

**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., <i>et al.</i> ,	:	Case No. 24-90627 (ARP)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	X	

**APPLICATION OF DEBTORS TO EMPLOY AND RETAIN  
HOULIHAN LOKEY CAPITAL, INC. AS FINANCIAL ADVISOR AND INVESTMENT  
BANKER TO THE DEBTORS EFFECTIVE AS OF THE PETITION DATE**

**If you object to the relief requested, you must respond in writing. Unless otherwise directed by the Court, you must file your response electronically at <https://ecf.txsb.uscourts.gov/> within twenty-one days from the date this motion was filed. If you do not have electronic filing privileges, you must file a written objection that is actually received by the clerk within twenty-one days from the date this motion was filed. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.**

The debtors in possession in the above captioned cases (collectively, the “*Debtors*”) respectfully state as follows in support of this application (the “*Application*”):

**RELIEF REQUESTED**

The Debtors seek entry of an order, substantially in the form attached hereto (the “*Order*”), pursuant to sections 327 and 328(a) of title 11 of the United States Code (the “*Bankruptcy Code*”), Rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), Rules 2014-1 and 2016-1 of the Bankruptcy Local Rules of the United States Bankruptcy 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.



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for the Southern District of Texas (the “**Bankruptcy Local Rules**”), and the *Procedures for Complex Cases in the Southern District of Texas* (the “**Complex Case Procedures**”), (i) authorizing them to employ and retain Houlihan Lokey Capital, Inc. (“**Houlihan Lokey**”) as their financial advisor and investment banker, effective as of the petition date, in accordance with the terms and conditions set forth in that certain engagement agreement, dated as of November 18, 2024 (the “**Engagement Agreement**”),<sup>2</sup> a copy of which is attached as **Exhibit 1** to the Order, (ii) approving the terms of Houlihan Lokey’s employment and retention, including the fee and expense structure and the indemnification, contribution, reimbursement, and related provisions set forth in the Engagement Agreement, (iii) excusing certain informational requirements, and (iv) granting such other and further relief as is just and proper. In support of this Application, the Debtors submit the declaration of Adam Dunayer, a Managing Director of Houlihan Lokey (the “**Dunayer Declaration**”), which is attached hereto as **Exhibit A** and incorporated herein and further respectfully state as follows:

### **JURISDICTION AND VENUE**

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

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

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<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Engagement Agreement.

### **BACKGROUND**

3. On December 22, 2024, (the “**Petition Date**”), the Debtors filed voluntary petitions in this Court commencing cases for relief under chapter 11 of the Bankruptcy Code. 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 these chapter 11 cases.

4. 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* [Docket No. 6], filed on the Petition Date (the “**First Day Declaration**”), which is fully incorporated herein by reference.<sup>3</sup>

5. On December 23, 2024, the Court entered an order [Docket No. 36] pursuant to Bankruptcy Rule 1015(b) ordering joint administration of the chapter 11 cases for procedural purposes only.

### **HOULIHAN LOKEY’S QUALIFICATIONS**

6. The Debtors seek to retain Houlihan Lokey as their financial advisor and investment banker because, among other things, Houlihan Lokey has extensive experience and an excellent reputation in providing high quality investment banking services to debtors and creditors in financial restructurings and bankruptcy proceedings.

7. Houlihan Lokey, together with the other subsidiaries of its direct parent company, Houlihan Lokey, Inc., is an internationally recognized investment banking and financial advisory

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<sup>3</sup> The First Day Declaration and other relevant case information is available on the following website maintained by the Debtors’ claims, balloting, and noticing agent, Kurtzman Carson Consultants, LLC d/b/a Verita Global, in connection with these chapter 11 cases: <https://www.veritaglobal.net/thecontainerstore>.

firm, with offices worldwide and more than 900 professionals. Houlihan Lokey is a leader in providing such services to debtors, unsecured and secured creditors, acquirers, and other parties-in-interest involved with financially troubled companies both in and outside of bankruptcy. Houlihan Lokey has been, and is, involved in some of the largest restructurings in the United States, both out of court and in chapter 11 cases. Houlihan Lokey has been retained to provide investment banking and financial advisory services in, among other cases, *In re Conn's, Inc.*, Case No. 24-33357 (Bankr. S.D. Tex. Aug. 27, 2024); *In re JOANN Inc.*, Case No. 24-10418 (Bankr. D. Del. Apr. 15, 2024); *In re Cano Health, Inc.*, Case No. 24-10164 (Bankr. D. Del. Mar. 22, 2024); *In re MVK FarmCo LLC*, Case No. 23-11721 (Bankr. D. Del. Dec. 6, 2023); *In re OSG Holdings, Inc.*, Case No. 23-90799 (Bankr. S.D. Tex. Nov. 17, 2023); *In re Carestream Health, Inc.*, Case No. 22-10778 (Bankr. D. Del. Oct. 7, 2022); *In re Revlon, Inc.*, Case No. 22-10760 (Bankr. S.D.N.Y. Aug. 23, 2022); *In re PWM Property Management LLC*, Case No. 21-11445 (Bankr. D. Del. Feb. 17, 2022); *In re Seadrill Limited*, Case No. 21-30427 (Bankr. S.D. Tex. May 21, 2021); *In re Guitar Center, Inc.*, Case No. 20-34656 (Bankr. E.D. Va. Dec. 16, 2020); *In re Skillsoft Corp.*, Case No. 20-11532 (Bankr. D. Del. Jul. 21, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (Bankr. D. Del. Jul. 16, 2020); and *In re Aceto Corp.*, Case No. 19-13448 (Bankr. D.N.J. Apr. 2, 2019).<sup>4</sup>

