

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

----- X  
In re: : Chapter 11  
: THE CONTAINER STORE GROUP, INC., *et al.*, : Case No. 24-90627 (ARP)  
: Debtors.<sup>1</sup> : (Joint Administration Requested)  
: :  
----- X

**EMERGENCY MOTION OF DEBTORS FOR ENTRY OF  
AN ORDER ESTABLISHING NOTIFICATION PROCEDURES AND  
APPROVING RESTRICTIONS ON (A) CERTAIN TRANSFERS OF INTERESTS  
IN DEBTORS AND (B) CLAIMS OF CERTAIN WORTHLESS STOCK DEDUCTIONS**

**Emergency relief has been requested. Relief is requested not later than 1:00 p.m. (prevailing Central Time) on December 23, 2024.**

**If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.**

**A hearing will be conducted on this matter on December 23, 2024 at 1:00 p.m. (prevailing Central Time) in Courtroom 400, 4th floor, 515 Rusk Street, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.**

**Audio communication will be by use of the Court’s dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Perez’s conference room number is 282694. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Perez’s home page. The meeting code is “JudgePerez”. Click the settings icon in the upper right corner and enter your name under the personal information setting.**

**Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the “Electronic Appearance” link on Judge Perez’s home page. Select the case name, complete the required fields and click “Submit” to complete your appearance.**

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.



The above-captioned debtors in possession (collectively, the “*Debtors*”) respectfully state as follows in support of this motion (this “*Motion*”):

**RELIEF REQUESTED**

1. By this Motion, the Debtors seek entry of an order (the “*Proposed Order*”), substantially in the form attached hereto, (i) approving certain notification procedures, substantially in the form attached to the Proposed Order (the “*Procedures*”), related to certain transfers of, or claims of a Worthless Stock Deduction (defined below) with respect to, Debtor The Container Store Group, Inc.’s existing common stock (the “*Common Stock*”); (ii) directing that any purchase, sale, other transfer of, or claim of a Worthless Stock Deduction with respect to, the Beneficial Ownership (defined below) of Common Stock<sup>2</sup> in violation of the Procedures shall be null and void *ab initio*; and (iii) granting related relief.

**JURISDICTION AND VENUE**

2. The United States Bankruptcy Court for the Southern District of Texas (the “*Court*”) has jurisdiction to consider this Motion under 28 U.S.C. §1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and the Court may enter a final order consistent with Article III of the United States Constitution.

3. Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

4. The statutory and legal predicates for the relief requested herein are sections 105(a), 362, and 541 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “*Bankruptcy Code*”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy*”

---

<sup>2</sup> For the avoidance of doubt, Beneficial Ownership of Common Stock shall not include record ownership or Beneficial Ownership in any securities to be issued in connection with a chapter 11 plan of reorganization of the Debtors.

*Rules*”), Rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “*Bankruptcy Local Rules*”), and the Procedures for Complex Cases in the Southern District of Texas.

### **BACKGROUND**

5. On December 22, 2024 (the “*Petition Date*”), the Debtors filed voluntary petitions in the Court commencing cases for relief under chapter 11 of the Bankruptcy Code (the “*Chapter 11 Cases*”). The Debtors continue to manage and operate their businesses as debtors in possession under sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested and no committee has been appointed in the Chapter 11 Cases.

6. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of the Chapter 11 Cases, is set forth in detail in the *Declaration of Chad E. Coben, Chief Restructuring Officer, in Support of Chapter 11 Petitions and First Day Motions*, filed contemporaneously herewith (the “*First Day Declaration*”), which is fully incorporated herein by reference.

7. Contemporaneously with the filing of the Motion, the Debtors filed a motion with the Court pursuant to Bankruptcy Rule 1015(b) requesting joint administration of the Chapter 11 Cases for procedural purposes only.

8. The Chapter 11 Cases are “prepackaged” cases commenced for the purpose of implementing agreed restructuring and recapitalization transactions among the Debtors and their key stakeholders. Prior to the Petition Date, the Debtors entered into that certain Transaction Support Agreement, dated as of December 21, 2024 (as may be amended, modified or supplemented, the “*Transaction Support Agreement*”) with lenders that collectively hold over 90% of the outstanding principal amount of term loans under the Debtors’ Prepetition Term Loan Facility (the “*Consenting Term Lenders*”), including those certain members of an ad hoc term

lender group represented by Paul Hastings LLP (the “*Ad Hoc Group*”). The holders of the outstanding principal amount of asset-backed loans under the Debtors’ Prepetition ABL Facility (the “*Prepetition ABL Lenders*”) are not parties to the Transaction Support Agreement.

9. Contemporaneously herewith, the Debtors will file a prepackaged chapter 11 plan of reorganization reflecting the terms of the Transaction Support Agreement (as may be amended, modified or supplemented, the “*Plan*”), along with (a) a corresponding disclosure statement (as may be amended, modified or supplemented, the “*Disclosure Statement*”) and (b) a motion seeking, among other things, (i) conditional approval of the Disclosure Statement, (ii) approval of the solicitation and notice procedures, and (iii) to schedule a combined hearing to consider approval of the Disclosure Statement on a final basis and confirmation of the Plan.

10. The Plan contemplates that all Allowed General Unsecured Claims (as defined in the Plan) will be paid in full or will otherwise be unimpaired and “ride through” the Chapter 11 Cases, and brings in at least approximately \$60 million of new liquidity for the Debtors to fund go forward operations. The Debtors are seeking confirmation of the Plan as quickly as the Court’s schedule and requisite notice periods will permit to implement the proposed restructuring and recapitalization transactions under the Transaction Support Agreement and Plan.

### **THE TAX ATTRIBUTES**

11. As of the tax year ending March 30, 2024, the Debtors have carryforwards of federal disallowed business interest expense of approximately \$17 million and certain other tax attributes, and expect to generate net operating losses (“*NOLs*”) and other tax attributes in the current tax year ending March 29, 2025, including during the pendency of the Chapter 11 Cases (collectively, the “*Tax Attributes*”). Such Tax Attributes are valuable assets of the Debtors’ estates.

12. A corporation is generally permitted to carry forward its NOLs and disallowed business interest expense to reduce taxable income, thereby reducing such corporation's tax liability in future periods. *See* 26 U.S.C. §§ 163(j), 172. Accordingly, absent any existing or intervening limitations and depending on future operating results, the Tax Attributes could substantially reduce the Debtors' U.S. federal income tax liability for current and future periods, including during the pendency of the Chapter 11 Cases, in connection with the implementation of the Debtors' Plan, and in taxable years thereafter. The Tax Attributes, therefore, could translate into future tax savings over time, and any such savings could enhance the Debtors' cash position for the benefit of the Debtors and all parties in interest and contribute to the Debtors' efforts toward a successful reorganization. Accordingly, the value of the Tax Attributes will inure to the benefit of all of the Debtors' stakeholders.

**I. An "Ownership Change" May Negatively Affect the Debtors' Utilization of the Tax Attributes**

13. The Debtors' ability to utilize the Tax Attributes to reduce future tax liability is subject to certain potential statutory limitations. Section 382 of title 26 of the United States Code (the "*Tax Code*") limits the amount of U.S. federal taxable income that can be offset by a corporation's NOLs and disallowed business interest expense in taxable years (or portions thereof) following an "ownership change." Generally, an "ownership change" occurs if the percentage (by value) of the stock of a corporation owned by one or more "5-percent shareholders" has increased by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the relevant testing period (usually three years). 26 U.S.C. § 382(g). The total percentage point increases of stock owned by one or more "5-percent shareholders" within the measuring period is generally referred to as the amount of the "owner shift." The determination of whether a shareholder is a "5-percent shareholder" is made by

reference to stock value (without regard to certain considerations such as control premiums or minority discounts, and with reference to certain mechanical tests). For example, an ownership change would occur in the following situation:

An individual (“*A*”) owns 50.1 percent of the stock of corporation XYZ. *A* sells her 50.1 percent interest to another individual (“*B*”), who owns 5 percent of XYZ’s stock. Under section 382 of the Tax Code, an ownership change has occurred because *B*’s interest in XYZ has increased more than 50 percentage points (from 5 percent to 55.1 percent) during the testing period. The same result would follow even if *B* owned no XYZ stock prior to the transaction with *A* because *B* both becomes a 5 percent shareholder and increases his ownership by more than 50 percentage points (from 0 percent to 50.1 percent) during the testing period.

14. Under these rules, a corporation can be harmed because of actions by parties that are unknown to the corporation. If a person unknown to the corporation were to acquire more than 5 percent of the corporation’s stock (determined in accordance with the rules set forth above), the corporation would experience an “owner shift” (or an increase in the magnitude of an “owner shift”) that could lead to an ownership change. By the time the corporation knew who the unidentified shareholder was, the shareholder would have already purchased the shares and the harm would be done. Accordingly, for the Procedures to be effective, the Procedures must bind unknown parties.

15. As one particularly salient example, corporations in certain instances may enact charter restrictions to protect their tax attributes. Such charter restrictions may impose *substantive* limitations on sales and purchases of equity that are similar to the procedural limitations requested in this Motion. Although such charter restrictions are put to a shareholder vote before being enacted, they always bind unknown parties (*i.e.*, persons that are not shareholders at the time the vote is taken) and do so via public information issued by the corporation in connection with the adoption of such charter restrictions. It is true that the relief requested in this Motion is not being

put to a shareholder vote—nor should it be, because the requested relief is intended to maximize the value of the Debtors’ estates for all stakeholders—but unlike charter restrictions, the relief requested in this Motion merely implements *procedures* that must be observed before relevant actions are taken.

