

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

HRI HOLDING CORP., *et al.*¹

Debtors.

Chapter 11

Case No. 19-12415 (MFW)

(Jointly Administered)

Ref. Nos. 14, 93, 98

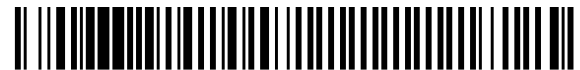
ORDER (A) APPROVING BIDDING PROCEDURES IN CONNECTION WITH A TRANSACTION BY PUBLIC AUCTION; (B) SCHEDULING A HEARING TO CONSIDER THE TRANSACTION; (C) APPROVING THE FORM AND MANNER OF NOTICE THEREOF; (D) APPROVING CONTRACT PROCEDURES; AND (E) GRANTING RELATED RELIEF

Upon the *Motion of the Debtors and Debtors-In-Possession for Entry of an Order (A) Approving Bidding Procedures in Connection with a Transaction by Public Auction; (B) Scheduling a Hearing to Consider the Transaction; (C) Approving the Form and Manner of Notice Thereof; (D) Approving Contract Procedures; and (E) Granting Related Relief* (the "Motion")² filed by the above captioned debtors and debtors-in-possession (the "Debtors").

Having reviewed the Motion, and the record in these Chapter 11 Cases; having considered the statements of counsel for the Debtors and the Stalking Horse Bidder, the Court finds that

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: HRI Holding Corp. (4677), Houlihan's Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson's/Kansas, Inc. (5739), Darryl's of St. Louis County, Inc. (7177), Darryl's of Overland Park, Inc. (3015), Houlihan's of Ohio, Inc. (6410), HRI O'Fallon, Inc. (4539), Algonquin Houlihan's Restaurant, L.L.C. (0449), Geneva Houlihan's Restaurant, L.L.C. (3156), Hanley Station Houlihan's Restaurant, LLC (8058), Houlihan's Texas Holdings, Inc. (5485), Houlihan's Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Millburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan's of Chesterfield, Inc. (5073). The Debtors' corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.

² Except where otherwise indicated, capitalized terms used but not defined shall have the meanings ascribed to them in the Motion, the Bidding Procedures attached hereto as Exhibit 1, or the Agreement, as applicable.



establishing bidding procedures and sale procedures in connection with a sale of the Purchased Assets, in accordance with the provisions contained in this Order, is in the best interests of the Debtors' estates.

IT IS HEREBY FOUND AND DETERMINED THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Federal Rule of Bankruptcy Procedure (the "Bankruptcy Rules") 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any conclusions of law herein constitute findings of fact, they are adopted as such.

B. The Court has jurisdiction over the Motion and the transaction contemplated by the Agreement pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M) and (O). Venue in this district is proper under 28 U.S.C. §§ 1408 and 1409.

C. The statutory bases for the relief requested in the Motion are (i) Bankruptcy Code sections 105, 363 and 365 and (ii) Bankruptcy Rules 2002(a)(2), 6004, 6006 and 9014 and Local Rules 2002-1 and 6004-1.

D. Good and sufficient notice of the Motion and the relief sought therein has been given under the circumstances, such notice complied with all applicable requirements of Bankruptcy Code sections 101-1532, the Bankruptcy Rules and the Local Rules, and no other or further notice is required except as set forth herein with respect to the hearing to be conducted to approve the transactions contemplated by the Agreement (the "Sale Hearing"). A reasonable opportunity to object or be heard regarding the relief provided herein has been afforded to parties

in interest.

E. The Debtors' proposed notice of the Bidding Procedures is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the sale of substantially all of the Debtors' assets (the "Purchased Assets"), the auction (the "Auction") for the Purchased Assets, and the Bidding Procedures to be employed in connection therewith.

F. The Debtors have articulated good and sufficient reasons for the Court to: (i) approve the Bidding Procedures; (ii) set the Sale Hearing and approve the manner of notice of the Motion and the Sale Hearing; (iii) approve the procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the "Assigned Contracts"), including notice of proposed cure costs and the procedures set forth in the Agreement with respect to the Stalking Horse Bidder's rights to designate or change the character of such Assigned Contracts by the applicable Contract Designation Deadline; and (iv) grant the Breakup Fee and the Expense Reimbursement (together, the "Termination Fee") as provided in the Agreement and in this Order.

G. The entry of this Order is in the best interests of the Debtors, their estates, creditors, and other parties in interest.

H. The Bidding Procedures are fair, reasonable and appropriate, and are designed to maximize the value to be achieved for the Purchased Assets. The Bidding Procedures were negotiated in good faith by the Debtors and the Stalking Horse Bidder.

I. The Debtors have demonstrated a compelling business justification of the payment of the Termination Fee under the circumstances set forth in Agreement. The Termination Fee (i) is payable as provided in Section 7.4(c)(i) of the Agreement, (ii) is of substantial benefit to the Debtors' estates, (iii) is reasonable and appropriate, including in light of

the size and nature of the sale and the efforts that have been or will be expended by the Stalking Horse Bidder notwithstanding that the proposed sale is subject to higher or otherwise better offers for the Purchased Assets, (iv) was negotiated by the parties at arm's length and in good faith, and (v) is necessary to ensure that the Stalking Horse Bidder will continue to pursue its proposed acquisition of the Purchased Assets contemplated by the Agreement. The Stalking Horse Bidder is unwilling to commit to purchase the Purchased Assets under the terms of the Agreement without approval of the Termination Fee.

J. The Bidding Procedures comply with the requirements of Local Rule 6004-1(c).

K. The procedures of assumption and assignment of executory contracts and unexpired leases are fair, reasonable, and appropriate, and comply with the provisions of Bankruptcy Code section 365.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED to the extent set forth herein.
2. Except as provided to the contrary herein, all objections to the Motion or the relief provided herein that have not been withdrawn, waived or settled, and all reservations of rights included therein, hereby are overruled and denied on the merits with prejudice.
3. The Bidding Procedures, attached hereto as Exhibit 1, are hereby approved in their entirety, are incorporated by reference and shall govern the bids and proceedings related to the sale and the Auction, and the Bidding Procedures Key Dates, attached hereto as Exhibit 2, are hereby approved in their entirety.
4. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures.

5. Landry's, LLC, together with its permitted successors, assigns and designees, is approved as the Stalking Horse Bidder for the Debtors' Assets, pursuant to the terms of the Agreement attached as Exhibit A to the Sale Motion and the Agreement, in substantially such form, is hereby approved; provided, that the rights of all parties to object to the Sale contemplated by the Agreement are preserved.

6. If the Debtors receive more than one Qualified Bid (as defined in the Bidding Procedures), an auction (the "Auction") shall take place on **December 18, 2019 at 10:00 a.m. (prevailing Eastern Time)** at the offices of Landis Rath & Cobb LLP, or such other place and time as the Debtors shall notify all Qualified Bidders, including the Stalking Horse Bidder, counsel for the Stalking Horse Bidder and other invitees in accordance with the Bidding Procedures. The Auction shall be conducted in accordance with the Bidding Procedures.

7. In the event another party other than the Stalking Horse Bidder is the Successful Bidder for the Debtors' Assets, subject to the terms of the Agreement, notwithstanding anything contrary in the Motion, the Debtors shall pay the Breakup Fee to the Stalking Horse Bidder in an amount equal to \$1.2 million and shall reimburse the Stalking Horse Bidder for the actual and reasonable out of pocket expenses up to a cap of \$300,000 incurred by the Stalking Horse Bidder in performance of the Stalking Horse Bidder's due diligence investigation, review, research, and analysis regarding the Debtors' assets and the negotiations and documentation of the Agreement.

8. The Termination Fee shall constitute an allowed superpriority administrative expense claim against the Debtors' bankruptcy estates, with priority over any and all administrative expenses of any kind, including as provided in Bankruptcy Code sections 363, 364, 365, 503(b) and 507(a)(2).

