CVRs
- Steerco co-members: Elliott, PIMCO, BlackRock, Fidelity, UBS AM, Sona, Sculptor
- Co-op grew to 200 institutions covering €19B at 94% participation

- Gibson Dunn legal (OpCo group); Rothschild FA; Milbank repped HoldCo group

At Home Group 2025 — Same DIP-to-equity template five years later

- Filed June 16, 2025; emerged Oct 24, 2025 (prepack)
- Anchorage in AHC with Redwood Capital (lead), Farallon, Silver Rock, Aryeh, Glendon
- $600M DIP ($200M new + $400M roll-up); 98% of reorg equity to lender group
- ~$1.62B debt eliminated; 219+ stores open at emergence

Serta 5th Cir vs Mitel NY — the jurisdictional split

- **Serta (5th Cir, Dec 31, 2024):** uptier NOT "open market purchase" under credit agreement. Plan indemnity excised. SCOTUS cert denied Nov 2025. Damages remand pending summer 2026.
- **Mitel (NY First Department, Dec 2024):** opposite ruling; permissive on uptier mechanics. SDNY/Delaware historically more permissive than 5th Cir.
- Result: **jurisdiction is a strategic variable in LME design.**

Lumen 2024 LME — IFR Americas Restructuring of the Year

- $15B across 15 tranches; closed March 22, 2024
- AHC: Silver Point, PIMCO, **Diameter Capital**, BlackRock
- Davis Polk repped AHC (your former firm)
- $1.325B new 1L at Level 3 → $2.2B uptier to 2L → covenant strip of $1.94B non-participating unsecured (collapsed to mid-20s¢)
- **Diameter founded by ex-Anchorage partners Scott Goodwin and Jonathan Lewinsohn** — cross-holder strategy traces back to Anchorage DNA

MGM Holdings 2010 → 2021 — The patient capital identity

- 2010 prepack Ch.11; Anchorage invested $500M; Ulrich on board (chairman by 2017)
- Sold to Amazon March 2021 for $8.45B
- **~$2B Anchorage profit, 11-year hold**

---

10. THE READING LIST (sourced primary references)

If asked "what have you been reading":

Howard Marks — three memos to internalize

- *The Most Important Thing* (July 2003) — origin of "second-level thinking" — https://www.oaktreecapital.com/docs/default-source/memos/2003-07-01-the-most-important-thing.pdf
- *Risk Revisited* (Sept 2014) — risk = permanent impairment of capital — https://www.oaktreecapital.com/docs/default-source/memos/2014-09-03-risk-revisited.pdf
- *You Can't Predict. You Can Prepare.* (Nov 2001) — the cycles memo — https://www.oaktreecapital.com/docs/default-source/memos/2001-11-20-you-cant-predict-you-can-prepare.pdf

Quote to know: *"You shouldn't expect to make money without bearing risk, but you shouldn't expect to make money just for taking risk."* — Marks, *The Indispensability of Risk* (April 2024)

Apollo / Torsten Slok

- *The Shape of the Maturity Wall & Rates Higher for Longer* (Oct 31, 2024) — https://www.apolloacademy.com/the-shape-of-the-maturity-wall-rates-higher-for-longer/
- *Software Maturity Wall* — https://www.apolloacademy.com/software-maturity-wall/

Use: "Slok's framework is that the risk isn't operational failure — it's path-to-capital. Lower-rated credits face refinancing at coupons 3-4 turns above their underwritten cost."

CFA Research Foundation

- *Foundations of High-Yield Analysis* (2018) — https://www.cfainstitute.org/sites/default/files/-/media/documents/article/rf-brief/rfbr-v4-n5-1.pdf

Quote: *"Market technical factors can create an exceptional opportunity to generate alpha."*

Oaktree

- *The LME Wave* — Credit Quarterly 4Q2024 (Panossian) — https://www.oaktreecapital.com/insights/insight-commentary/market-commentary/oaktree-credit-quarterly-4q2024-the-lme-wave

Quote: *"The LME wave has only just begun, with a significant amount of maturities in the next two to three years that will need a capital solution."*

Academic

- Roe & Rotaru, *Liability Management's Limited Runway*, forthcoming Yale Law Journal — https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6103369

Use: *"Empirically, most non-pro-rata LMEs ultimately default again — they buy shorter, more fragile runways than sponsors claim."*

Reading-habit signal

- **Marc Rubinstein / Net Interest** — https://www.netinterest.co — "The practitioner-level writing I follow most carefully on structural credit issues."

---

11. THINGS NOT TO SAY (Cliché Table)

✕ Don't say	Substitute
"I want to be a principal"	"I want to underwrite the trade, not just structure it"
"Skin in the game"	"Own the consequence of being right or wrong"
"Great culture"	"Lean — <25 investment professionals, the seat sits next to the IC vote"
"Amazing team"	"Principal-style RX run inside a $27B credit platform"
"Impressive returns"	"Fund VIII at 22.8% net"
"I want to learn from the best"	"Learn the arc from the person who actually ran it"
"Top-tier platform"	"ACO IX over its hard cap with 70%+ re-up"
"Unique opportunity"	"The seat I'm trying to get to"
"I'm passionate about restructuring"	(don't say it — your four years of pedigree do the work)
"I love capital structures"	"I want to underwrite the path to repayment, not just model it"
"Distressed is having a moment"	"The regime — LMEs at 65% of defaults — is confirmed"