16. An “ownership change” can also occur because of a Worthless Stock Deduction claimed by any “50-percent shareholder.” 26 U.S.C. § 382(g)(4)(D). A 50-percent shareholder is any person or entity (or group of holders that is treated as a single entity under the applicable rules) with Beneficial Ownership of 50 percent or more of a corporation’s stock “at any time during the 3-year period ending on the last day of the taxable year” with respect to which the Worthless Stock Deduction is claimed. *Id.* If the 50-percent shareholder still owns the corporation’s stock at the end of the taxable year, section 382 of the Tax Code treats such person or entity as newly purchasing the stock on the first day of the next taxable year. For example, if a person or entity with 50 percent of a corporation’s stock claims a Worthless Stock Deduction with respect to the 2024 tax year but does not sell such stock in 2024, that person is treated (i) as not having owned the stock at the end of 2024 and (ii) as having purchased the stock on the first day of the 2025 taxable year. That deemed purchase would cause an ownership change because the 50-percent shareholder would be deemed to have a 50-percentage-point increase in its stock ownership. Notably, while the seminal case of *Official Committee of Unsecured Creditors v. PSS Steamship Co. (In re Prudential Lines Inc.)*, 928 F.2d 565 (2d Cir. 1991) is generally relied upon to support equity trading motions in general, the specific issue in *Prudential Lines* was a Worthless Stock Deduction.

17. If an ownership change occurs, section 382 of the Tax Code limits the amount of a corporation’s future taxable income that may be offset by its “pre-change losses” to an annual

amount based on the fair market value of all of the stock of the corporation prior to the ownership change multiplied by the long-term tax exempt rate that applies to the month of the ownership change.<sup>3</sup> See 26 U.S.C. § 382(b). Pre-change losses include the Debtors' Tax Attributes and any so-called "recognized built-in losses" (as defined in section 382(h)(3) of the Tax Code).<sup>4</sup> Once a tax attribute is limited under section 382 of the Tax Code, its use may be limited forever.<sup>5</sup> Thus, certain transfers of, or Worthless Stock Deductions with respect to the Beneficial Ownership of Common Stock effected before the effective date of the Debtors' emergence from chapter 11 protection may trigger an "ownership change" for purposes of the Tax Code, endangering the Debtors' ability to utilize the Tax Attributes, which could cause substantial damage to the Debtors' estates.

18. The Debtors have limited the relief requested herein to the extent necessary to preserve estate value. The Proposed Order will affect only (i) holders of Beneficial Ownership of the equivalent of at least 155,300 shares of Common Stock<sup>6</sup> (*i.e.*, 4.5 percent or more of outstanding Common Stock); (ii) persons who are interested in purchasing sufficient Beneficial Ownership of Common Stock to result in such person becoming a holder of 4.5 percent or more

---

<sup>3</sup> The applicable long-term tax-exempt rate changes from month to month. For ownership changes occurring in January 2025, the applicable long-term tax-exempt rate is 3.43 percent.

<sup>4</sup> The rules relating to potential limitations on the ability to offset taxable income with so-called recognized built-in losses are complex and depend on, among other things, the extent (if any) of a debtor's "net unrealized built-in loss." A net unrealized built-in loss is equal to the excess of the aggregate adjusted basis of all of a corporation's applicable assets over their fair market value (as determined for purposes of section 382 of the Tax Code) immediately prior to the ownership change. 26 U.S.C. § 382(h)(3)(A)(i). Once a net unrealized built-in loss is limited under section 382 of the Tax Code, its use is limited for 5 years. If a corporation has a "net unrealized built-in gain" in its assets as of the time of the ownership change, the limitation under section 382 may be increased in certain circumstances. The Debtors currently expect that they will have a net unrealized built-in loss in their assets at the effective time of the Debtors' emergence from chapter 11.

<sup>5</sup> Recognized built-in losses that are deducted beginning after the expiration of a five-year "recognition period" are no longer subject to limitation, but any recognized built-in losses that are deducted prior to the expiration of such period are limited forever.

<sup>6</sup> Based on approximately 3,451,250 shares of Common Stock issued and outstanding as of the Petition Date.



of Beneficial Ownership of outstanding Common Stock; and (iii) any “50-percent shareholder” seeking to claim a Worthless Stock Deduction.

19. To maximize the use of the Tax Attributes and enhance recoveries for the Debtors’ stakeholders, the Debtors seek limited relief that will enable them to closely monitor certain transfers of Beneficial Ownership of Common Stock and certain Worthless Stock Deductions with respect to Beneficial Ownership of Common Stock so as to be in a position to act expeditiously to prevent such transfers or claims of Worthless Stock Deductions, if necessary, with the purpose of preserving the Tax Attributes. By establishing and implementing such Procedures, the Debtors will be able to object to “ownership changes” that threaten their ability to preserve the value of their Tax Attributes for the benefit of the estates.

## **II. Proposed Procedures for Transfers of or Claims of Worthless Stock Deductions with Respect to Beneficial Ownership of Common Stock**

20. The Procedures are the mechanism by which the Debtors propose that they will monitor and, if necessary, object to certain transfers of Beneficial Ownership of Common Stock and claims of Worthless Stock Deductions with respect to Beneficial Ownership of Common Stock to ensure preservation of the Tax Attributes. The Procedures, which are fully attached to the Proposed Order, are summarized below.<sup>7</sup>

- i. Notice of Substantial Stock Ownership. Any person or Entity that Beneficially Owns, at any time on or after the Petition Date, Common Stock in an amount sufficient to qualify such person or Entity as a Substantial Stockholder shall file with the Court and serve upon: (a) The Container Store Group, Inc., 500 Freeport Parkway, Coppell, TX 75019, Attn: Tasha Grinnell (tlgrinnell@containerstore.com); (b) proposed counsel to the Debtors, (i) Latham & Watkins LLP, (A) 355 South Grand Avenue, Suite 100, Los Angeles, CA 90071, Attn: Ted Dillman (ted.dillman@lw.com) and (B) 1271 Avenue of the Americas, New York, NY 10020, Attn: Hugh Murtagh (hugh.murtagh@lw.com), and (ii) Hunton Andrews Kurth LLP, 600 Travis Street, Suite 4200, Houston, TX

---

<sup>7</sup> Capitalized terms used in this section but not otherwise defined herein have the meanings given to them in the Procedures. To the extent that this summary and the terms of the Procedures are inconsistent, the terms of the Procedures control.

77002, Attn: Tad Davidson (taddavidson@huntonak.com) and Ashley Harper (ashleyharper@huntonak.com); (c) counsel to the DIP Agent, (i) Riemer & Braunstein LLP, Times Square Tower, Seven Times Square, Suite 2506, New York, NY 10036, Attn: Donald E. Rothman (drothman@riemerlaw.com) and Steven E. Fox (sfox@riemerlaw.com) and (ii) Frost Brown Todd LLP, Rosewood Court, 2101 Cedar Springs Road, Suite 900, Dallas, TX 75201, Attn: Rebecca L. Matthews (rmatthews@fbtlaw.com); (d) counsel to the Ad Hoc Group, (i) 200 Park Avenue, New York, NY 10166, Attn: Jayme Goldstein (jaymegoldstein@paulhastings.com); Isaac Sasson (isaacsasson@paulhastings.com); and William Reilly (williamreilly@paulhastings.com); Leonie Koch (leoniekoch@paulhastings.com), (ii) 2001 Ross Avenue, Suite 2700, Dallas, TX 75201, Attn: Charles Persons (charlespersons@paulhastings.com), and (iii) 600 Travis Street, 58th Floor, Houston, TX 77002, Attn: Schlea Thomas (schleathomas@paulhastings.com); and (e) counsel to the DIP Term Loan Agent, Paul Hastings LLP, 200 Park Avenue, New York, NY 10166, Attn: Alex Cota (alexcota@paulhastings.com) and Liz Loonam (lizloonam@paulhastings.com) (collectively, the “**Disclosure Parties**”) a notice of such person’s or Entity’s substantial ownership (a “**Substantial Stock Ownership Notice**”), in substantially the form annexed to the Proposed Order as **Exhibit 1A**, which describes specifically and in detail such person’s or Entity’s Beneficial Ownership of Common Stock, on or before the date that is the later of (x) twenty (20) calendar days after the entry of the order granting the requested relief or (y) ten (10) business days after such person or Entity qualifies as a Substantial Stockholder; provided that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Stockholder even if no Substantial Stock Ownership Notice has been filed.<sup>8</sup> At the election of the Substantial Stockholder, the Substantial Stock Ownership Notice to be filed with the Court (but not the Substantial Stock Ownership Notice that is served upon the Disclosure Parties) may be redacted to exclude the Substantial Stockholder’s taxpayer identification number and the amount of Common Stock that the Substantial Stockholder Beneficially Owns.

- ii. Acquisition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer of Beneficial Ownership of Common Stock (including indirectly or through the issuance or transfer of Options to acquire Beneficial Ownership of Common Stock) or exercise of any Option to acquire Beneficial Ownership of Common Stock that would result in an increase in the amount of Common Stock Beneficially Owned by any person or Entity that currently is or, as a result of the proposed transaction, would be a Substantial Stockholder (a “**Proposed Acquisition Transaction**”), such acquiring or increasing person or Entity, or Substantial Stockholder (a “**Proposed Transferee**”) shall file with the Court and serve upon the Disclosure Parties a notice of such Proposed Transferee’s intent to purchase, acquire, or otherwise accumulate Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock (an “**Acquisition Notice**”), in substantially the form annexed to the Proposed Order as **Exhibit 1B**, which describes specifically and in detail the Proposed Acquisition

---

<sup>8</sup> “**Substantial Stockholder**” shall mean any person or Entity that Beneficially Owns at least 155,300 shares of Common Stock (representing approximately 4.5% of all issued and outstanding shares of Common Stock).

