

# Fortunoff to be Acquired by Affiliate of NRDC Equity Partners, The Owner Of Lord & Taylor

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## Transaction to be Accomplished Through Fortunoff Bankruptcy Filing

WESTBURY, N.Y., Feb. 4 /PRNewswire/ -- Fortunoff, a leading retailer of fine jewelry and home furnishings, announced today that the company has agreed to sell the Fortunoff business to an affiliate of NRDC Equity Partners, the owner of the Lord & Taylor department store chain. To effect the transaction, Fortunoff has filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code.

"We are excited by the opportunities presented by affiliating with Lord & Taylor. It has been a difficult retail environment and capital constraints have limited our expansion opportunities. This transaction will help realign our capital structure and provide an avenue for future growth," said Arnold Orlick, Fortunoff's chief executive. "Fortunoff is a strong brand that has provided quality retail services to customers for more than 80 years. We look forward to restructuring our business under a new owner."

"Fortunoff is a valuable brand with great potential for continued growth," said Richard Baker, chairman of Lord & Taylor and chief executive officer of NRDC Equity Partners. "We plan on investing \$100 million into the Fortunoff business, with investments being made in both existing and additional stores."

In conjunction with the bankruptcy filing, Lord & Taylor has made available a \$10 million letter of credit to enable Fortunoff to continue to purchase inventory. In addition, certain of the company's existing lenders have agreed to provide Fortunoff with debtor-in-possession financing that will be used to run its business during the bankruptcy process pending the sale.

Mr. Baker added, "We look forward to working with Fortunoff vendors and employees to ensure that customers receive the same quality service and merchandise that are the hallmarks of the Fortunoff shopping experience."

The sale will be accomplished through a bankruptcy process that permits other interested bidders to make competing offers. Subject to the approval of the Bankruptcy Court and other customary conditions, the sale is expected to close in early March.

All of Fortunoff's stores, including its flagship Manhattan store, and its corporate headquarters will remain open during the Chapter 11 process.

Fortunoff ([www.fortunoff.com](http://www.fortunoff.com)), founded in 1922, is well known for its unique blend of quality, selection, value and service.

NRDC Equity Partners, LLC is a joint venture between Robert C. Baker and Richard A. Baker, principals of National Realty & Development Corp., and William Mack and Lee Neibert, Partners of Apollo Real Estate Advisors, L.P. The principals of NRDC Equity Partners have completed transactions in excess of \$50 billion. NRDC Equity Partners acquires operating companies in the retail, leisure, lodging, and commercial real estate sectors. Its most recent transaction was the acquisition of Lord & Taylor from Federated Department Stores.