

ENTERED

December 23, 2024

Nathan Ochsner, Clerk

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

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In re: : Chapter 11
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THE CONTAINER STORE GROUP, INC., *et al.*, : Case No. 24-90627 (ARP)
:
Debtors.¹ : (Jointly Administered)
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**ORDER (I) AUTHORIZING THE DEBTORS
TO (A) PAY CERTAIN EMPLOYEE COMPENSATION
AND BENEFITS, (B) MAINTAIN AND CONTINUE SUCH
BENEFITS AND OTHER EMPLOYEE-RELATED PROGRAMS,
AND (C) PAY PREPETITION CLAIMS OF CONTRACTED LABOR;
(II) GRANTING RELIEF FROM AUTOMATIC STAY WITH RESPECT TO
WORKERS' COMPENSATION CLAIMS; AND (III) GRANTING RELATED RELIEF
[Relates to Docket No. 11]**

Upon the emergency motion (the “*Motion*”)² of the Debtors for entry of an order (this “*Order*”) (i) authorizing, but not directing, the Debtors, in their discretion, to satisfy the Prepetition Workforce Obligations; (ii) confirming the Debtors’ right to continue postpetition, in the ordinary course of business, the Workforce Programs; (iii) modifying the automatic stay under section 362 of the Bankruptcy Code with respect to the Workers’ Compensation Claims to allow Workers’ Compensation Claims to proceed under the applicable Workers’ Compensation Policy and to allow the Debtors, their affiliates, their insurance providers, and/or their third-party administrators to negotiate, settle, and/or litigate Workers’ Compensation Claims, and pay resulting amounts, whether such claims arose before or after the Petition Date; and (iv) granting related relief, all as

¹ 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.

² Capitalized terms used but not defined herein shall have the meanings given to them in the Motion.



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more fully set forth in the Motion; and the Court having reviewed the Motion and the First Day Declaration; 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 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 1409; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary, except as set forth in the Motion with respect to entry of this Order; and upon the record herein; and after due deliberation thereon; 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, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Debtors are authorized but not directed, in their discretion and business judgment, to (a) pay or otherwise honor all Prepetition Workforce Obligations, *provided* that the Debtors are not authorized to pay any prepetition or postpetition bonus, severance, or retention obligations to any Insiders without further order of the Court, *provided further* that if unpaid prepetition claims or obligations to any employee exceed the priority wage cap imposed by Section 507(a)(4) of the Bankruptcy Code, the Debtors shall seek such relief pursuant to a separate motion; (b) honor, continue, and renew their programs, policies, and practices with respect to the Workforce, including the Prepetition Workforce Obligations and the Director Compensation that were in effect as of the Petition Date, in the ordinary course of business, and in the same manner and on the same basis as the Debtors honored and continued such programs, policies, and practices before the Petition Date; and (c) withhold all federal, state, and local taxes relating to the Employee Compensation Obligations and the Employee Benefit Obligations as required by applicable law.

2. The Debtors are authorized, in their sole discretion, to transmit any Payroll Deduction Obligations previously withheld or deducted from the Employee payroll to the appropriate third-party recipient.

3. The Debtors are authorized to pay any and all Payroll Taxes including, but not limited to, all local, state, and federal withholding and payroll-related taxes, social security taxes, Medicare taxes, or similar taxes related to the Prepetition Workforce Obligations, whether withheld from Employees' wages or paid directly by the Debtors to governmental entities and whether such taxes relate to the period before or after the Petition Date.

4. Nothing herein shall be deemed to authorize the Debtors to cash out or set off unpaid PTO Obligations, except upon termination of an Employee to the extent required by applicable non-bankruptcy law.

5. Nothing herein shall be deemed to authorize the Debtors to make any payment that violates section 503(c) of the Bankruptcy Code during the Chapter 11 Cases; *provided that* the Debtors are authorized to seek approval of any payments to Insiders under the Employee Incentive Programs, any retention program, and the Severance Programs by separate motion.