Transaction. At the election of the Proposed Transferee, the Acquisition Notice to be filed with the Court (but not the Acquisition Notice that is served upon the Disclosure Parties) may be redacted to exclude the Proposed Transferee's taxpayer identification number and the amount of Common Stock that the Proposed Transferee Beneficially Owns.

- iii. Disposition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer or other disposition of Beneficial Ownership of Common Stock (including indirectly or through the issuance or transfer of Options to acquire Beneficial Ownership of Common Stock) that would result in either a decrease in the amount of Common Stock Beneficially Owned by a Substantial Stockholder or a person's or Entity's ceasing to be a Substantial Stockholder (a "**Proposed Disposition Transaction**") and, together with a Proposed Acquisition Transaction, a "**Proposed Transaction**"), such person, Entity, or Substantial Stockholder (a "**Proposed Transferor**") shall file with the Court and serve upon the Disclosure Parties a notice of such Proposed Transferor's intent to sell, trade, or otherwise transfer the Beneficial Ownership of Common Stock or Options to acquire Beneficial Ownership of Common Stock (a "**Disposition Notice**" and, together with an Acquisition Notice, a "**Trading Notice**"), in substantially the form annexed to the Proposed Order as **Exhibit 1C**, which describes specifically and in detail the Proposed Disposition Transaction. At the election of the Proposed Transferor, the Disposition Notice to be filed with the Court (but not the Disposition Notice that is served upon the Disclosure Parties) may be redacted to exclude the Proposed Transferor's taxpayer identification number and the amount of Common Stock that the Proposed Transferor Beneficially Owns.
- iv. Notice of Status as a Majority Stockholder. Any person or Entity that currently is or becomes a Majority Stockholder<sup>9</sup> shall file with the Court and serve upon the Disclosure Parties a notice of such status (a "**Majority Stockholder Notice**"), in substantially the form annexed to the proposed Order as **Exhibit 1D**, which describes specifically and in detail such person's Beneficial Ownership of Common Stock, on or before the date that is the later of (x) twenty (20) calendar days after the entry of the order granting the requested relief or (y) ten (10) business days after such person qualifies as a Majority Stockholder; provided that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Majority Stockholder even if no Majority Stockholder Notice has been filed. At the election of the Majority Stockholder, the Majority Stockholder Notice to be filed with the Court (but not the Majority Stockholder Notice that is served upon the Disclosure Parties) may be redacted to exclude the Majority Stockholder's taxpayer identification number.
- v. Notice of Intent to Claim a Worthless Stock Deduction. At least twenty (20) business days before a Majority Stockholder files any federal income tax return, or any

---

<sup>9</sup> "**Majority Stockholder**" shall mean (A) any person that Beneficially Owns at least 1,725,620 shares of Common Stock (representing approximately 50% of all issued and outstanding shares of Common Stock) or (B) any person that would be a "50-percent shareholder" (within the meaning of section 382(g)(4)(D) of the Tax Code) with respect to its Beneficial Ownership of Common Stock if such person claimed a Worthless Stock Deduction at any time on or after the Petition Date.

amendment to such a return, claiming a Worthless Stock Deduction<sup>10</sup> for a tax year of the Majority Stockholder ending on or before the effective date of a chapter 11 plan of reorganization for the Debtors, such Majority Stockholder shall file with the Court and serve upon the Disclosure Parties advanced written notice of the intended Worthless Stock Deduction (a “**Worthless Stock Deduction Notice**”), in substantially the form annexed to the Proposed Order as **Exhibit 1E**. At the election of the Majority Stockholder, the Worthless Stock Deduction Notice to be filed with the Court (but not the Worthless Stock Deduction Notice that is served upon the Disclosure Parties) may be redacted to exclude the Majority Stockholder’s taxpayer identification number.

- vi. **Objection Procedures.** The Debtors and the Ad Hoc Group shall have fifteen (15) business days after the filing of a Trading Notice or a Worthless Stock Deduction Notice (the “**Objection Period**”) to file with the Court and serve on a Proposed Transferee or a Proposed Transferor, as the case may be, or a Majority Stockholder, as applicable, an objection (each, an “**Objection**”) to any Proposed Transaction described in such Trading Notice or any Worthless Stock Deduction described in such Worthless Stock Deduction Notice. If the Debtors file an Objection by the expiration of the Objection Period (the “**Objection Deadline**”), then the applicable Proposed Transaction or Worthless Stock Deduction shall not be effective unless approved by a final and nonappealable order of the Court. If the Debtors do not file an Objection by the Objection Deadline or if the Debtors (with the reasonable consent of the Ad Hoc Group) provide written authorization to the Proposed Transferee or the Proposed Transferor, as the case may be, or the Majority Stockholder, as applicable, approving the Proposed Transaction or the Worthless Stock Deduction prior to the Objection Deadline, then such Proposed Transaction or Worthless Stock Deduction may proceed solely as specifically described in the applicable Trading Notice or Worthless Stock Deduction Notice. Any further Proposed Transaction or Worthless Stock Deduction must be the subject of an additional Trading Notice or Worthless Stock Deduction Notice and Objection Period.
- vii. **Notice of Order.** Any person, Entity, or Nominee (as defined below) acting on such person’s or Entity’s behalf, who sells Beneficial Ownership of Common Stock to another person or Entity, shall be required to send a copy of the Notice of Order annexed to the Proposed Order as **Exhibit 1F** to the purchaser of such Beneficial Ownership of Common Stock or any Nominee acting on such purchaser’s behalf.
- viii. **Noncompliance with the Procedures.** Any acquisition, disposition, trading of, or claim of Worthless Stock Deduction with respect to, Beneficial Ownership of Common Stock (including indirect ownership of, and Options to acquire, Beneficial Ownership of Common Stock) in violation of these Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a) of the Bankruptcy Code. In the event that a Majority Stockholder claims a Worthless Stock

---

<sup>10</sup> “**Worthless Stock Deduction**” shall mean any claim (for U.S. federal income tax reporting purposes) of a worthlessness deduction under section 165 of the Tax Code with respect to Beneficial Ownership of Common Stock.

Deduction in violation of these Procedures, such holder shall be required to file an amended federal income tax return revoking such deduction. Furthermore, any person or Entity that acquires, disposes of, trades, or claims a Worthless Stock Deduction with respect to, Beneficial Ownership of Common Stock (including indirect ownership of, and Options to acquire, Beneficial Ownership of Common Stock) in violation of these Procedures shall be subject to sanctions as provided by law.

- ix. Debtors' Right to Waive. The Debtors may, with the reasonable consent of the Ad Hoc Group, waive, in writing, any and all of the foregoing restrictions, stays, and notification procedures.

### **BASIS FOR RELIEF**

#### **I. The Automatic Stay Bars Any Equity Transfer that Would Diminish or Limit the Debtors' Interests in the Tax Attributes**

21. Section 541 of the Bankruptcy Code provides that property of the estate comprises, among other things, "all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541. Tax attributes are property of a debtor's estate. *See Prudential Lines*, 928 F.2d at 573. Section 362(a)(3) of the Bankruptcy Code stays "any act [of an entity] to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." 11 U.S.C. § 362(a)(3). Thus, any act of a holder of a debtor's equity securities that causes the termination, or limits use, of tax attributes violates the automatic stay.

22. The Tax Attributes are valuable property of the Debtors' estates and thus are protected, by operation of the automatic stay, from actions that would diminish their value. Such actions barred by the automatic stay include transfers and pursuing tax deduction claims that would effect an ownership change. It is well established that a debtor's NOLs are property of the debtor's estate protected by the automatic stay. *See Prudential Lines*, 928 F.2d at 574 ("[W]here a non-debtor's action with respect to an interest that is intertwined with that of a bankrupt debtor would have the legal effect of diminishing or eliminating property of the bankrupt estate, such action is

barred by the automatic stay.”).<sup>11</sup> The United States Court of Appeals for the Second Circuit, in its seminal decision, *Prudential Lines*, affirmed the application of the automatic stay to a debtor’s tax benefits and upheld a permanent injunction prohibiting a parent corporation from taking a Worthless Stock Deduction that would have adversely affected the ability of the parent corporation’s subsidiary to utilize its NOLs under the special relief provisions of section 382 of the Tax Code. *See* 928 F.2d at 573. As the Second Circuit stated:

Including NOL carryforwards as property of a corporate debtor’s estate is consistent with Congress’ intention to “bring anything of value that the debtors have into the estate.” Moreover, . . . [i]ncluding the right to a NOL carryforward as property of [a debtor’s] bankruptcy estate furthers the purpose of facilitating the reorganization of [the debtor].

*Id.* (quoting H.R. Rep. No. 95-595, at 176 (1978)) (citations omitted).<sup>12</sup> The Second Circuit concluded that “despite the fact that the [parent corporation’s] action [was] not directed specifically at [the debtor subsidiary], it [nonetheless was] barred by the automatic stay as an attempt to exercise control over property of the estate.” *Prudential Lines*, 928 F.2d at 573–74.

23. In addition to finding that a debtor’s NOLs are protected by the automatic stay, the Second Circuit also held that, pursuant to its equitable powers under section 105(a) of the Bankruptcy Code, a bankruptcy court may issue a permanent injunction to protect such NOLs. *See id.* at 574.

---

<sup>11</sup> *See also Nisselson v. Drew Indus., Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) (“It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss corporation that generated them.”); *In re Grossman’s Inc.*, No. 97-695 (PJW), 1997 WL 33446314 (Bankr. D. Del. Oct. 9, 1997).