9. The Termination Fee shall be payable by the Debtors out of the proceeds of an Alternative Transaction within three (3) Business Days following the closing thereof, and shall be paid to the Stalking Horse Bidder prior to the payment of the proceeds of such sale to any third party asserting a Lien on the Purchased Assets (and no Lien of any third party shall attach to the portion of the sale proceeds representing the Termination Fee). No further or additional order from the Court shall be required in order to give effect to such provisions relating to the terms of payment of the Termination Fee and the Stalking Horse Bidders' professional advisors are not obligated to comply with any provisions of the Bankruptcy Code regarding Court approval of professional fees payable by the Debtors and included in the Expense Reimbursement.

10. Notwithstanding anything herein to the contrary, prior to payment of the Expense Reimbursement, the Stalking Horse Bidder shall provide the Debtors and the Committee with invoices detailing its expenses and the Debtors and the Committee shall have three (3) Business Days to object (the "Expense Reimbursement Objection Deadline") to the reasonableness of the expenses incurred. The Expense Reimbursement shall be paid within three (3) Business Days following the expiration of the Expense Reimbursement Objection Deadline if no objections are received.

11. In the event the Purchased Assets are acquired in an Alternative Transaction by any secured lender pursuant to a credit bid authorized by the Bankruptcy Court, such secured lender shall be responsible for the payment of the Breakup Fee and the Expense Reimbursement in cash at a closing on such sale.

12. The Sale Hearing shall be held before the Court on **December 20, 2019 at 2:00 p.m. (prevailing Eastern Time)** and may be adjourned from time to time.

13. Objections, if any, to the sale of the Purchased Assets and the Sale contemplated by the Agreement, or the relief requested in the Sale Motion must: (a) be in writing; (b) state the basis of such objection with specificity; (c) comply with the Bankruptcy Rules and the Local Rules; (d) be filed with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **4:00 p.m. (prevailing Eastern Time) on December 13, 2019** (the “Sale Objection Deadline”), except that the Committee shall have until on or before 4:00 p.m. (prevailing Eastern Time) on December 17, 2019 to file an objection to the sale of the Purchased Assets, the Sale contemplated by the Agreement, or the relief requested in the Sale Motion; and (e) be served upon: (i) the Debtors, 8700 State Line Road, Suite 100, Leawood, Kansas 66206 (Attn: Michael Archer and Cindy Parres); (ii) counsel to the Debtors, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Adam G. Landis and Kimberly A. Brown); (iii) investment banker to the Debtors, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (Attn: Teri Stratton); (iv) counsel for the Stalking Horse Bidder, Hunton Andrews Kurth, LLP, 600 Travis Street, Suite 4200, Houston, Texas 77002 (Attn: Mark Arnold and Mark Young) and Cole Schotz P.C., 500 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801 (Attn: Noman L. Pernick); (v) counsel to the Lenders, Katten Muchin Rosenman LLP, 515 South Flower Street, Suite 1000, Los Angeles, California 90071-2212 (Attn: William B. Freeman), and 575 Madison Avenue, New York, New York 10022-2585 (Attn: Karen B. Dine); (vi) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Jane Leamy); and (vii) proposed counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, New York 10178 (Attn: Jason R. Adams, Esq. and Maeghan J. McLoughlin, Esq.) and

Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 (Attn: Domenic Pacitti, Esq. and Richard M. Beck, Esq.), in accordance with Local Rule 2002-1(b) on or before 4:00 p.m. (prevailing Eastern Time) on the Sale Objection Deadline.

14. The notice, substantially in the form attached hereto as **Exhibit 3** (the “Sale Notice”), is hereby approved.

15. On or before December 6, 2019, the Debtors will cause the Sale Notice and this Order to be sent by first-class mail, to the following: (a) all creditors or their counsel known to the Debtors to assert a lien (including any security interest), claim, right, interest, or encumbrance of record against all or any portion of the Purchased Assets; (b) the Office of the United States Trustee for the District of Delaware; (c) counsel to the Stalking Horse Bidder; (d) the Lenders; (e) all parties in interest who have requested notice pursuant to Bankruptcy Rule 2002; (f) all applicable federal, state and local taxing and regulatory authorities of the Debtors or recording offices or any other governmental authorities that, as a result of the sale of the Purchased Assets, may have claims, contingent or otherwise, in connection with the Debtors’ ownership of the Purchased Assets or have any known interest in the relief requested by the Motion, which shall include the attorneys general for the State of Delaware and for each state in which the Debtors operate a business; (g) all counterparties to any executory contract or unexpired lease of the Debtors; and (h) all potential bidders previously identified or otherwise known to the Debtors.

16. The notice, substantially in the form attached hereto as **Exhibit 4** (the “Contract Notice”), of potential assumption and assignment of certain of the Debtors’ executory contracts and unexpired leases to be listed in the Contract Notice (collectively, the

“Scheduled Contracts”), is hereby approved in its entirety. The Procedures in Section 7.5 of the Agreement, including with respect to the Stalking Horse Bidder’s rights to designate or change the character of Assigned Contracts by the applicable Contract Designation Deadline are approved.³

17. On November 26, 2019, the Debtors served by first class mail or hand delivery the Contract Notice on all non-Debtor parties to the Scheduled Contracts. The Contract Notice identified the Scheduled Contracts and provided the cure costs that the Debtors believe must be paid to cure all prepetition defaults under the Scheduled Contracts (each a “Cure Cost” and, collectively, the “Cure Costs”).

18. The Debtors shall serve non-confidential information evidencing the Stalking Horse Bidder’s ability to provide adequate assurance of future performance by December 6, 2019, which shall include instructions for obtaining the confidential portion thereof that also will be made available by December 6, 2019 (together, the “Stalking Horse Bidder Adequate Assurance Package”). Upon written request of a landlord made prior to the expiration of the Contract Objection deadline (December 13, 2019, at 4:00 p.m.), the Debtors shall serve via email or overnight delivery, the confidential portion of the Stalking Horse Bidder Adequate Assurance Package, on a confidential basis to such requesting landlord within 24 hours of receipt of any such requests. The Debtors shall serve the Debtors’ landlords, via email or overnight delivery, the Adequate Assurance Information (as defined in the attached Bidding Procedures) from each Qualified Bidder (other than the Stalking Horse Bidder) within 24 hours of the Bid Deadline and such information shall include evidence that the Qualified Bidder has the financial ability to

³ The Agreement provides, among other things, that the Stalking Horse Bidder has the right to elect to have the Debtors assume and assign executory contracts and unexpired leases and that the Stalking Horse Bidder shall be responsible for payment of the Cure Costs after an executory contract or unexpired lease is designated for assumption and the assumption becomes effective.

perform under the Assigned Contracts and otherwise complies with the requirements of adequate assurance of future performance under Bankruptcy Code sections 365(b)(1) and 365(b)(3).

19. Any objection to the Cure Cost or to the assumption and assignment to the Stalking Horse Bidder, including with respect to adequate assurance of future performance of the Stalking Horse Bidder (collectively, a “Contract Objection”), must be filed with the Court no later than **December 13, 2019 at 4:00 p.m. (prevailing Eastern Time)**, and served, so as to be received the same day as the objection is filed, to (i) the Debtors, 8700 State Line Road, Suite 100, Leawood, Kansas 66206 (Attn: Michael Archer and Cindy Parres); (ii) counsel to the Debtors, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Adam G. Landis and Kimberly A. Brown); (iii) investment banker to the Debtors, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (Attn: Teri Stratton); (iv) counsel for the Stalking Horse Bidder, Hunton Andrews Kurth, LLP, 600 Travis Street, Suite 4200, Houston, Texas 77002 (Attn: Mark Arnold and Mark Young) and Cole Schotz P.C., 500 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801 (Attn: Noman L. Pernick); (v) counsel to the Lenders, Katten Muchin Rosenman LLP, 515 South Flower Street, Suite 1000, Los Angeles, California 90071-2212 (Attn: William B. Freeman) and 575 Madison Avenue, New York, New York 10022-2585 (Attn: Karen B. Dine); (vi) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Jane Leamy); and (vii) proposed counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, New York 10178 (Attn: Jason R. Adams, Esq. and Maeghan J. McLoughlin, Esq.) and Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 (Attn: Domenic Pacitti, Esq. and Richard M. Beck, Esq.).