6. The Debtors' banks and financial institutions are authorized to receive, process, honor, and pay all checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts before the Petition Date for the Prepetition Workforce Obligations and the Director Compensation that have not been honored and paid as of the Petition Date (or to reissue checks, drafts, electronic fund transfers, or other forms of payment drawn or issued on the Debtors' bank accounts, as may be necessary), and are authorized to rely on the Debtors' directions or representations as to which checks, drafts, transfers, or other forms of payment drawn or issued on the Debtors' bank accounts are subject to this Order; *provided that*

sufficient funds are on deposit in the applicable bank accounts to cover such payments, and any such banks and financial institutions shall not have any liability to any party for relying on such directions or representations by the Debtors as provided in this Order.

7. The Debtors are authorized, but not directed, to reissue payment for the Prepetition Workforce Obligations and the Director Compensation and to replace any inadvertently dishonored or rejected payments. Further, the Debtors are authorized to reimburse any expenses that Employees or Contracted Labor may incur as a result of any bank's failure to honor a prepetition check.

8. The Debtors are authorized, but not directed, to continue their workers' compensation programs and to pay or set off any outstanding prepetition claims, taxes, charges, assessments, premiums, and third-party administrator fees arising under the Workers' Compensation Policies and or programs in which they participate. In addition, the Debtors are authorized, in their discretion, (a) to agree to modify the automatic stay of section 362 of the Bankruptcy Code, without further order of this Court, (i) to allow Workers' Compensation Claims to proceed under the applicable Workers' Compensation Policies and (ii) to allow the Debtors' insurance providers and/or third party-administrators to negotiate, settle, and/or litigate Workers' Compensation Claims, and (b) to pay resulting amounts, whether such claims arose before or after the Petition Date.

9. Any authorization under this Order to pay, and the payment of, any amounts on account of the Prepetition Workforce Obligations shall not affect the Debtors' right to contest the amount or validity of any of the Prepetition Workforce Obligations including, without limitation, any amounts that may be due to any taxing authority.

10. The Debtors are authorized, but not directed, to continue the Workforce Programs in the ordinary course of business during the Chapter 11 Cases and without the need for further Court approval, subject to applicable law.

11. Notwithstanding anything to the contrary in the Motion or this Order, the Debtors retain their right to, in the ordinary course of business, (a) modify, change, and discontinue any program, policy, or practice with respect to the Prepetition Workforce Obligations and (b) implement new programs, policies, and practices with respect to the Prepetition Workforce Obligations during the Chapter 11 Cases without the need for further Court approval to the extent such action is authorized by applicable law; *provided, however*, that the Debtors shall seek Court approval, on notice, of any modification that would implicate any portion of section 503(c) of the Bankruptcy Code.

12. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in the Motion or this Order shall create any rights in favor of, or enhance, limit, or change the status of any claim held by, any member of the Workforce or other person.

13. Nothing in the Motion or this Order, or the relief granted herein (including any actions taken or payments made by the Debtors), is to be construed as: (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. Nothing contained in this Order shall be deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect any claim to the extent it is not paid.

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 this Order, nor as a result of any payment made pursuant to this Order, shall be deemed or construed as a waiver of the right of the Debtors, or shall impair the ability of Debtors, to contest the validity and amount of any payment made pursuant to this Order.

16. Notwithstanding anything to the contrary contained herein, any payment to be made hereunder, and any authorization contained herein, shall be subject to any interim and final orders, as applicable, approving the use of such cash collateral and/or the Debtors' entry into any postpetition financing facilities or credit agreements, and any budgets in connection therewith governing any such postpetition financing and/or use of cash collateral (each such order, a "***DIP Order***"). To the extent there is any inconsistency between the terms of the DIP Order and any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

17. 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.

18. The requirements set forth in Bankruptcy Rule 6004(a) are hereby waived.

19. Notwithstanding Bankruptcy Rule 6004(h), to the extent applicable, this Order shall be effective and enforceable immediately upon entry hereof.

20. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief set forth in this Order is necessary to avoid immediate and irreparable harm.

21. The Debtors are authorized and empowered to take all actions necessary or appropriate to implement the relief granted in this Order.

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

Signed: December 23, 2024


Alfredo R Pérez
United States Bankruptcy Judge