<sup>12</sup> *See also In re Fruehauf Trailer Corp.*, 444 F.3d 203, 211 (3d Cir. 2006) (“Property of the estate ‘includes all interests, such as . . . contingent interests and future interests, whether or not transferable by the debtor.’” (quoting *Prudential Lines*, 928 F.2d at 572) (alteration in original)); *Gibson v. United States (In re Russell)*, 927 F.2d 413, 417 (8th Cir. 1991) (concluding that the “right to carry forward the [debtor’s] NOLs” was a “property interest” of the estate).

24. In *In re Phar-Mor, Inc.*, 152 B.R. 924 (Bankr. N.D. Ohio 1993), the bankruptcy court applied similar reasoning and granted the debtors' motion to prohibit transfers of their stock that could have had an adverse effect on their ability to utilize their NOLs, even though the debtors' stockholders had not stated any intent to sell their stock and the debtors had not shown that a sale that would trigger an ownership change was pending. Despite the "ethereal" nature of the situation, the court observed that "[w]hat is certain is that the *NOL has a potential value, as yet undetermined*, which will be of benefit to creditors and will assist debtors in their reorganization process." *See id.* at 927. This asset is entitled to protection while the Debtors "move forward toward reorganization." *Id.* (emphasis added). The *Phar-Mor* court also concluded that, because the debtors were seeking to enforce the automatic stay, they did not have to meet the more stringent requirements for preliminary injunctive relief:

The requirements for enforcing an automatic stay under 11 U.S.C. § 362(a)(3) do not involve such factors as lack of an adequate remedy at law, or irreparable injury, or loss and a likelihood of success on the merits. The key elements for a stay . . . are the existence of property of the estate and the enjoining of all efforts by others to obtain possession or control of property of the estate.

*Id.* at 926 (quoting *In re Golden Distributions, Inc.*, 122 B.R. 15, 19 (Bankr. S.D.N.Y. 1990)).

25. Restrictions on equity trading and/or Worthless Stock Deduction claims to protect a debtor against the possible loss of valuable tax attributes are regularly approved by this and other courts. *See, e.g.*, Order Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with Respect to Common Stock, *In re Monitronics, Int'l, Inc.*, No. 23-90332 (Bankr. S.D. Tex. May 15, 2023), ECF No. 66; Order Approving Notification and Hearing Procedures for Certain Transfers of And Declarations of Worthlessness with Respect to Common Stock, *In re Qualtek Services, Inc.*, No. 23-90584 (Bankr. S.D. Tex. May 24, 2023), ECF No. 94; Final Order Establishing Notification Procedures and Approving Restrictions on

(A) Certain Transfers of Interests in the Debtors, and (B) Claiming of Certain Worthless Stock Deductions, Pursuant to sections 362 and 105(a) of Bankruptcy Code, *In re Serta Simmons Bedding, LLC*, No. 23-90020 (Bankr. S.D. Tex. Mar. 1, 2023), ECF No. 391; Final Order Approving Notification and Hearing Procedures for Certain Transfers of and Declarations of Worthlessness with respect to Common Stock and Claims Against the Debtors, *In re Revlon, Inc.*, 22-10760 (Bankr. S.D.N.Y. Aug. 1, 2022), ECF No. 324.

26. As the foregoing demonstrates, it is well settled that, pursuant to section 362(a)(3) of the Bankruptcy Code, the automatic stay enjoins actions that would adversely affect a debtor's ability to utilize its NOLs and other tax attributes.

## **II. The Procedures Are Necessary and in the Best Interests of the Debtors, Their Estates, and Their Creditors**

27. As discussed above, the Debtors anticipate that preserving the availability of their Tax Attributes is important to avoid the potential incurrence of tax liability during the pendency of these Chapter 11 Cases or future tax periods. Consequently, the Debtors believe that the Procedures should be established immediately and *nunc pro tunc* to the Petition Date, to ensure that trading in Common Stock, and claiming certain Worthless Stock Deductions with respect to equity interests in the Debtors, are either precluded or closely monitored and made subject to Court approval.

28. Depending on the Debtors' tax profile during the pendency of these Chapter 11 Cases, future earnings, and the consequences of a restructuring, the Debtors' ability to utilize the Tax Attributes may enhance the Debtors' prospects for a successful emergence from chapter 11. The relief requested herein is narrowly tailored to permit certain stock trading to continue, subject to Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws.



29. The Debtors respectfully submit that the Procedures must be implemented as soon as possible. Even if a transfer or Worthless Stock Deduction claim were to be null and void under section 362 of the Bankruptcy Code or as a result of a final order of the Court that prohibited such a transfer or Worthless Stock Deduction claim retroactively to the Petition Date, under U.S. federal income tax law, such transfer or Worthless Stock Deduction claim nevertheless may be regarded as having occurred for tax purposes, in which event the Debtors' estates could suffer an irrevocable loss of value. Accordingly, if a transfer or Worthless Stock Deduction claim occurs that limits the Debtors' ability to utilize their Tax Attributes under section 382 of the Tax Code, the Debtors' ability to realize the value of their Tax Attributes may be permanently diminished. The relief requested, therefore, is crucial to prevent an irrevocable diminution of the value of the Debtors' estates.

30. It is in the best interests of the Debtors and their stakeholders to restrict stock trading and Worthless Stock Deduction claims that could result in an ownership change *before* the effective date of a chapter 11 plan of reorganization or any applicable court order. This restriction would permit the Debtors to utilize the Tax Attributes, if necessary, to offset gain or other income recognized in connection with the Debtors' ownership of their assets and operation of their business. For the foregoing reasons, the relief requested is necessary, appropriate, and in the best interests of the Debtors, their estates, and all other parties in interest in these cases.

### **EMERGENCY CONSIDERATION**

31. The Debtors respectfully request emergency consideration of this Motion pursuant to Bankruptcy Local Rule 9013-1(i), the Complex Case Procedures, and Bankruptcy Rule 6003, which authorizes a court to grant relief within the first 21 days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm." The Debtors believe that an immediate and orderly transition into chapter 11 is critical to the

viability of their operations and the success of the Chapter 11 Cases. As discussed in detail above, immediate and irreparable harm would result if the relief requested herein is not granted. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003, and the Debtors believe that emergency consideration is necessary and respectfully request that this Motion be heard on an emergency basis.

**WAIVER OF BANKRUPTCY RULE 6004(a) AND (h)**

32. To implement the foregoing immediately, the Debtors seek a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay of an order authorizing the use, sale, or lease of property under Bankruptcy Rule 6004(h). As explained above and in the First Day Declaration, the relief requested herein is necessary to avoid immediate and irreparable harm to the Debtors. Accordingly, ample cause exists to justify the finding that the notice requirements under Bankruptcy Rule 6004(a) have been satisfied and to grant a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and stay apply.

**RESERVATION OF RIGHTS**

33. Nothing in this Motion shall be deemed: (a) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors’ or any other party in interest’s right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a concession by the Debtors that any lien (contractual, common, statutory or otherwise) satisfied pursuant to the Motion is valid (and all rights to contest the extent, validity, or perfection or seek avoidance of all such liens are expressly reserved); (f) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (g) an admission as to the validity, priority, enforceability, or perfection of any lien on, security

interest in, or other encumbrance on property of the Debtors' estates; (h) a waiver of the obligation of any party in interest to file a proof of claim; or (i) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. If the Court enters any order granting the relief sought herein, any payment made pursuant to such order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim.

34. Nothing in the Proposed Order or this Motion shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of any Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

35. Nothing in the Proposed Order or this Motion shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by any party.

#### **NOTICE**

36. Notice of the Motion will be given to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) counsel to the DIP Term Loan Agents; (c) counsel to the DIP ABL Loan Agent; (d) counsel to the Ad Hoc Group and DIP Lenders; (e) counsel to the Prepetition Term Loan Agent; (f) counsel to the Prepetition ABL Agent; (g) the creditors listed on the Debtors' consolidated list of thirty (30) creditors holding the largest unsecured claims; (h) the United States Attorney for the Southern District of Texas; (i) the Internal Revenue Service; (j) the Securities and Exchange Commission; (k) the state attorneys general for states in which the Debtors conduct business; (l) the registered holders of the Common Stock and all banks, brokers, intermediaries, or mailing agents that hold Common Stock in "street name" for beneficial holders (collectively, the "*Nominees*") (with instructions to serve down to the beneficial holders of

Common Stock, as applicable); (m) the Federal Communications Commission; and (n) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

37. A copy of the Motion is available on (a) the Court's website, at [www.txs.uscourts.gov](http://www.txs.uscourts.gov), and (b) the website maintained by the Debtors' proposed noticing agent, Kurtzman Carson Consultants, LLC d/b/a Verita Global, at <https://www.veritaglobal.net/thecontainerstore>.