20. Any Contract Objection must state the basis for such objection and state with specificity what Cure Cost the party to the Contract or Real Property Lease believes is required (in all cases with appropriate documentation in support thereof). If no Contract Objection is timely received, the Cure Cost set forth in the Contract Notice shall be controlling, notwithstanding anything to the contrary in the Contract or Real Property Lease or other documents as of the date of the Contract Notice. The Contract Notice shall also provide that the Contract Objection to any Cure Cost or assumption and assignment will be heard at the Sale Hearing or at a later hearing, as determined by the Debtors and the applicable counterparty. If a Successful Bidder that is not the Stalking Horse Bidder prevails at the Auction, then in such case only the deadline to object to assumption and assignment (solely on the grounds of adequate assurance of future performance) shall be the Sale Hearing.

21. Unless a non-Debtor party to any Contract or Real Property Lease files an objection to the Cure Cost by the applicable objection deadline, then such counterparty shall be (a) forever barred from objection to the Cure Cost and (b) forever barred and estopped from asserting or claiming any Cure Cost, other than the Cure Cost on the schedule of the Contract Notice, against the Debtors, the Stalking Horse Bidder, or any Successful Bidder or any other assignee of the relevant contract or lease.

22. Unless a non-Debtor party to any Contract or Real Property Lease files a timely objection to the assumption and assignment of the applicable Contract or Real Property Lease to the Stalking Horse Bidder or the other Successful Bidder, then such counterparty shall be deemed to have consented to the assumption and assignment to the Stalking Horse Bidder or the other Successful Bidder.

23. Compliance with the foregoing notice provisions shall constitute sufficient notice of the Debtors' proposed sale of the Debtors' assets free and clear of liens, claims, interests and encumbrances, pursuant to Bankruptcy Code section 363(f) and otherwise, and except as set forth in this Order, no other or further notice of the sale shall be required to be provided by the Debtors.

24. The Stalking Horse Bidder is entitled to make any additional bids at the Auction in compliance with the Bidding Procedures. For purposes of any Overbid, the Stalking Horse Bidder shall be entitled to a credit in the amount of the Termination Fee.

25. The Sale Hearing may be continued, from time to time, without further notice to creditors or other parties in interest other than by announcement of said continuance before the Court on the date scheduled for such hearing or in the hearing agenda for such hearing.

26. Section 7.4(c)(i) of the Agreement is hereby approved, as modified herein. In connection therewith, the Debtors' obligation to pay the Termination Fee, as provided by the Agreement, is hereby approved and shall survive termination of the Agreement and shall be payable out of the proceeds of an Alternative Transaction as provided in Section 7.4(c)(i) of the Agreement.

27. Except for the Stalking Horse Bidder, no other party submitting an offer or Bid for the Purchased Assets or a Qualifying Bid shall be entitled to any expense reimbursement, breakup, termination, or similar fee or payment.

28. Except as otherwise provided in the Agreement or this Order, the Debtors further reserve the right as they may reasonably determine to be in the best interests of their estates (in consultation with the Consultation Parties) to: (a) determine which bidders are Qualified Bidders; (b) determine which Bids are Qualified Bids; (c) determine which Qualified Bid is the highest or

otherwise best proposal and which is the next highest or otherwise best proposal; (d) reject any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (iii) contrary to the best interests of the Debtors and their estates; (e) impose additional terms and conditions with respect to all potential bidders; (f) extend the deadlines set forth herein; and (g) continue or cancel the Auction and/or Sale Hearing in open court without further notice or by filing a notice on the docket. Before extending any deadline, the Debtor shall consult with the Stalking Horse Bidder, the Lenders, and the Committee.

29. All persons and entities that participate in the bidding process or the Auction shall be deemed to have knowingly and voluntarily submitted to the exclusive jurisdiction of this Court with respect to all matters related to the terms and conditions of the transfer of Purchased Assets, the Auction and any transaction contemplated herein.

30. To the extent that any chapter 11 plan confirmed in these cases or any order confirming any such plan or any other order in these cases (including any order entered after any conversion of these Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code) alters, conflicts with or derogates from the provisions of this Order, the provisions of this Order shall control. The Debtors' obligations under this Order, the provisions of this Order and the portions of the Agreement pertaining to the Bidding Procedures shall survive conversion of these cases to cases under chapter 7 of the Bankruptcy Code, confirmation of any plan of reorganization or discharge of claims thereunder and shall be binding upon the Debtors, a Chapter 7 trustee, the reorganized or reconstituted debtors, as the case may, after the effective date of a confirmed plan or plans in the Debtors' cases (including any order entered after any conversion of these cases to cases under chapter 7 of the Bankruptcy Code).

31. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, 9014 or any other provisions of the Bankruptcy Rules or the Local Rules stating the contrary, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry and no automatic stay shall apply to this Order.

32. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

33. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

34. In the event there is any inconsistency between the Motion, the Bidding Procedures, or this Order, this Order shall govern. The rights and obligations of the Stalking Horse Bidder and the Debtors are subject to the full terms and conditions of the Agreement, which shall control in the event of any conflict between this Order and the Agreement.

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35. The Court shall retain jurisdiction over any matters related to or arising from the implementation of this Order. All matters arising from or related to the implementation of this Order may be brought before the Court as a contested matter, without the necessity of commencing an adversary proceeding.

Dated: December 5, 2019
Wilmington, Delaware



THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

BIDDING PROCEDURES¹

By the Motion dated November 13, 2019, HRI Holding Corp. and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”) sought approval of, among other things, the procedures through which they will determine the highest or otherwise best price for the sale of substantially all of their assets (the “Purchased Assets”) described in the Asset Purchase Agreement dated as of November 13, 2019 (the “Agreement”) by and among Landry’s, LLC as purchaser (together with its permitted successors, assigns and designees, the “Stalking Horse Bidder”) and the Debtors, as sellers, a copy of which is attached as Exhibit A to the Sale Motion.

On _____, 2019, the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) entered an order (the “Bidding Procedures Order”), which, among other things, authorized the Debtors to determine the highest or otherwise best price for the Purchased Assets through the process and procedures set forth below (the “Bidding Procedures”).

Unless expressly indicated, the following Bidding Procedures apply to all bidders regardless of the phase of the Auction which the bidder intends to participate.

Access to Diligence Materials

To participate in the bidding process and to receive access to due diligence (the “Diligence Materials”), a party must submit to the Debtors an executed confidentiality agreement in the form and substance satisfactory to the Debtors and evidence demonstrating the party’s financial capability to close a transaction involving some or all of the Purchased Assets (a “Competing Transaction”) as determined by the Debtors, in consultation with the Lenders and the Official Committee of Unsecured Creditors (the “Committee,” and together with the Lenders, the “Consultation Parties”).²

A party who qualifies for access to Diligence Materials shall be a “Preliminary Interested Investor.” All due diligence requests must be directed to the Debtors.

For any Preliminary Interested Investor who is a competitor of the Debtors or is affiliated with any competitor of the Debtors, the Debtors reserve the right to withhold any Diligence Materials that the Debtors, in their sole discretion, determine are business-sensitive or otherwise not appropriate for disclosure to such Preliminary Interested Investor.