8. The resources, capabilities and experience of Houlihan Lokey in advising the Debtors are crucial to enabling the Debtors to implement a successful restructuring. A financial advisor and investment banker with a deep bench of experience, such as Houlihan Lokey, fulfills

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<sup>4</sup> Because of the voluminous nature of the orders cited in this Application, they are not attached to the Application. Copies of these orders are available upon request to the Debtors' proposed counsel.

a critical need that complements the services offered by the Debtors' other restructuring professionals.

9. Since its retention on September 4, 2024 and up to the Petition Date, Houlihan Lokey provided extensive prepetition services to the Debtors in preparation for the Debtors' restructuring efforts, including assisting management in evaluating strategic alternatives, conducting extensive meetings and negotiations with the various parties in interest, facilitating extensive diligence for the various parties in interest, evaluating financing and capital raising alternatives available to the Debtors, and providing additional financial advice and investment banking services in preparation for the filing of these chapter 11 cases.

10. As a result of the prepetition work performed on behalf of the Debtors, Houlihan Lokey has acquired significant knowledge of the Debtors and their businesses and is intimately familiar with the Debtors' financial affairs, debt structure, operations, and related matters. In providing prepetition services to the Debtors, Houlihan Lokey has worked closely with the Debtors' senior management and their other advisors and has familiarity with the other major stakeholders that will be involved in these chapter 11 cases. Thus, Houlihan Lokey has developed relevant experience and expertise regarding the Debtors that (i) makes Houlihan Lokey a natural selection as the Debtors' financial advisor and investment banker and (ii) will assist Houlihan Lokey in providing effective and efficient services in these chapter 11 cases. Indeed, if the Debtors were required to retain an investment banker and financial advisor other than Houlihan Lokey in connection with these chapter 11 cases, the Debtors, their estates, and all parties in interest would be prejudiced by the time and expense necessary to familiarize another firm with the intricacies of the Debtors and their business operations.

11. Therefore, for the foregoing reasons, the Debtors believe that Houlihan Lokey is well-qualified to advise the Debtors in these chapter 11 cases in an expert and efficient manner. The Debtors submit that the retention of Houlihan Lokey on the terms and conditions set forth herein and in the Engagement Agreement is necessary and appropriate, is in the best interests of the Debtors' estates, their creditors, and all other parties in interest, and should be granted in all respects.

**SERVICES TO BE PROVIDED BY HOULIHAN LOKEY**

12. The parties have entered into the Engagement Agreement, which governs the relationship between the Debtors and Houlihan Lokey. The terms and conditions of the Engagement Agreement were negotiated at arm's length and in good faith between the Debtors and Houlihan Lokey and reflect the parties' mutual agreement as to the substantial efforts that will be required in this engagement. Under the Engagement Agreement, in consideration for the compensation contemplated thereby, Houlihan Lokey has provided and has agreed to provide the following services:

- (a) Conduct diligence and provide an initial assessment of potential financing and liability management structures;
- (b) Evaluating financing and capital raising alternatives available to the Debtors;
- (c) Reviewing and analyzing the Debtors' business, operations and financial projections;
- (d) Assisting the Debtors in the development and distribution of selected information, documents and other materials, including, if appropriate, advising the Debtors in the preparation of an offering memorandum;

- (e) Assisting the Debtors in evaluating indications of interest and proposals regarding any Transaction(s) from current and/or potential lenders and/or equity investors;
- (f) Assisting the Debtors with the negotiation of any Transaction(s), including participating in negotiations with creditors and other parties involved in any Transaction(s);
- (g) Attending or participating in meetings of the Debtors' Board of Directors, creditor groups, official constituencies and other interested parties, as the Debtors and Houlihan Lokey mutually agree; and
- (h) Providing such other financial advisory and investment banking services as may be required by additional issues and developments not anticipated .

13. By separate applications, the Debtors are also seeking to employ various other professionals in these chapter 11 cases. The Debtors believe that Houlihan Lokey's services will not duplicate the services that other professionals will be providing to the Debtors in these chapter 11 cases. Houlihan Lokey will use reasonable efforts to coordinate with the Debtors' other retained professionals to avoid unnecessary duplication of services.