*[Remainder of page intentionally left blank.]*

**WHEREFORE**, the Debtors respectfully request that the Court enter the Proposed Order granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: December 23, 2024  
Houston, Texas

Respectfully submitted,

*/s/ Timothy A. ("Tad") Davidson II*

---

**HUNTON ANDREWS KURTH LLP**

Timothy A. ("Tad") Davidson II (Texas Bar No. 24012503)  
Ashley L. Harper (Texas Bar No. 24065272)  
Philip M. Guffy (Texas Bar No. 24113705)  
600 Travis Street, Suite 4200  
Houston, TX 77002  
Telephone: (713) 220-4200  
Email: taddavidson@HuntonAK.com  
ashleyharper@HuntonAK.com  
pguffy@HuntonAK.com

- and -

**LATHAM & WATKINS LLP**

George A. Davis (NY Bar No. 2401214)  
Hugh Murtagh (NY Bar No. 5002498)  
Tianjiao (TJ) Li (NY Bar No. 5689567)  
Jonathan J. Weichselbaum (NY Bar No. 5676143)  
1271 Avenue of the Americas  
New York, NY 10020  
Telephone: (212) 906-1200  
Email: george.davis@lw.com  
hugh.murtagh@lw.com  
tj.li@lw.com  
jon.weichselbaum@lw.com

Ted A. Dillman (CA Bar No. 258499)  
355 South Grand Avenue, Suite 100  
Los Angeles, CA 90071  
Telephone: (213) 485-1234  
Email: ted.dillman@lw.com

*Proposed Co-Counsel for the Debtors  
and Debtors in Possession*

**CERTIFICATE OF SERVICE**

I certify that on December 23, 2024, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas on those parties registered to receive electronic notices.

/s/ Timothy A. ("Tad") Davidson II  
Timothy A. ("Tad") Davidson II

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

	x	
	:	
In re:	:	Chapter 11
	:	
THE CONTAINER STORE GROUP, INC., <i>et al.</i> ,	:	Case No. 24-90627 (ARP)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	x	

**ORDER ESTABLISHING NOTIFICATION PROCEDURES AND  
APPROVING RESTRICTIONS ON (A) CERTAIN TRANSFERS OF INTERESTS IN  
DEBTORS AND (B) CLAIMS OF CERTAIN WORTHLESS STOCK DEDUCTIONS**  
[Relates to Docket No. \_\_]

Upon the emergency motion (the “*Motion*”)<sup>2</sup> of the Debtors for an order (i) approving the Procedures related to certain transfers of, or claims of a Worthless Stock Deduction with respect to, Beneficial Ownership of Common Stock; (ii) directing that any purchase, sale, other transfer of, or claim of a Worthless Stock Deduction with respect to, Beneficial Ownership of Common Stock in violation of the Procedures shall be null and void *ab initio*; and (iii) granting related relief; and the Court having reviewed the Motion and the First Day Declaration; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that the Court

---

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings given to them in the Motion.

may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and the Court having found that the Debtors provided appropriate notice of the Motion and the opportunity for a hearing on the Motion under the circumstances and that no other or further notice is necessary; and upon any hearing(s) held on this Motion; and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and upon the record(s) of the hearing(s); and the Court having determined that the legal and factual bases set forth in the Motion and the hearing with respect to the Motion establish just cause for the relief granted herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Debtors' Tax Attributes are property of the Debtors' estates and are protected by section 362(a) of the Bankruptcy Code.
2. The provisions of this Order shall be effective as of the Petition Date.
3. The Procedures set forth in **Exhibit 1** attached hereto are approved.
4. Any transfer of or claim of a Worthless Stock Deduction with respect to Beneficial Ownership of Common Stock in violation of the Procedures, including but not limited to the notice requirements, shall be null and void *ab initio*.
5. In the case of any such transfer of Beneficial Ownership of Common Stock in violation of the Procedures, including but not limited to the notice requirements, the person or entity making such transfer shall be required to take remedial actions specified by the Debtors, which may include the actions specified in Private Letter Ruling 201010009 (Dec. 4, 2009), to appropriately reflect that such transfer is null and void *ab initio*.



6. In the case of any such claim of a Worthless Stock Deduction with respect to Beneficial Ownership of Common Stock in violation of the Procedures, including the notice requirements, the person or entity making such claim shall be required to file an amended tax return revoking such claim and any related deduction to appropriately reflect that such claim is void *ab initio*.

7. The Debtors may, with the reasonable consent of the Ad Hoc Group, waive, in writing, any and all restrictions, stays, and notification procedures set forth in the Procedures.

8. The Debtors shall within three (3) business days of the entry of this Order or as soon as reasonably practicable thereafter, (i) send the notice of this Order annexed to the Procedures as **Exhibit 1F** (the “*Notice of Order*”) to the parties that were served with the notice of the Motion, and (ii) post the Procedures to the website established by the Debtors’ proposed noticing agent for the Chapter 11 Cases <https://www.veritaglobal.net/thecontainerstore>, such notice being reasonably calculated to provide notice to all parties that may be affected by the Procedures, whether known or unknown, and no further notice of the Procedures being necessary.

9. To the extent that this Order is inconsistent with any prior order or pleading with respect to the Motion in the Chapter 11 Cases, the terms of this Order shall govern.

10. All registered and Nominee holders of Common Stock shall within (3) business days of the receipt of the Notice of Order send the Notice of Order to any holder for whose benefit such registered or Nominee holder holds such Common Stock, down the chain of ownership for all such holders of Common Stock.

11. Notwithstanding the relief granted in this Order and any actions taken pursuant to such relief, nothing in the Motion or this Order shall be deemed: (a) an implication or admission as to the amount of, basis for, or validity of any claim against any of the Debtors under the

Bankruptcy Code or other applicable nonbankruptcy law; (b) a waiver of any Debtor's or any other party in interest's rights to dispute any claim on any grounds; (c) an assumption, adoption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion, this Order or any order granting the relief requested by the Motion; (e) an admission as to the validity, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of any Debtor's estate; (f) a waiver of any Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (g) waiver of any claims or causes of action which may exist against any entity.

12. The requirements set forth in this Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate and other laws and do not excuse compliance therewith.

13. Other than to the extent that this Order expressly conditions or restricts trading in, or making Worthless Stock Deduction claims with respect to, Beneficial Ownership of Common Stock (including indirectly or through the issuance or transfer of Options to acquire Beneficial Ownership of Common Stock), nothing in this Order or in the Motion shall, or shall be deemed to, prejudice, impair, or otherwise alter or affect the rights of any holders of Common Stock, including in connection with the treatment of any such stock under any chapter 11 plan or any applicable bankruptcy court order.

14. Nothing in this Order shall be construed to (a) create or perfect, in favor of any person or entity, any interest in cash of a Debtor that did not exist as of the Petition Date or (b) alter or impair any security interest or perfection thereof, in favor of any person or entity, that existed as of the Petition Date.

15. Nothing in the Motion or this Order waives or modifies the requirements of the Transaction Support Agreement, including, without limitation, the consent and consultation rights contained therein.

16. The contents of the Motion satisfy the requirements of Bankruptcy Rule 6003(b).

17. Notice of the Motion as provided therein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

18. Notwithstanding any Bankruptcy Rule to the contrary, this Order shall take effect immediately upon its entry.

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

20. The Court retains exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

Signed: \_\_\_\_\_

\_\_\_\_\_  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1**

**Procedures for Transfers of or Claims of Worthless Stock Deductions  
with Respect to Beneficial Ownership of Common Stock**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

	x	
	:	
In re:	:	Chapter 11
	:	
THE CONTAINER STORE GROUP, INC., <i>et al.</i> ,	:	Case No. 24-90627 (ARP)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	x	

**NOTICES, RESTRICTIONS, AND OTHER PROCEDURES REGARDING  
(A) CERTAIN TRANSFERS OF INTERESTS IN DEBTORS AND  
(B) CLAIMS OF CERTAIN WORTHLESS STOCK DEDUCTIONS**

**TO ALL PERSONS OR ENTITIES WITH EQUITY INTERESTS IN THE DEBTORS:**

Pursuant to that certain *Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in Debtors and (B) Claims of Certain Worthless Stock Deductions* (the “**Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas (the “**Bankruptcy Court**”) on \_\_\_\_\_, 2024, Docket No. (\_\_\_\_), the following restrictions, notification requirements, and/or other procedures (the “**Procedures**”) apply to all trading and transfers of, and all claims of Worthless Stock Deductions (defined below) by a Majority Stockholder (defined below) with respect to, the Beneficial Ownership (defined below) of Common Stock (including indirect ownership of, and Options (defined below) to acquire, Beneficial Ownership of Common Stock (defined below)).<sup>2</sup>

---

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings given to them in the Motion.

**A. Common Stock Restrictions.**

1. Definitions. For purposes of these Procedures, the following terms have the following meanings:

i. **“Beneficial Ownership”** of Common Stock and Options to acquire Common Stock shall be determined in accordance with applicable rules under section 382 of title 26 of the United States Code (the **“Tax Code”**), title 26 of the Code of Federal Regulations (the **“Treasury Regulations”**), and rulings issued by the Internal Revenue Service, and, thus, to the extent provided in those sources, from time to time shall include, without limitation, (A) direct and indirect ownership, determined without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity (*e.g.*, a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries), (B) ownership by a holder’s family members, (C) ownership by any Entity, and (D) to the extent set forth in Treasury Regulations section 1.382-4, the ownership of an Option to acquire Beneficial Ownership of Common Stock.

ii. **“Common Stock”** shall mean common stock issued by The Container Store Group, Inc. For the avoidance of doubt, by operation of the definition of Beneficial Ownership, an owner of an Option to acquire Beneficial Ownership of Common Stock may be treated as the owner of such Common Stock.

iii. **“Entity”** has the meaning as such term is defined in section 1.382-3(a) of the Treasury Regulations, including any group of persons acting pursuant to a formal or informal understanding among themselves to make a coordinated acquisition of Common Stock.

iv. **“Majority Stockholder”** shall mean (A) any person that Beneficially Owns at least 1,725,620 shares of Common Stock (representing approximately 50% of all issued and outstanding shares of Common Stock) or (B) any person that would be a “50-percent shareholder” (within the meaning of section 382(g)(4)(D) of the Tax Code) with respect to its Beneficial Ownership of Common Stock if such person claimed a Worthless Stock Deduction at any time on or after the Petition Date.

v. **“Option”** shall mean any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest regardless of whether it is contingent or otherwise not currently exercisable.

vi. **“Substantial Stockholder”** shall mean any person or Entity that Beneficially Owns at least 155,300 shares of Common Stock (representing approximately 4.5% of all issued and outstanding shares of Common Stock).

vii. **“Worthless Stock Deduction”** shall mean any claim (for U.S. federal income tax reporting purposes) of a worthlessness deduction under section 165 of the Tax Code with respect to Beneficial Ownership of Common Stock.