Hard avoids: - Don't bring up the ACP Capital 2021 wind-down unprompted - Don't name-drop Roopesh Shah in the first 10 minutes - Don't pitch a long on a name Anchorage might be short, or vice versa - Don't criticize Evercore or Davis Polk — the RX world is small

12. THE 24-HOUR CHECKLIST (TOMORROW)

Tonight (within 8 hours of interview)

- [ ] **Re-read Section 1 (one-page cover) twice.** The killer lines should be on the tip of your tongue.
- [ ] **Re-read Section 4 (the three narrative answers) out loud once.** Internalize the cadence — pause where indicated.
- [ ] **Re-read Section 7 (Saks pitch) twice.** Update with the verify-sweep results once they land. Pull up the latest court filings if available (Stretto/Epiq for Saks Global).
- [ ] **Pick one Evercore deal to walk through using the buyside reframe** (Section 5 Q10 template). Practice it once out loud.
- [ ] **If you haven't yet — listen to the last 30 minutes of the Bloomberg FICC Focus podcast** (the part where Pat lays out the deal-away credibility framework most explicitly). The audio is at /root/tmp/mcgrath_bloomberg_2025-03-05.mp3 (if local) or via the URL: https://www.bloomberg.com/news/audio/2025-03-05/anchorage-s-mcgrath-breaks-down-lmes-state-of-distressed

Morning of (T-2 hours)

- [ ] **Skim Section 3 (Pat's 10 frameworks).** Have the frameworks fresh.
- [ ] **Check news headlines** — Reorg, Octus, Bloomberg Bankruptcy. If something just happened (a new LME, a rating action, a court ruling), be ready if Pat asks "anything catch your eye?"
- [ ] **Confirm logistics** — address, time, in-person at 610 Broadway 6th floor, who's at reception. Show up 10 minutes early.
- [ ] **One coffee. Not two.** Calm energy beats jittery energy.

In the room

- **Lead with the inverse-complement frame.** You are an integrated legal-and-financial hybrid for a desk run by a non-lawyer financial/analytical principal.
- **Quote Pat's frameworks back to him** within the first 10 minutes. Use the "deal-away credibility" or "institutional reputation as a multi-deal asset" framings selectively.
- **Eye contact at the acknowledgment moments** (the "what I'd be giving up is real" line + the personal pillar in the "why Anchorage" answer).
- **Don't volunteer Saks.** Wait until he asks "pitch me a name" or "what are you watching."

- **The Roopesh Shah reference, if it fits naturally, comes late.** Don't lead with it.
- **Close strong.** End with one of your questions for him (Section 8). The last thing you say should be a question that demonstrates you've engaged with his work.

---

13. APPENDIX A — PAT'S BLOOMBERG QUOTE BANK (indexed by topic)

For quick reference. Use these as supporting material, not as recited quotes.

On the LME mechanism

- *"The real provision in these documents that drives LME is the holes around investments and restricted payments that allows the company to strip assets..."*
- *"To me, what neither Serta or Mitel or, frankly, Incora, what they don't address is what's really driving liability management, which is the holes in the documents..."*

On private credit and the "two-player market"

- *"Now you have a very large, sophisticated asset base in private lending that is chasing opportunities and can understand that complexity..."*

On deal-away credibility

- *"In its simplest form, you're evaluating: do they actually have a severable business or assets that they can pull away from the collateral group?"*
- *"There's certainly situations we've been involved in where I've drawn a line and said, I do not believe that there is a credible financing source on the other end. And that has emboldened us..."*

On the incumbency premium / step-one shortcut

- *"I know what step one works, you know, rough approximation. So I know the bogey I'm trying to hit. I know what your priorities are because we've had that discussion. And so I can just jump to step two."*
- *"If I've invested in a structure and I have a group, I can give them more time, address interest rates, and probably provide the money a little bit cheaper — with certainty as opposed to them saying I'm going to finance the business away."*

On institutional reputation

- *"Our job is to make money as a fund and an institution, not necessarily in an individual deal... we as an institution are always thinking who are good partners, who works well in a group, who is consensus-oriented."*
- *"There isn't one of these LMEs to deal with. There's 40 of them. And if we want to be at the table and a part of that, we need to show that we can be a good partner."*

On the missing stigma (why LMEs accelerated)

- *"Everybody thought maybe there was like a stigma around doing these types of deals... Not sure that ever really existed. And I think owners of businesses learned that they could do these deals and they could get concessions and they could buy themselves time."*

On Serta / Mitel

- *"The punchline is I'm not sure it means much because I think there's a lot of crafty lawyers out there and there's still a lot of holes in these documents."*
- *"If you look at the evolution of liability management deals, Serta was very much that 51 versus 49... [Now] more of a consensus-driven exercise."*

On cooperation agreements

- *"Ten years ago, I think you'd have four or five kind of key constituents in a lender or bond group... Now you've got probably 35 lenders that own 2% or 3%."*
- *"I could argue that co-ops are really just beneficial to the folks that are undersized in an investment..."*

On investment-first principle (vs LME-tourism)

- *"The LMEs that we participate in, we're not going to do it to kind of play the LME or a structural outcome. Elevating up in a capital structure is good, but if we can't underwrite to the recovery of the business... then I'd be highly circumspect."*

On J.Crew specifically

- *"When we did the IP drop-down in J.Crew, you know, we always thought about, okay, well, if this ultimately doesn't work, how do we put Humpty Dumpty back together again? Because we thought that, you know, how much would you pay for a J.Crew shirt that didn't have J.Crew written on it?"*

End of master document. Six prior supplements remain on disk if you want to drill into any single topic. This is the single source of truth for tomorrow.

Good luck.