No due diligence will continue after the Bid Deadline (defined below). The Debtors shall provide the Stalking Horse Bidder with access to all material due diligence materials, management presentations, on-site inspections, and other information provided to any

¹ Capitalized terms used but not defined herein shall have the meanings set forth in the motion to approve these Bidding Procedures (the “Motion”) or the Agreement, as applicable.

² Notwithstanding anything in the Bidding Procedures to the contrary, the Debtors will not consult with or provide copies of any bids or other confidential information to the Lenders if the Lenders are an active bidder for any of the Purchased Assets at the applicable time.

Preliminary Interested Investor that were not previously made available to the Stalking Horse Bidder as soon as reasonably practicable and in no event later than five (5) Business Days after the date the Debtors made such information available to any Preliminary Interested Investor. Neither the Debtors nor any of their respective representatives will be obligated to furnish any information relating to the Assets to any person other than to Preliminary Interested Investors. The Debtors make no representations or warranty as to the information to be provided through this due diligence process or otherwise, except to the extent set forth in the Agreement or in any other definitive agreement a Successful Bidder executed and delivered to the Debtors.

Bid Qualification Process

To be eligible to participate in the Auction (defined below), each offer, solicitation or proposal (each, a “Bid”), and each party submitting such a Bid (each, a “Bidder”), must be determined by the Debtors (in consultation with the Consultation Parties) to satisfy each of the following conditions:

- (a) In writing.
- (b) Good Faith Deposit: Each Bid, other than the Stalking Horse Bidder’s Agreement, must be accompanied by a cash deposit in the amount equal to ten percent (10%) of the Bid to a segregated account to be identified and established by the Debtors (the “Good Faith Deposit”).
- (c) Same or Better Terms: The Bid must be on terms that are substantially the same or better than the terms of the Agreement, as determined by the Debtors (in consultation with the Consultation Parties) and the Bid must identify which assets the Bidder intends to purchase and include executed transaction documents (a “Competing Transaction”). A Bid shall include a copy of the Agreement marked to show all changes requested by the Bidder. A Bid will not be considered qualified for the Auction if (i) such Bid contains additional material representations and warranties, covenants, closing conditions, termination rights other than as may be included in the Agreement (it being agreed and understood that such Bid shall modify the Agreement as needed to comply in all respects with the Bid Procedures Order and will remove provisions that apply only to the Stalking Horse Bidder as the stalking horse bidder such as the Termination Fee); (ii) such Bid is not received by the Debtors in writing on or prior to the Bid Deadline, and (iii) such Bid does not contain evidence that the Person submitting it has received unconditional debt and/or equity funding commitments (or has unrestricted and fully available cash) sufficient in the aggregate to finance the purchase contemplated thereby, including proof that the Good Faith Deposit has been made.
- (d) Corporate Authority: The Bid must include written evidence reasonably acceptable to the Debtors (in consultation with the Consultation Parties) demonstrating appropriate corporate authorization to consummate the proposed Competing Transaction.

(e) Proof of Financial Ability to Perform: The Bid must include written evidence that the Debtors reasonably conclude (in consultation with the Consultation Parties) demonstrates that the Bidder has the necessary financial ability to close the Competing Transaction and provide adequate assurance of future performance under all contracts to be assumed and assigned in such Competing Transaction.

(f) Contingencies: A Bid may not (i) contain representations and warranties, covenants, termination rights, financing, due diligence contingencies other than as may be included in the Agreement (it being agreed and understood that such Bid shall modify the Agreement as needed to comply in all respects with the Bidding Procedures Order (including removing any termination rights in conflict with the Bidding Procedures Order) and will remove provisions that apply only to the Stalking Horse Bidder as the stalking horse bidder, such as the Termination Fee) or (ii) be conditioned on obtaining financing or any internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy in all material respects of specified representations and warranties at the Closing.

(g) Irrevocable: A Bid must be irrevocable through the Auction, provided, however, that if such Bid is accepted as the Successful Bid or a Backup Bid (each as defined herein), such Bid shall continue to remain irrevocable, subject to the terms and conditions of the Bidding Procedures.

(h) Bid Deadline. Regardless of when a party qualifies as a Preliminarily Interested Investor, the following parties must receive a Bid in writing, on or before December 16, 2019 at 4:00 p.m. (prevailing Eastern Time) or such earlier date as may be agreed to by the Debtors (the "Bid Deadline"): (i) the Debtors, 8700 State Line Road, Suite 100, Leawood, Kansas 66206 (Attn: Michael Archer and Cindy Parres); (ii) counsel to the Debtors, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Adam G. Landis and Kimberly A. Brown), landis@lrclaw.com and brown@lrclaw.com, and (iii) investment banker to the Debtors, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (Attn: Teri Stratton), teri.l.stratton@pjc.com; (iv) counsel to the Lenders, Katten Muchin Rosenman LLP, 515 South Flower Street, Suite 1000, Los Angeles, California 90071-2212 (Attn: William B. Freeman), bill.freeman@katten.com and 575 Madison Avenue, New York, New York 10022-2585 (Attn: Karen B. Dine), karen.dine@katten.com; and (v) proposed counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, New York 10178 (Attn: Jason R. Adams, Esq. and Maeghan J. McLoughlin, Esq.) and Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 (Attn: Domenic Pacitti, Esq. and Richard M. Beck, Esq.).

(i) Amount of Bid. Each Bid may be for all or a portion of the Purchased Assets and shall clearly show the amount of the purchase price. In addition, a Bid (a) must propose a purchase price equal to or greater than the aggregate of the sum of (i) the value of the Bid set forth in the Agreement executed by the Stalking

Horse Bidder, as determined by the Debtor (in consultation with the Consultation Parties); (ii) the dollar value of the Termination Fee in cash, and (iii) \$250,000 (the initial overbid amount), in cash and (b) must obligate the Bidder to pay, to the extent provided in the Agreement, all amounts which the Stalking Horse Bidder under the Agreement has agreed to pay, including all Assumed Liabilities.

(j) Adequate Assurance of Future Performance. Each Bid shall be accompanied by adequate assurance of future performance information (the “Adequate Assurance Information”), including (i) information about the Bidder’s financial condition, such as federal tax returns for two (2) years, a current financial statement, or bank account statements, (ii) information demonstrating (in the Debtors’ reasonable business judgment, in consultation with the Consultation Parties) that the Bidder has the financial capacity to consummate the proposed Competing Transaction, (iii) evidence that the Bidder has obtained authorization or approval from its board of directors (or comparable governing body) with respect to the submission of its Bid, (iv) the identity and exact name of the Bidder (including any equity holder or other financial backer if the Bidder is an entity formed for the purpose of consummating the proposed Competing Transaction, and (v) such additional information regarding the Bidder as the Bidder may elect to include. By submitting a Bid, Bidders agree that the Debtors may disseminate their Adequate Assurance Information to affected landlords and contract counterparties in the event that the Debtors determine such bid to be a Qualified Bid.

(k) Affirmative Statement. Each Bid shall be accompanied by an affirmative statement (i) it has and will continue to comply with these Bidding Procedures; (ii) its bid does not entitle such Qualified Bidder to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement; and (iii) it waives any substantial contribution administrative expense claims under Bankruptcy code section 503(b) related to bidding for the Assets.

The Debtors will review each Bid received from a Bidder to determine, in their sole discretion (in consultation with the Consultation Parties), whether it meets the requirements set forth above. A Bid received from a Bidder before the Bid Deadline that meets the above requirements, as determined by the Debtors (in consultation with the Consultation Parties), shall constitute a “Qualified Bid,” and such Bidder shall constitute a “Qualified Bidder.” The Debtors shall inform Bidders whether or not their Bids have been designated as Qualified Bids no later than twenty-four (24) hours after such Bids are received. Notwithstanding anything herein to the contrary, the Agreement submitted by the Stalking Horse Bidder shall be deemed a Qualified Bid, and the Stalking Horse Bidder is a Qualified Bidder for each phase of the Auction.