2. Notice of Substantial Stock Ownership. Any person or Entity that Beneficially Owns, at any time on or after the Petition Date, Common Stock in an amount sufficient to qualify such person or Entity as a Substantial Stockholder shall file with the Bankruptcy Court and serve

upon (a) The Container Store Group, Inc., 500 Freeport Parkway, Coppell, TX 75019, Attn: Tasha Grinnell (tlgrinnell@containerstore.com); (b) proposed counsel to the Debtors, (i) Latham & Watkins LLP, (A) 355 South Grand Avenue, Suite 100, Los Angeles, CA 90071, Attn: Ted Dillman (ted.dillman@lw.com) and (B) 1271 Avenue of the Americas, New York, NY 10020, Attn: Hugh Murtagh (hugh.murtagh@lw.com), and (ii) Hunton Andrews Kurth LLP, 600 Travis Street, Suite 4200, Houston, TX 77002, Attn: Tad Davidson (taddavidson@huntonak.com) and Ashley Harper (ashleyharper@huntonak.com); (c) counsel to the DIP Agent, (i) Riemer & Braunstein LLP, Times Square Tower, Seven Times Square, Suite 2506, New York, NY 10036, Attn: Donald E. Rothman (drothman@riemerlaw.com) and Steven E. Fox (sfox@riemerlaw.com) and (ii) Frost Brown Todd LLP, Rosewood Court, 2101 Cedar Springs Road, Suite 900, Dallas, TX 75201, Attn: Rebecca L. Matthews (rmatthews@fbtlaw.com); (d) counsel to the Ad Hoc Group, (i) 200 Park Avenue, New York, NY 10166, Attn: Jayme Goldstein (jaymegoldstein@paulhastings.com); Isaac Sasson (isaacsasson@paulhastings.com); and William Reilly (williamreilly@paulhastings.com); Leonie Koch (leoniekoch@paulhastings.com), (ii) 2001 Ross Avenue, Suite 2700, Dallas, TX 75201, Attn: Charles Persons (charlespersons@paulhastings.com), and (iii) 600 Travis Street, 58th Floor, Houston, TX 77002, Attn: Schlea Thomas (schleathomas@paulhastings.com); and (e) counsel to the DIP Term Loan Agent, Paul Hastings LLP, 200 Park Avenue, New York, NY 10166, Attn: Alex Cota (alexcota@paulhastings.com) and Liz Loonam (lizloonam@paulhastings.com) (collectively, the “**Disclosure Parties**”) a notice of such person’s or Entity’s substantial ownership (a “**Substantial Stock Ownership Notice**”), in substantially the form annexed to the Order as **Exhibit 1A**, which describes specifically and in detail such person’s or Entity’s Beneficial Ownership of Common Stock, on or before the date that is the later of (x) twenty (20) calendar days after the entry of the order granting the requested relief or (y) ten (10) business days after such person or Entity qualifies as a Substantial Stockholder; provided that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Stockholder even if no Substantial Stock Ownership Notice has been filed. At the election of the Substantial Stockholder, the Substantial Stock Ownership Notice to be filed with the Bankruptcy Court (but not the Substantial Stock Ownership Notice that is served upon the Disclosure Parties) may be redacted to exclude the Substantial Stockholder’s taxpayer identification number and the amount of Common Stock that the Substantial Stockholder Beneficially Owns.

3. Acquisition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer of Beneficial Ownership of Common Stock (including indirectly or through the issuance or transfer of Options to acquire Beneficial Ownership of Common Stock) or exercise of any Option to acquire Beneficial Ownership of Common Stock that would result in an increase in the amount of Common Stock Beneficially Owned by any person or Entity that currently is or, as a result of the proposed transaction, would be a Substantial Stockholder (a “**Proposed Acquisition Transaction**”), such acquiring or increasing person or Entity, or Substantial Stockholder (a “**Proposed Transferee**”) shall file with the Bankruptcy Court and serve upon the Disclosure Parties a notice of such Proposed Transferee’s intent to purchase, acquire, or otherwise accumulate Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock (an “**Acquisition Notice**”), in substantially the form annexed to the Order as **Exhibit 1B**, which describes specifically and in detail the Proposed Acquisition Transaction. At the election of the Proposed Transferee, the Acquisition Notice to be filed with the Bankruptcy Court (but not the Acquisition Notice that is served upon the Disclosure

Parties) may be redacted to exclude the Proposed Transferee's taxpayer identification number and the amount of Common Stock that the Proposed Transferee Beneficially Owns.

4. Disposition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer or other disposition of Beneficial Ownership of Common Stock (including indirectly or through the issuance or transfer of Options to acquire Beneficial Ownership of Common Stock) that would result in either a decrease in the amount of Common Stock Beneficially Owned by a Substantial Stockholder or a person's or Entity's ceasing to be a Substantial Stockholder (a "**Proposed Disposition Transaction**" and, together with a Proposed Acquisition Transaction, a "**Proposed Transaction**"), such person, Entity, or Substantial Stockholder (a "**Proposed Transferor**") shall file with the Bankruptcy Court and serve upon the Disclosure Parties a notice of such Proposed Transferor's intent to sell, trade, or otherwise transfer the Beneficial Ownership of Common Stock or Options to acquire Beneficial Ownership of Common Stock (a "**Disposition Notice**" and, together with an Acquisition Notice, a "**Trading Notice**"), in substantially the form annexed to the Order as Exhibit 1C, which describes specifically and in detail the Proposed Disposition Transaction. At the election of the Proposed Transferor, the Disposition Notice to be filed with the Bankruptcy Court (but not the Disposition Notice that is served upon the Disclosure Parties) may be redacted to exclude the Proposed Transferor's taxpayer identification number and the amount of Common Stock that the Proposed Transferor Beneficially Owns.

5. Notice of Status as a Majority Stockholder. Any person or Entity that currently is or becomes a Majority Stockholder shall file with the Bankruptcy Court and serve upon the Disclosure Parties a notice of such status (a "**Majority Stockholder Notice**"), in substantially the form annexed to the Order as Exhibit 1D, which describes specifically and in detail such person's Beneficial Ownership of Common Stock, on or before the date that is the later of (x) twenty (20) calendar days after the entry of the order granting the requested relief or (y) ten (10) business days after such person qualifies as a Majority Stockholder; provided that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Majority Stockholder even if no Majority Stockholder Notice has been filed. At the election of the Majority Stockholder, the Majority Stockholder Notice to be filed with the Bankruptcy Court (but not the Majority Stockholder Notice that is served upon the Disclosure Parties) may be redacted to exclude the Majority Stockholder's taxpayer identification number.

6. Notice of Intent to Claim a Worthless Stock Deduction. At least twenty (20) business days before a Majority Stockholder files any federal income tax return, or any amendment to such a return, claiming a Worthless Stock Deduction for a tax year of the Majority Stockholder ending on or before the effective date of a chapter 11 plan of reorganization for the Debtors, such Majority Stockholder shall file with the Bankruptcy Court and serve upon the Disclosure Parties advanced written notice of the intended Worthless Stock Deduction (a "**Worthless Stock Deduction Notice**"), in substantially the form annexed to the Order as Exhibit 1E. At the election of the Majority Stockholder, the Worthless Stock Deduction Notice to be filed with the Bankruptcy Court (but not the Worthless Stock Deduction Notice that is served upon the Disclosure Parties) may be redacted to exclude the Majority Stockholder's taxpayer identification number.

7. Objection Procedures. The Debtors and the Ad Hoc Group shall have fifteen (15) business days after the filing of a Trading Notice or a Worthless Stock Deduction Notice



(the “**Objection Period**”) to file with the Bankruptcy Court and serve on a Proposed Transferee or a Proposed Transferor, as the case may be, or a Majority Stockholder, as applicable, an objection (each, an “**Objection**”) to any Proposed Transaction described in such Trading Notice or any Worthless Stock Deduction described in such Worthless Stock Deduction Notice. If the Debtors file an Objection by the expiration of the Objection Period (the “**Objection Deadline**”), then the applicable Proposed Transaction or Worthless Stock Deduction shall not be effective unless approved by a final and nonappealable order of the Bankruptcy Court. If the Debtors do not file an Objection by the Objection Deadline or if the Debtors (with the reasonable consent of the Ad Hoc Group) provide written authorization to the Proposed Transferee or the Proposed Transferor, as the case may be, or the Majority Stockholder, as applicable, approving the Proposed Transaction or the Worthless Stock Deduction prior to the Objection Deadline, then such Proposed Transaction or Worthless Stock Deduction may proceed solely as specifically described in the applicable Trading Notice or Worthless Stock Deduction Notice. Any further Proposed Transaction or Worthless Stock Deduction must be the subject of an additional Trading Notice or Worthless Stock Deduction Notice and Objection Period.

8. Notice of Order. Any person, Entity, or Nominee acting on such person’s or Entity’s behalf, who sells Beneficial Ownership of Common Stock to another person or Entity, shall be required to send a copy of the Notice of Order annexed to the Order as **Exhibit 1F** to the purchaser of such Beneficial Ownership of Common Stock or any Nominee acting on such purchaser’s behalf.