Auction

If one or more Qualified Bids (other than the Agreement submitted by the Stalking Horse Bidder) are received by the Bid Deadline, the Debtors will conduct an auction (the “Auction”) to determine the highest or otherwise best Qualified Bid. If no Qualified Bid (other than the Agreement) is received by the Bid Deadline, no Auction shall be conducted and the Agreement

shall be deemed to be the Successful Bid and the Stalking Horse Bidder shall be deemed to be the Successful Bidder. Only Qualified Bidders may participate in the Auction. Prior to the Auction, the Debtors shall provide copies of all Qualified Bids to all Qualified Bidders, including the Stalking Horse Bidder. The Debtors shall also provide copies of all Qualified Bids to the Consultation Parties.

The Auction shall take place on December 18, 2019 at 10:00 a.m. (prevailing Eastern Time) at the offices of Landis Rath & Cobb LLP, or such other place and time as the Debtors shall notify all Qualified Bidders, including the Stalking Horse Bidder, counsel for the Stalking Horse Bidder and other invitees in accordance with these Bidding Procedures.

(a) The Debtors Shall Conduct the Auction. The Debtors and their professionals shall direct and preside over the Auction. At the start of the Auction, the Debtors shall announce which Qualified Bid(s) is/are deemed to be the highest or otherwise best (each Qualified Bid an "Auction Baseline Bid"). Each Qualified Bidder participating in the Auction must confirm that it has not engaged in any collusion with respect to the bidding or sale of the Debtors' assets.

Only the Debtors, the Lenders, the Committee, the Stalking Horse Bidder, and any other Qualified Bidder, in each case, along with their representatives, and any of the Debtors' creditors who notified the Debtors in writing within 72 hours prior to the Auction shall attend the Auction in person; however, only the Stalking Horse Bidder and such other Qualified Bidders will be entitled to make any Bids at the Auction.

Prior to the Auction, the Debtors will share with all Qualified Bidders, including the Stalking Horse Bidder, the highest or otherwise best bid received at the Bid Deadline (each, a "Baseline Bid"). Qualified Bidders will be permitted to revise, increase, and/or enhance their bids at the Auction based upon the terms of the Baseline Bid. All Qualified Bidders will have the right to make additional modifications to their Qualified Bid or Agreement, consistent with the Bidding Procedures, as applicable, at the Auction.

(b) Terms of Overbids. An "Overbid" is any bid made at the Auction subsequent to the Debtors' announcement of an Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

(i) Minimum Overbid Increment. Any Overbid after the Auction Baseline Bid shall be made in increments valued at not less than \$100,000 as determined by the Debtors (in consultation with the Consultation Parties). Additional consideration in excess of the amount set forth in an Auction Baseline Bid may include cash and/or noncash consideration. For purposes of the Overbid, the Stalking Horse Bidder shall be entitled to a credit in the amount of the Termination Fee.

(ii) Remaining terms are the same as for Qualified Bids. Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid must remain open and binding on the Bidder until and unless the Debtors accept a higher Overbid.

(c) Backup Bidder. Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the party with the next highest or otherwise best Qualified Bid at the Auction, as determined by the Debtors, in the exercise of its business judgment (in consultation with the Consultation Parties) will be designated as the backup bidder (the "Backup Bidder"). Subject to the Agreement, including sections 7.4(c)(ii) and 12.1(b) of the Agreement, the Backup Bidder shall be required to keep its initial Bid (or if the Backup Bidder submitted one or more Overbids at the Auction, its final Overbid) (the "Backup Bid") open and irrevocable until the earlier of 4:00 p.m. (prevailing Eastern Time) on the date that is twenty-one (21) days after the date of the Sale Hearing (the "Outside Backup Date") or the closing of the transaction with the Successful Bidder. Following the Sale Hearing, if the Successful Bidder fails to consummate an approved transaction, because of a breach or failure to perform on the part of such Successful Bidder, the Debtors may designate (in consultation with the Consultation Parties) the Backup Bidder to be the new Successful Bidder, and the Debtors will be authorized, but not required, to consummate the transaction, with the Backup Bidder. A hearing to authorize a sale to the Backup Bidder will be held from the Court on no less than five (5) days' notice, with supplemental objections due at least one (1) day prior to such hearing (the "Backup Sale Hearing"). For the avoidance of doubt, only parties who timely filed an objection to the Sale may supplement their objection to the Backup Bidder and all such issues shall be limited to issues relating to the identity of the Backup Bidder, such as adequate assurance and assignments of contracts or leases to the Backup Bidder. In such case, the defaulting Successful Bidder's deposit shall be forfeited to the Debtors, and the Debtors specifically reserve the right to seek all available damages from the defaulting Successful Bidder. The deposit of the Backup Bidder shall be held by the Debtors until the earlier of one (1) Business Day after (i) the closing of the transaction with the Successful Bidder and (ii) the Outside Backup Date.

(d) Additional & Modified Procedures. The Debtors, in consultation with the Consultation Parties, may announce at the Auction additional or modified rules and procedures that are reasonable under the circumstances (*e.g.*, limitations in the amount of time to make subsequent Overbids, changes in minimum overbid increments, etc.) for conducting the Auction so long as such rules are not inconsistent with the Bidding Procedures or the Agreement.

(e) Consent to Jurisdiction as Condition to Bidding. The Stalking Horse Bidder and all Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to these Bidding Procedures,

the Agreement, the Auction, or the construction and enforcement of any documents related to a Competing Transaction.

(f) Closing the Auction. The Auction shall continue until the Debtors determine in their reasonable business judgment (in consultation with Consultation Parties) that there is a highest or otherwise best Qualified Bid or Qualified Bids at the Auction for all of the Purchased Assets (each a "Successful Bid") and each Bidder submitting such Successful Bid, a "Successful Bidder"). The Auction shall not close unless and until all Bidders who have submitted Qualified Bids have been given a reasonable opportunity to submit an Overbid at the Auction to the then-existing Overbids and the Successful Bidder has submitted fully executed sale and transaction documents memorializing the terms of the Successful Bid. Within six (6) hours following conclusion of the Auction, the Debtors shall file a notice on the Bankruptcy Court's docket identifying (with specificity) the Successful Bidder for the Purchased Assets and any applicable Backup Bidders and such notice shall include the Successful Bidder's and the Backup Bidder(s)' lists of Assigned Contracts and Designation Rights Assets submitted in connection with their respective Qualified Bids. The Debtors shall not consider any Bids submitted after the conclusion of the Auction and any and all such Bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

Termination Fee

The Stalking Horse Bidder is entitled to payment of its Termination Fee pursuant to the terms of the Agreement.

The Debtors recognize the value and benefits that the Stalking Horse Bidder has provided to the Debtors by entering into the Agreement, as well as the Stalking Horse Bidder's expenditure of time, energy and resources. Therefore, subject to the terms of the Agreement, the Debtors shall pay the Breakup Fee and the Expense Reimbursement out of the proceeds of an Alternative Transaction to the Purchaser by wire transfer of immediately available funds to the account specified by the Stalking Horse Bidder to the Debtors in writing and shall be paid to the Stalking Horse Bidder prior to the payment of the proceeds of such sale to any third party asserting a Lien on the Purchased Assets (and no Lien of any third party shall attach to the portion of the sale proceeds representing the Breakup Fee and the Expense Reimbursement.)

The Breakup Fee shall be paid three (3) Business Days following the closing of an Alternative Transaction. Prior to payment of the Expense Reimbursement, the Stalking Horse Bidder shall provide the Debtors and the Committee with invoices detailing its expenses and the Debtors and the Committee shall have three (3) Business Days to object (the "Expense Reimbursement Objection Deadline") to the reasonableness of the expenses incurred. The Expense Reimbursement shall be paid within three (3) Business Days following the expiration of the Expense Reimbursement Objection Deadline if no objections are received.

The Termination Fee shall constitute an allowed superpriority administrative expense claim against the Debtors' bankruptcy estates, with priority over any and all administrative

expenses of any kind, including as provided in Bankruptcy Code sections 363, 364, 365, 503(b) and 507(a)(2).

Except for the Stalking Horse Bidder, no other party submitting an offer or Bid for the Purchased Assets or a Qualifying Bid shall be entitled to any expense reimbursement, breakup fee, termination or similar fee or payment.

In the event no Qualified Bid, other than the Stalking Horse Bid, is received, the Debtors reserve the right to request (in consultation with the Consultation Parties) that the Bankruptcy Court advance the date of the Sale Hearing and provide notice of such new date to those parties in interest entitled to notice thereof.

The Sale Hearing may be adjourned or rescheduled from time to time.

Sale Hearing

The Debtors will seek a hearing (the “Sale Hearing”) on December 20, 2019, at which the Debtors will seek approval of the transactions contemplated by the Agreement with the Successful Bidder. Objections, if any, to the sale of the Purchased Assets to the Successful Bidder and the transaction contemplated by the Agreement must be in writing and filed with the Bankruptcy Court no later than 4:00 p.m. (prevailing Eastern Time) on December 13, 2019 and be served such that they are actually received by: ((i) the Debtors, 8700 State Line Road, Suite 100, Leawood, Kansas 66206 (Attn: Michael Archer and Cindy Parres); (ii) counsel to the Debtors, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Adam G. Landis and Kimberly A. Brown), landis@lrclaw.com and brown@lrclaw.com; (iii) investment banker to the Debtors, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (Attn: Teri Stratton), teri.l.stratton@pjc.com; (iv) counsel for the Stalking Horse Bidder, Hunton Andrews Kurth, LLP, 600 Travis Street, Suite 4200, Houston, Texas 77002 (Attn: Mark Arnold and Mark Young), markarnold@huntonak.com and markyoung@huntonak.com and Cole Schotz P.C., 500 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801 (Attn: Noman L. Pernick), npernick@coleschotz.com; (v) counsel to the Lenders, Katten Muchin Rosenman LLP, 515 South Flower Street, Suite 1000, Los Angeles, California 90071-2212 (Attn: William B. Freeman) and 575 Madison Avenue, New York, New York 10022-2585 (Attn: Karen B. Dine), karen.dine@katten.com; (vi) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Jane Leamy); and (vii) proposed counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, New York 10178 (Attn: Jason R. Adams, Esq. and Maeghan J. McLoughlin, Esq.) and Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 (Attn: Domenic Pacitti, Esq. and Richard M. Beck, Esq.).

Return of Good Faith Deposit

The Good Faith Deposits of all Qualified Bidders shall be held in one or more segregated accounts by the Debtors, but shall not become property of the Debtors’ estates absent further order of the Bankruptcy Court. The Good Faith Deposit of any Qualified Bidder that is neither the Successful Bidder nor the Backup Bidder shall be returned to such Qualified Bidder not later

than two (2) Business Days after the Sale Hearing. The Good Faith Deposit of the Backup Bidder shall be returned to the Backup Bidder on the date that is the earlier of one (1) Business Day after (a) the closing of the transaction with the Successful Bidder and (b) the Outside Backup Date. If the Successful Bidder timely closes the winning transaction, its Good Faith Deposit shall be credited towards its purchase price.

Reservation of Rights

Except as otherwise provided in the Agreement, Bidding Procedures Order or the Sale Order, the Debtors further reserve the right as they may reasonably determine to be in the best interest of their estates (in consultation with the Consultation Parties), to: (a) determine which bidders are Qualified Bidders; (b) determine which Bids are Qualified Bids; (c) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal; (d) reject any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (iii) contrary to the best interests of the Debtors and their estates; (e) impose additional terms and conditions with respect to all potential bidders other than the Stalking Horse Bidder; (f) modify these Bidding Procedures and/or implement additional procedural rules that the Debtors determine will better promote the goals of the bidding process; (f) extend the deadlines set forth herein; and (g) continue or cancel the Auction and/or Sale Hearing in open court without further notice or by filing a notice on the docket. Before extending any deadline, the Debtor shall consult with the Stalking Horse Bidder, the Lenders, and the Committee.

EXHIBIT 2

BIDDING PROCEDURES KEY DATES

EVENT	DATE
Service of Contract Notice	November 26, 2019
Service of Stalking Horse Bidder's Adequate Assurance Information	The Debtors shall serve the non-confidential portion of the Stalking Horse Bidder's Adequate Assurance Information by December 6, 2019 and upon written request of a landlord made prior to the Contract Objection Deadline shall serve via email or overnight delivery the confidential portion of the Stalking Horse Bidder's Adequate Assurance Information on a confidential basis within 24 hours of receipt of any such request.
Hearing on the Motion for Bidding Procedures	December 5, 2019
Service of Bidding Procedures Order	December 6, 2019
Assumption/Assignment and Cure Objection Deadline	December 13, 2019 at 4:00 p.m. (ET)
Sale Objection Deadline	December 13, 2019 at 4:00 p.m. (ET)
Bid Deadline	December 16, 2019 at 4:00 p.m. (ET)
Service of Qualified Bidders' Adequate Assurance Information	Within 24 hours of the Bid Deadline
Committee Sale Objection Deadline	December 17, 2019 at 4:00 p.m.(ET)
Auction	December 18, 2019 at 10:00 a.m. (ET)
Sale Hearing	December 20, 2019
Adequate Assurance Objection (in the event the Stalking Horse Bidder is not the Successful Bidder)	At or before the Sale Hearing
Deadline to Close Sale	December 31, 2019

EXHIBIT 3

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

HRI HOLDING CORP., *et al.*¹

Debtors.

Chapter 11

Case No. 19-12415 (MFW)

(Jointly Administered)

Ref. Nos. 14 & 15

NOTICE OF SALE OF CERTAIN ASSETS AT AUCTION

PLEASE TAKE NOTICE THAT:

1. On November 13, 2019, the above-captioned debtors and debtors-in-possession (the “Debtors”) entered in to an asset purchase agreement (the “Agreement”) with Landry’s, LLC (together with its permitted successors, assigns and designees, the “Stalking Horse Bidder”) with respect to the proposed sale (the “Sale”) of substantially all of the Debtors’ assets (the “Purchased Assets”) subject to a competitive bidding process as set forth in the Bidding Procedures Order (defined below).

2. At a hearing scheduled for December 5, 2019 at 2:00 p.m., the Debtors are requesting that the United States Bankruptcy Court for the District of Delaware (the “Court”) enter an order (the “Bidding Procedures Order”) authorizing, among other things, the Debtors to conduct a competitive bidding process, including an auction (the “Auction”) if necessary, to select the party to purchase the Debtors’ assets and approving proposed procedures related thereto (the “Bidding Procedures”). Please note that all capitalized terms used but not defined herein shall have the meanings set forth in the Bidding Procedures Order. This notice is being filed and served in advance of the entry of the Bidding Procedures Order and is subject to further approval by the Court. To the extent that information contained in this notice changes upon approval of the Bidding Procedures Order, the Debtors promptly shall post an amended notice on the Debtors’ case website at www.kccllc.net/HRI.

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: HRI Holding Corp. (4677), Houlihan’s Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson’s/Kansas, Inc. (5739), Darryl’s of St. Louis County, Inc. (7177), Darryl’s of Overland Park, Inc. (3015), Houlihan’s of Ohio, Inc. (6410), HRI O’Fallon, Inc. (4539), Algonquin Houlihan’s Restaurant, L.L.C. (0449), Geneva Houlihan’s Restaurant, L.L.C. (3156), Hanley Station Houlihan’s Restaurant, LLC (8058), Houlihan’s Texas Holdings, Inc. (5485), Houlihan’s Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Millburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan’s of Chesterfield, Inc. (5073). The Debtors’ corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.