**B. Noncompliance with the Procedures.**

Any acquisition, disposition, trading of, or claim of Worthless Stock Deduction with respect to, Beneficial Ownership of Common Stock (including indirect ownership of, and Options to acquire, Beneficial Ownership of Common Stock) in violation of these Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a) of the Bankruptcy Code. In the event that a Majority Stockholder claims a Worthless Stock Deduction in violation of these Procedures, such holder shall be required to file an amended federal income tax return revoking such deduction. Furthermore, any person or Entity that acquires, disposes of, trades, or claims a Worthless Stock Deduction with respect to, Beneficial Ownership of Common Stock (including indirect ownership of, and Options to acquire, Beneficial Ownership of Common Stock) in violation of these Procedures shall be subject to sanctions as provided by law.

**C. Debtors’ Right to Waive.**

**The Debtors may, with the reasonable consent of the Ad Hoc Group, waive, in writing, any and all of the foregoing restrictions, stays, and notification procedures.**

**Exhibit 1A**

**Substantial Stock Ownership Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

	X	
	:	
In re:	:	Chapter 11
	:	
THE CONTAINER STORE GROUP, INC., <i>et al.</i> ,	:	Case No. 24-90627 (ARP)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	X	

**NOTICE OF SUBSTANTIAL STOCK OWNERSHIP**

**PLEASE TAKE NOTICE** that, pursuant to that certain *Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in Debtors and (B) Claims of Certain Worthless Stock Deductions* (with all exhibits thereto, the “**Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas on \_\_\_\_\_, 2024, Docket No. (\_\_\_\_), [Name of Filer] (the “**Filer**”) hereby provides notice that, as of the date hereof, the Filer Beneficially Owns<sup>2</sup> (including direct and indirect ownership):

- (i) \_\_\_\_\_ shares of Common Stock, and/or
- (iii) Options to acquire Beneficial Ownership of Common Stock,

**PLEASE TAKE FURTHER NOTICE** that the taxpayer identification number of the Filer is \_\_\_\_\_.

**PLEASE TAKE FURTHER NOTICE** that the following table sets forth the following information:

For Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that are owned directly by the Filer, the table sets forth (a) the number of such shares and/or the number of shares underlying Options to acquire Beneficial Ownership of Common Stock Beneficially Owned by such Filer and (b) the date(s) on which such shares and/or Options to acquire Beneficial Ownership of Common Stock were acquired (categorized by class).

In the case of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that are not owned directly by the Filer but are nonetheless Beneficially Owned by the Filer,

\_\_\_\_\_

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings given to them in Exhibit 1 to the Order.

the table sets forth (a) the name(s) of each record or legal owner of such shares of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by the Filer, (b) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock Beneficially Owned by such Filer, and (c) the date(s) on which such Common Stock and/or Options to acquire Beneficial Ownership of Common Stock were acquired (categorized by class).

<i>Class</i>	<i>Name of Owner</i>	<i>Shares Beneficially Owned</i>	<i>Shares Underlying Options Beneficially Owned</i>	<i>Date(s) Acquired</i>
Common Stock				

**(Attach additional pages if necessary.)**

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

(Name of Substantial Shareholder)

By:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_, \_\_\_\_\_

(City)

(State)

**Exhibit 1B**

**Acquisition Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

	x	
	:	
In re:	:	Chapter 11
	:	
THE CONTAINER STORE GROUP, INC., <i>et al.</i> ,	:	Case No. 24-90627 (ARP)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	x	

**NOTICE OF INTENT TO PURCHASE,  
ACQUIRE, OR OTHERWISE ACCUMULATE COMMON STOCK**

**PLEASE TAKE NOTICE** that, pursuant to that certain *Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in Debtors and (B) Claims of Certain Worthless Stock Deductions* (with all exhibits thereto, the “**Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas on \_\_\_\_\_, 2024, Docket No. (\_\_\_\_), [Name of Filer] (the “**Filer**”) hereby provides notice of (i) its intention to purchase, acquire, or otherwise accumulate Beneficial Ownership<sup>2</sup> (including direct and indirect ownership) of one or more shares of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock and/or (ii) a proposed purchase, acquisition, or other accumulation of Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that would result in an increase in the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by the Filer (any proposed transaction described in clauses (i) or (ii), a “**Proposed Transfer**”).

**PLEASE TAKE FURTHER NOTICE** that the following table sets forth the following information:

1. If the Proposed Transfer involves the purchase or acquisition directly by the Filer of Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock, the table sets forth (a) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock proposed to be purchased or acquired and (b) the date(s) of such Proposed Transfer (categorized by class).

---

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings given to them in Exhibit 1 to the Order.

2. If the Proposed Transfer involves the purchase or acquisition of Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock by a person or Entity other than the Filer, but the Proposed Transfer nonetheless would increase the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by the Filer, the table sets forth (a) the name(s) of each such person or Entity that proposes to purchase or acquire such shares of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock, (b) the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock proposed to be purchased or acquired, and (c) the date(s) of such Proposed Transfer (categorized by class).

<i>Class</i>	<i>Name of Purchaser or Acquirer</i>	<i>Shares to be Purchased or Acquired</i>	<i>Shares Underlying Options to be Purchased or Acquired</i>	<i>Date(s) of Proposed Transfer</i>
Common Stock				

**(Attach additional page if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that the following table summarizes the Filer’s Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock assuming that the Proposed Transfer is approved and consummated as described above. The table sets forth, as of immediately following the consummation of the Proposed Transfer, the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock (a) that would be owned directly by the Filer and, (b) in the case of Beneficial Ownership by the Filer of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that would be owned by another person or Entity as record or legal owner, the name(s) of each prospective record or legal owner and the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that would be owned by each such prospective record or legal owner (categorized by class):

<i>Class</i>	<i>Name of Owner</i>	<i>Shares to Be Beneficially Owned</i>	<i>Shares Underlying Options to Be Beneficially Owned</i>
Common Stock			

**(Attach additional page if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that if the Proposed Transfer involves a purchase or acquisition of Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock directly by the Filer and such Proposed Transfer would result in

(a) an increase in the Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock by a person or Entity (other than the Filer) that currently is a Substantial Stockholder or (b) a person’s or Entity’s (other than the Filer) becoming a Substantial Stockholder, the following table sets forth (i) the name of each such person or Entity, (ii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by such person or Entity currently (i.e., prior to the Proposed Transfer), and (iii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that would be Beneficially Owned by such person or Entity immediately following the Proposed Transfer (categorized by class).

<i>Class</i>	<i>Name of Beneficial Owner</i>	<i>Shares Beneficially Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares to Be Beneficially Owned Following Proposed Transfer</i>	<i>Shares Underlying Options Beneficially Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares Underlying Options to Be Beneficially Owned Following Proposed Transfer</i>
Common Stock					

**(Attach additional page if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that the taxpayer identification number of the Filer is \_\_\_\_\_.

**PLEASE TAKE FURTHER NOTICE** that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]



Respectfully submitted,

(Name of Declarant)

By:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_, \_\_\_\_\_

(City)

(State)

**Exhibit 1C**

**Disposition Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

----- X  
:   
In re: : Chapter 11  
:   
THE CONTAINER STORE GROUP, INC., *et al.*, : Case No. 24-90627 (ARP)  
:   
Debtors.<sup>1</sup> : (Jointly Administered)  
:   
----- X

**NOTICE OF INTENT TO SELL, TRADE,  
OR OTHERWISE TRANSFER COMMON STOCK**

**PLEASE TAKE NOTICE** that, pursuant to that certain *Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in Debtors and (B) Claims of Certain Worthless Stock Deductions* (with all exhibits thereto, the “**Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas on \_\_\_\_\_, 2024, Docket No. (\_\_\_\_), [Name of Filer] (the “**Filer**”) hereby provides notice of (i) its intention to sell, trade, or otherwise transfer or dispose of the Beneficial Ownership<sup>2</sup> (including direct and indirect ownership) of one or more shares of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock and/or (ii) a proposed sale, transfer, or disposition of the Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that would result in a decrease in the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by the Filer (any proposed transaction described in clauses (i) or (ii), a “**Proposed Transfer**”).

**PLEASE TAKE FURTHER NOTICE** that the following table sets forth the following information:

1. If the Proposed Transfer involves the sale, transfer, or disposition directly by the Filer of Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock, the table sets forth (a) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock proposed to be sold, transferred, or disposed of and (b) the date(s) of such Proposed Transfer (categorized by class).

---

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings given to them in Exhibit 1 to the Order.

2. If the Proposed Transfer involves the sale, transfer or disposition of Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock by a person or Entity other than the Filer, but the Proposed Transfer nonetheless would decrease the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by the Filer, the table sets forth (a) the name(s) of each such person or Entity that proposes to sell, transfer, or dispose of such Common Stock and/or Options to acquire Beneficial Ownership of Common Stock; (b) the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock proposed to be so sold, transferred, or disposed of; and (c) the date(s) of such Proposed Transfer (categorized by class).