3. Copies of (i) the Sale Motion,² (ii) the Agreement, (iii) the proposed Sale Order, (iv) the Bidding Procedures, and (v) the Bidding Procedures Order can be obtained by contacting the Debtors at Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 or by visiting the website of the Debtors' claims and noticing agent, KCC LLC at www.kccllc.net/HRI free of charge.

4. All interested parties are invited to make an offer to purchase the Purchased Assets in accordance with the terms and conditions detailed in the Bidding Procedures by **4:00 p.m. (prevailing Eastern Time) on December 16, 2019**. Pursuant to the Bidding Procedures, the Debtors may conduct an Auction for the Purchased Assets beginning at 10:00 a.m. (prevailing Eastern Time) on December 18, 2019 at the offices of Landis Rath & Cobb LLP or such later time or other place as the Debtors notify all Qualified Bidders who have submitted Qualified Bids. Interested bidders are encouraged to read the Bidding Procedures and Bidding Procedures Order carefully and, for further information, are invited to contact the Debtors' proposed counsel Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Kimberly A. Brown, Esq.) brown@lrclaw.com; or their proposed investment banker Piper Jaffray & Co., 444 South Flower Street, Suite 1675, Los Angeles, California 90071 (Attn: Teri Stratton) teri.l.stratton@pjc.com.

5. Participation at the Auction is subject to the Bidding Procedures and the Bidding Procedures Order.

6. The Debtors will seek approval of the Sale of the Purchased Assets to the highest or otherwise best bidder at a hearing proposed to be held at **2:00 p.m. (prevailing Eastern Time) on December 20, 2019** (the "Sale Hearing") before the Court. The Sale Hearing may be adjourned without notice other than an adjournment in open court or as identified on the agenda.

7. **Objections, if any, to the proposed Sale must (a) be in writing; (b) state the basis of such objection with specificity; (c) comply with the Bankruptcy Rules and the Local Rules; and (d) be filed with the Court no later than December 13, 2019 at 4:00 p.m. (prevailing Eastern Time) and served on the following parties:** (i) the Debtors, 8700 State Line Road, Suite 100, Leawood, Kansas 66206 (Attn: Michael Archer and Cindy Parres), marcher@houlihans.com and cparres@houlihans.com; (ii) proposed counsel to the Debtors, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Adam G. Landis and Kimberly A. Brown), landis@lrclaw.com and brown@lrclaw.com; (iii) proposed investment banker to the Debtors, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (Attn: Teri Stratton), teri.l.stratton@pjc.com; (iv) counsel for the Stalking Horse Bidder, Hunton Andrews Kurth, LLP, 600 Travis Street, Suite 4200, Houston, Texas 77002 (Attn: Mark Arnold and Mark Young), markarnold@huntonak.com and markyoung@huntonak.com and Cole Schotz P.C., 500 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801 (Attn: Norman L. Pernick), npernick@coleschotz.com; (v) counsel to the Lenders, Katten Muchin Rosenman LLP, 515 South Flower Street, Suite 1000, Los

² *Motion of the Debtors for Entry of an Order (I) Approving Asset Purchase Agreement and Authorizing the Sale of Certain Assets of the Debtors Outside the Ordinary Course of Business, (II) Authorizing the Sale of Assets Free and Clear of All Claims and Liens, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* [D.I. 15] (the "Sale Motion").

Angeles, California 90071-2212 (Attn: William B. Freeman), bill.freeman@katten.com and 575 Madison Avenue, New York, New York 10022-2585 (Attn: Karen B. Dine), karen.dine@katten.com and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Sean Beach and Jaime Luton Chapman), sbeach@ycst.com and jchapman@ycst.com; (vi) proposed counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178 (Attn: Jason R. Adams and Maeghan J. McLoughlin), jadams@kelleydrye.com and mmcloughlin@kelleydrye.com, and proposed Delaware Counsel to the Committee, Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 (Attn: Domenic E. Pacitti), dpacitti@klehr.com; and (vii) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Jane M. Leamy), jane.m.leamy@usdoj.gov.

8. This notice is qualified in its entirety by the Bidding Procedures Order.

Dated: November 27, 2019
Wilmington, Delaware

LANDIS RATH & COBB LLP

Adam G. Landis (No. 3407)
Kimberly A. Brown (No. 5138)
Matthew R. Pierce (No. 5946)
Nicolas E. Jenner (No. 6554)
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Email: landis@lrclaw.com
brown@lrclaw.com
pierce@lrclaw.com
jenner@lrclaw.com

*Proposed Counsel for the Debtors
and Debtors-In-Possession*

EXHIBIT 4

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

HRI HOLDING CORP., *et al.*⁸

Debtors.

Chapter 11

Case No. 19-12415 (MFW)

(Jointly Administered)

Ref. No. 14

**NOTICE OF ASSUMPTION AND CURE COST WITH RESPECT TO EXECUTORY
CONTRACTS OR UNEXPIRED LEASES POTENTIALLY TO BE ASSUMED AND
ASSIGNED IN CONNECTION WITH SALE OF DEBTORS' ASSETS**

**YOU ARE RECEIVING THIS NOTICE BECAUSE YOU
OR ONE OF YOUR AFFILIATES IS A COUNTERPARTY TO AN
EXECUTORY CONTRACT OR UNEXPIRED LEASE WITH ONE OR MORE
OF THE DEBTORS AS SET FORTH ON EXHIBIT A ATTACHED HERETO.**

PLEASE TAKE NOTICE THAT:

1. On November 13, 2019, the above-captioned debtors and debtors-in-possession (the "Debtors") entered into an asset purchase agreement (the "Agreement") with Landry's, LLC (together with its permitted successors, assigns and designees, the "Stalking Horse Bidder") with respect to the proposed sale (the "Sale") of substantially all of the Debtors' assets (the "Purchased Assets") subject to a competitive bidding process as set forth in the Bidding Procedures Order (defined below).

2. At a hearing scheduled for December 5, 2019 at 2:00 p.m., the above-captioned debtors and debtors-in-possession (the "Debtors") are requesting that the United States Bankruptcy Court for the District of Delaware (the "Court") enter an order (the "Bidding")

⁸ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: HRI Holding Corp. (4677), Houlihan's Restaurants, Inc. (8489), HDJG Corp. (3479), Red Steer, Inc. (2214), Sam Wilson's/Kansas, Inc. (5739), Darryl's of St. Louis County, Inc. (7177), Darryl's of Overland Park, Inc. (3015), Houlihan's of Ohio, Inc. (6410), HRI O'Fallon, Inc. (4539), Algonquin Houlihan's Restaurant, L.L.C. (0449), Geneva Houlihan's Restaurant, L.L.C. (3156), Hanley Station Houlihan's Restaurant, LLC (8058), Houlihan's Texas Holdings, Inc. (5485), Houlihan's Restaurants of Texas, Inc. (4948), JGIL Mill OP LLC (0741), JGIL Millburn, LLC (6071), JGIL Millburn Op LLC (N/A), JGIL, LLC (5485), JGIL Holding Corp. (N/A), JGIL Omaha, LLC (5485), HOP NJ NY, LLC (1106), HOP Farmingdale LLC (7273), HOP Cherry Hill LLC (5012), HOP Paramus LLC (5154), HOP Lawrenceville LLC (5239), HOP Brick LLC (4416), HOP Secaucus LLC (5946), HOP Heights LLC (6017), HOP Bayonne LLC (7185), HOP Fairfield LLC (8068), HOP Ramsey LLC (8657), HOP Bridgewater LLC (1005), HOP Parsippany LLC (1520), HOP Westbury LLC (2352), HOP Weehawken LLC (2571), HOP New Brunswick LLC (2637), HOP Holmdel LLC (2638), HOP Woodbridge LLC (8965), and Houlihan's of Chesterfield, Inc. (5073). The Debtors' corporate headquarters and the mailing address is 8700 State Line Road, Suite 100, Leawood, Kansas 66206.