<i>Class</i>	<i>Name of Transferor</i>	<i>Shares to Be Sold, Transferred, or Disposed Of</i>	<i>Shares Underlying Options to Be Sold, Transferred, or Disposed Of</i>	<i>Date(s) of Proposed Transfer</i>
Common Stock				

**(Attach additional page if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that the following table summarizes the Filer’s Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock assuming that the Proposed Transfer is approved and consummated as described above. The table sets forth, as of immediately following the consummation of the Proposed Transfer, the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock (a) that would be owned directly by the Filer and, (b) in the case of Beneficial Ownership by the Filer of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock that would be owned by another person or Entity as record or legal owner, the name(s) of each prospective record or legal owner and the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that would be owned by each such prospective record or legal owner (categorized by class):

<i>Class</i>	<i>Name of Owner</i>	<i>Shares to Be Beneficially Owned</i>	<i>Shares Underlying Options to Be Beneficially Owned</i>
Common Stock			

**(Attach additional page if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that if the Proposed Transfer involves a sale, transfer, or disposition of Beneficial Ownership of Common Stock and/or Options to acquire

Beneficial Ownership of Common Stock directly by the Filer and such Proposed Transfer would result in (a) a decrease in the Beneficial Ownership of Common Stock and/or Options to acquire Beneficial Ownership of Common Stock by a person or Entity (other than the Filer) that currently is a Substantial Stockholder or (b) a person's or Entity's (other than the Filer) becoming a Substantial Stockholder, the following table sets forth (i) the name of each such person or Entity, (ii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that are Beneficially Owned by such person or Entity currently (i.e., prior to the Proposed Transfer), and (iii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options to acquire Beneficial Ownership of Common Stock that would be Beneficially Owned by such person or Entity immediately following the Proposed Transfer (categorized by class).

<i>Class</i>	<i>Name of Beneficial Owner</i>	<i>Shares Beneficially Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares to Be Beneficially Owned Following Proposed Transfer</i>	<i>Shares Underlying Options Beneficially Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares Underlying Options to Be Beneficially Owned Following Proposed Transfer</i>
Common Stock					

**(Attach additional page if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that the taxpayer identification number of the Filer is \_\_\_\_\_.

**PLEASE TAKE FURTHER NOTICE** that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

(Name of Declarant)

By:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_, \_\_\_\_\_

(City)

(State)

**Exhibit 1D**

**Majority Stockholder Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

----- X  
 :  
 In re: : Chapter 11  
 :  
 THE CONTAINER STORE GROUP, INC., *et al.*, : Case No. 24-90627 (ARP)  
 :  
 Debtors.<sup>1</sup> : (Jointly Administered)  
 :  
 ----- X

**DECLARATION OF STATUS AS A MAJORITY STOCKHOLDER**

**PLEASE TAKE NOTICE** that, pursuant to that certain *Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in Debtors and (B) Claims of Certain Worthless Stock Deductions* (with all exhibits thereto, the “**Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas on \_\_\_\_\_, 2024, Docket No. (\_\_\_\_), [Name of Filer] (the “**Filer**”) hereby provides notice that, as of the date hereof, the Filer is/has become a Majority Stockholder.<sup>2</sup>

**PLEASE TAKE FURTHER NOTICE** that, as of \_\_\_\_\_, 20\_\_, the Filer Beneficially Owns (including direct and indirect ownership) \_\_\_\_\_ shares of and/or interests in common stock (“**Common Stock**”). The following table sets forth the date(s) on which the Filer acquired such ownership or otherwise had ownership of such Common Stock in an amount sufficient for the Filer to qualify as a Majority Stockholder:

<i>Number of Shares of and/or Interests in Common Stock Beneficially Owned</i>	<i>Date(s) Acquired</i>

---

<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein have the meanings given to them in Exhibit 1 to the Order.



**(Attach additional pages if necessary.)**

**PLEASE TAKE FURTHER NOTICE** that the taxpayer identification number of the Filer is \_\_\_\_\_.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

(Name of 50-Percent Shareholder)

By:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_, \_\_\_\_\_

(City)

(State)

**Exhibit 1E**

**Worthless Stock Deduction Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

----- X  
:   
In re: : Chapter 11  
:   
THE CONTAINER STORE GROUP, INC., *et al.*, : Case No. 24-90627 (ARP)  
:   
Debtors.<sup>1</sup> : (Jointly Administered)  
:   
----- X

**DECLARATION OF INTENT TO CLAIM A WORTHLESS STOCK DEDUCTION**

**PLEASE TAKE NOTICE** that, pursuant to that certain *Order Establishing Notification Procedures and Approving Restrictions on (A) Certain Transfers of Interests in Debtors and (B) Claims of Certain Worthless Stock Deductions* (with all exhibits thereto, the “**Order**”) entered by the United States Bankruptcy Court for the Southern District of Texas on \_\_\_\_\_, 2024, Docket No. (\_\_\_\_), [Name of Filer] (the “**Filer**”) hereby provides notice of its intention to claim a Worthless Stock Deduction<sup>2</sup> with respect to its Beneficial Ownership of Common Stock (a “**Proposed Deduction**”).

**PLEASE TAKE FURTHER NOTICE** that, if applicable, on \_\_\_\_\_, 20\_\_, the Filer filed a Declaration of Status as a Majority Stockholder with the Bankruptcy Court.

**PLEASE TAKE FURTHER NOTICE** that the Filer currently Beneficially Owns (including direct and indirect ownership) \_\_\_ shares of and/or interests in Common Stock (“**Common Stock**”).

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Proposed Deduction, the Filer proposes to claim a Worthless Stock Deduction with respect to its Beneficial Ownership of \_\_\_ shares of and/or interests in Common Stock. If the Proposed Deduction is permitted to occur, the Filer will be treated as having acquired \_\_\_ shares of and/or interests in Common Stock on the first day of the Filer’s next taxable year and shall be treated as never having owned such Common Stock during any prior year for the purposes of testing whether an Ownership Change has occurred.

**PLEASE TAKE FURTHER NOTICE** that the taxpayer identification number of the Filer is \_\_\_\_\_.

\_\_\_\_\_  
<sup>1</sup> The Debtors in these cases, together with the last four digits of each Debtor’s taxpayer identification number, are: The Container Store Group, Inc. (5401); The Container Store, Inc. (6981); C Studio Manufacturing Inc. (4763); C Studio Manufacturing LLC (5770); and TCS Gift Card Services, LLC (7975). The Debtors’ mailing address is 500 Freeport Parkway, Coppell, TX 75019.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings given to them in Exhibit 1 to the Order.

**PLEASE TAKE FURTHER NOTICE** that, under penalty of perjury, the Filer hereby declares that it has examined this Declaration and accompanying attachments (if any), and, to the best of its knowledge and belief, this Declaration and any attachments which purport to be part of this Declaration are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

(Name of Declarant)

By:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_

\_\_\_\_\_, \_\_\_\_\_

(City)

(State)

**Exhibit 1F**

**Notice of Order**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE HOLDERS OF, INTERESTS IN STOCK ISSUED BY THE CONTAINER STORE GROUP, INC.:**

Upon the motion (the “*Motion*”) of The Container Store Group, Inc. and its affiliated companies (the “*Debtors*”),<sup>1</sup> on [\_\_\_], 2024, the United States Bankruptcy Court for the Southern District of Texas (the “*Bankruptcy Court*”), having jurisdiction over the chapter 11 cases of the Debtors, captioned as *In re The Container Store Group, Inc., et al.*, No. 24-(\_\_\_) (the “*Chapter 11 Cases*”), entered an order establishing procedures (the “*Procedures*”) with respect to transfers of, and claims of worthless stock deductions by a Majority Stockholder (as defined herein) with respect to, its beneficial ownership (including direct and indirect ownership) of common stock issued by The Container Store Group, Inc., including options to acquire beneficial ownership of such common stock (collectively, the “*Common Stock*”).

In certain circumstances, the Procedures restrict (i) transactions involving, and require notices of the holdings of and proposed transactions by, any person, group of persons, or entity that is or, as a result of such a transaction, would become a Substantial Stockholder of the Common Stock (including options to acquire beneficial ownership of the Common Stock) and (ii) claims by any Majority Stockholder of a worthlessness deduction under section 165 of the Internal Revenue Code of 1986, as amended, with respect to its beneficial ownership of the Common Stock. For purposes of the Procedures, a “*Substantial Stockholder*” is any person or entity (within the meaning of applicable regulations promulgated by the U.S. Department of the Treasury, including certain persons making a coordinated acquisition of stock) that beneficially owns, directly or indirectly (and/or owns options to acquire) at least 155,300 shares of Common Stock (representing approximately 4.5% of all issued and outstanding shares of Common Stock), and a “*Majority Stockholder*” is any person that beneficially owns at least 1,725,620 shares of Common Stock (representing approximately 50% of all issued and outstanding shares of Common Stock) or any person that would be a “50-percent shareholder” (within the meaning of section 382(g)(4)(D) of the Internal Revenue Code of 1986, as amended) of Common Stock if such person claimed a worthless stock deduction with respect to its beneficial ownership of such securities. *Any prohibited acquisition or other transfer of, or claim of a worthless stock deduction with respect to, beneficial ownership of Common Stock (including indirectly or through the grant or transfer of options to acquire beneficial ownership of Common Stock) will be null and void ab initio and may lead to contempt, compensatory damages, punitive damages, or sanctions being imposed by the Bankruptcy Court.*

*The Procedures are available on the Case Website and on the docket of the Chapter 11 Cases, No. 24-(\_\_\_), which can be accessed via PACER at <https://www.pacer.gov>.*

---

<sup>1</sup> A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ proposed noticing agent at <https://www.veritaglobal.net/thecontainerstore> (the “*Case Website*”). The location of the Debtors’ corporate headquarters and service address for purposes of these chapter 11 cases is: 500 Freepart Parkway, Coppell, TX 75019.

The requirements set forth in the Procedures are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws and do not excuse noncompliance therewith.

**A direct or indirect holder of, or prospective holder of, stock issued by The Container Store Group, Inc. that may be or become a Substantial Stockholder or a Majority Stockholder should consult the Procedures.**

Dated: \_\_\_\_\_, 2024

**BY ORDER OF THE COURT**