Procedures Order)⁹, authorizing, among other things: (a) the Debtors to conduct a competitive bidding process, including an auction (the "Auction") if necessary, to select the party to purchase the Debtors' assets and approving proposed procedures related thereto (the "Bidding Procedures") and (b) procedures to determine Cure Costs and deadlines for objections to the potential assumption and assignment of executory contracts and unexpired leases. **This notice is being filed and served in advance of the entry of the Bidding Procedures Order and is subject to further approval by the Court. To the extent that information contained in this notice changes upon approval of the Bidding Procedures Order, the Debtors promptly shall post an amended notice on the Debtors' case website at www.kccllc.net/HRI.**

3. The Debtors hereby provide notice of their intent to potentially assume and assign the prepetition executory contracts or unexpired leases (the "Scheduled Contracts") listed on Exhibit A hereto to the Stalking Horse Bidder or the Successful Bidder, as the case may be. The inclusion of any executory contract or unexpired lease on Exhibit A does not require or guarantee that such executory contract or unexpired lease will be assumed or assigned, or that said lease or contract is executory, and all rights of the Debtors with respect thereto are reserved.

4. Pursuant to the terms of the Agreement (or any asset sale and purchase agreement that the Debtors may enter into with the Successful Bidder), the Debtors may seek to assume and assign one or more of the Scheduled Contracts to the Stalking Horse Bidder or the Successful Bidder, as the case may be, subject to approval at the hearing proposed to be held at **2:00 p.m. (prevailing Eastern Time) on December 20, 2019** (the "Sale Hearing") before the Court. On the date of the closing of the transactions contemplated by the Agreement (the "Closing Date"), or as soon thereafter as is reasonably practicable, the Stalking Horse Bidder or the Successful Bidder, as the case may be, will pay the amount the Debtors' records reflect is owing for prepetition arrearages, if any, as set forth on Exhibit A hereto (the "Cure Cost"). The Debtors' records reflect that all postpetition amounts owing under the Scheduled Contracts have been paid and will continue to be paid until the assumption and assignment of the Scheduled Contracts and that, other than the Cure Cost, there are no other defaults under the Scheduled Contracts.

5. **Objections, if any, to the Cure Cost or to the assumption and assignment of a Scheduled Contract to the Stalking Horse Bidder must (a) be in writing, (b) state with specificity the Cure Cost asserted to be required, (c) include appropriate documentation thereof, and (d) be filed with the Court no later than December 13, 2019 at 4:00 p.m. (prevailing Eastern Time) and served on the following parties:** (i) the Debtors, 8700 State Line Road, Suite 100, Leawood, Kansas 66206 (Attn: Michael Archer and Cindy Parres), marcher@houlihans.com and cparres@houlihans.com; (ii) proposed counsel to the Debtors, Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, Delaware 19801 (Attn: Adam G. Landis and Kimberly A. Brown), landis@lrclaw.com and brown@lrclaw.com; (iii) proposed investment banker to the Debtors, Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245 (Attn: Teri Stratton), teri.l.stratton@pjc.com; (iv) counsel for the Stalking Horse Bidder, Hunton Andrews Kurth, LLP, 600 Travis Street, Suite 4200, Houston, Texas 77002 (Attn: Mark Arnold and Mark Young), markarnold@huntonak.com and markyoung@huntonak.com and Cole Schotz P.C., 500 Delaware Avenue, Suite 1410,

⁹ All capitalized terms used but not otherwise defined herein shall have the meaning scribed to them in the Bidding Procedures Order.

Wilmington, Delaware 19801 (Attn: Norman L. Pernick), npernick@coleschotz.com; (v) counsel to the Lenders, Katten Muchin Rosenman LLP, 515 South Flower Street, Suite 1000, Los Angeles, California 90071-2212 (Attn: William B. Freeman), bill.freeman@katten.com and 575 Madison Avenue, New York, New York 10022-2585 (Attn: Karen B. Dine), karen.dine@katten.com and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Sean Beach and Jaime Luton Chapman), sbeach@ycst.com and jchapman@ycst.com; (vi) proposed counsel to the Committee, Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178 (Attn: Jason R. Adams and Maeghan J. McLoughlin), jadams@kelleydrye.com and mmcloughlin@kelleydrye.com, and proposed Delaware Counsel to the Committee, Klehr Harrison Harvey Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801 (Attn: Domenic E. Pacitti), dpacitti@klehr.com; and (vii) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Jane M. Leamy), jane.m.leamy@usdoj.gov.

6. Objections, if any, related solely to the adequate assurance of future performance provided by the Successful Bidder, if the Successful Bidder is not the Stalking Horse Bidder, must be made prior to or at the Sale Hearing.

7. If an objection to the assumption and assignment of a Scheduled Contract is timely submitted in accordance with paragraphs 5 and 6, a hearing with respect to the objection will be held before the Court at the Sale Hearing, or as may be continued by the Debtors and noticed on the agenda filed on the docket, or such date and time as the Court may schedule. If no objection is timely received, the non-Debtor party to the Assigned Contract will be deemed to have consented to the assumption and assignment of the Assigned Contract and forever will be barred from asserting any other claims, including but not limited to the propriety or effectiveness of the assumption and assignment of the Assigned Contract, against the Debtors, the Stalking Horse Bidder, the Successful Bidder or the property of any of them in respect of the Scheduled Contract.

8. Pursuant to Bankruptcy Code section 365, there is adequate assurance of future performance that the Cure Cost set forth in the Contract Notice will be paid in accordance with the terms of the Sale Order. There is adequate assurance of the Stalking Horse Bidder's future performance under the executory contract or unexpired lease to be assumed and assigned because of the significant resources of the Stalking Horse Bidder. If necessary, the Debtors will adduce facts at the hearing on any objection demonstrating the financial wherewithal of the Successful Bidder, and its willingness and ability to perform under the contracts to be assumed and assigned to it.

9. If an objection to the Cure Cost is timely filed and received and the parties are unable to consensually resolve the dispute, the amount to be paid under Bankruptcy Code section 365, if any, with respect to such objection will be determined at a hearing to be requested by the Debtors. At the Stalking Horse Bidder's or the Successful Bidder's discretion, and provided the Stalking Horse Bidder or the Successful Bidder escrow the disputed portion of the Cure Cost, the hearing regarding the Cure Cost may be continued until after the Closing Date and the Scheduled Contract(s) subjected to such Cure Cost shall, with the consent of the Stalking Horse Bidder or the Successful Bidder, be assumed and assigned to the Stalking Horse Bidder or the Successful

Bidder at or following the closing of the Sale.

10. If no objection is timely received, the Cure Cost set forth in **Exhibit A** hereto will be controlling, notwithstanding anything to the contrary in any Scheduled Contract or any other document, and the non-Debtor party to the Scheduled Contract will be deemed to have consented to the Cure Cost and will be forever barred from asserting any other claims in respect of such Scheduled Contract against the Debtors, the Stalking Horse Bidder, or the Successful Bidder (as appropriate), or the property of any of them. The failure of any objecting person or entity to timely file its objection will be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, the Sale or the Debtors' consummation of and performance under the Sale Agreement (including the transfer of the Purchased Assets and the Scheduled Contracts free and clear of all claims, liens, encumbrances, and interests), if authorized by the Court.

11. Prior to the date of the closing of the Sale, the Debtors may amend their decision with respect to the assumption and assignment of any Scheduled Contract, including amending the Cure Cost, and provide a new notice amending the information provided in this notice, including, without limitation, a determination not to assume certain contracts.

Dated: November 27, 2019
Wilmington, Delaware

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*Proposed Counsel for the Debtors
and Debtors-In-Possession*

EXHIBIT A

Contracts Schedule