#### **HOULIHAN LOKEY'S COMPENSATION**

14. In consideration of the services to be provided by Houlihan Lokey, and as more fully described in the Engagement Agreement, subject to the Court's approval, the Debtors have agreed to pay Houlihan Lokey the following proposed compensation, which is set forth in the Engagement Agreement (the "***Fee and Expense Structure***"):

- (i) ***Monthly Fees***: In addition to the other fees provided for herein, upon the Phase II Effective Date, and on every monthly anniversary thereof during the term of this Agreement until termination in accordance with Section 4, the Debtors shall pay Houlihan Lokey in advance, without notice or invoice, a nonrefundable cash fee of \$125,000 ("***Monthly Fee***"). Each Monthly Fee shall be earned upon Houlihan Lokey's receipt

thereof in consideration of Houlihan Lokey accepting the engagement of the Phase II Services and performing services as described herein. 50% of the Monthly Fees following the third (3<sup>rd</sup>) Monthly Fee paid on a timely basis to Houlihan Lokey shall be credited against the next Transaction Fee (as defined below) to which Houlihan Lokey becomes entitled hereunder (it being understood and agreed that no Monthly Fee shall be credited more than once), except that, in no event, shall such Transaction Fee be reduced below zero, and

(ii) *Transaction Fee(s)*: After the Phase II Effective Date, in addition to the other fees provided for herein, the Debtors shall pay Houlihan Lokey the following transaction fee(s):

- a. *Amendment Transaction Fee*: Upon the closing of a Short-Term Maturity Extension, Houlihan Lokey shall earn, and the Debtors shall thereupon pay to Houlihan Lokey a cash fee (“**Short-Term Extension Fee**”) equal to 1.50% of the principal amount of indebtedness extended. Upon the closing of a Long-Term Maturity Extension, Houlihan Lokey shall earn, and the Debtors shall thereupon pay to Houlihan Lokey a cash fee (“**Long-Term Extension Fee**”) equal to 2.25% of the principal amount of indebtedness extended (each of the foregoing Short-Term Extension Fees and/or Long-Term Extension Fees, an “**Amendment Transaction Fee**”).
- b. *Financing Transaction Fee*. Upon the closing of each Financing Transaction, Houlihan Lokey shall earn, and the Debtors shall thereupon pay to Houlihan Lokey directly from the gross proceeds of such Financing Transaction, as a cost of such Financing Transaction, a cash fee (“**Financing Transaction Fee**”) equal to the sum of: (I) 2.00% of the gross proceeds of any indebtedness raised or committed that is senior to other indebtedness of the Debtors, secured by a first priority lien and unsubordinated, with respect to both lien priority and payment, to any other obligations of the Debtors, (II) 3.50% of the gross proceeds of any indebtedness raised or committed that is secured by a lien (other than a first lien), is unsecured and/or is subordinated, and (III) 3.50% of the gross proceeds of all equity or equity-linked securities (including, without limitation, convertible securities and preferred stock) placed or committed. It is understood and agreed that if the proceeds of any such Financing Transaction are to be funded in more than one stage, Houlihan Lokey shall be entitled to its applicable compensation hereunder upon the closing date of each stage. The Financing Transaction Fee(s) shall be payable in respect of any sale of securities whether such sale has been arranged by Houlihan Lokey, by another agent or directly by the Debtors or any of its controlled affiliates. The fees set forth herein shall be in addition to any other fees that the Debtors may be required to pay to any investor or other purchaser of Securities to secure its financing commitment. The Financing Transaction Fee payable hereunder shall be subject to a \$2,000,000 minimum Financing Transaction Fee payable upon the first closing of a Financing Transaction (it being understood that the foregoing minimum is not in addition to any Financing Transaction Fee that would be calculated as a result of the formula in the first sentence of this clause (b)). Notwithstanding anything to the contrary in the Engagement Agreement, 100% of the Financing Transaction Fee paid on a timely basis to Houlihan Lokey shall be credited against



the Restructuring Transaction Fee (as defined below) to which Houlihan Lokey becomes entitled hereunder.

- c. *Existing Lenders.* In the event an existing lender of the Debtors as of the date hereof (including, for the avoidance of doubt, any affiliate funds operating under the same institution), participates in a Financing Transaction, the Financing Transaction Fee associated with such lender shall be calculated as follows: (I) with respect to the outstanding principal amount of indebtedness owed to such lender or such lender's commitments, the lower of (A) the Financing Transaction Fee or (B) the applicable Amendment Transaction Fee plus (II) with respect to any additional financing or commitment, the Financing Transaction Fee. In the event a new lender participates in an Amendment Transaction, the fee applied to such new lender's portion of the loans and/or commitments shall be a Financing Transaction Fee.
- d. *Restructuring Transaction Fee.* Upon the earlier to occur of: (I) in the case of an out-of-court Restructuring Transaction, the closing of such Restructuring Transaction, and (II) in the case of an in-court Restructuring Transaction, the date of confirmation of a plan of reorganization or liquidation under Chapter 11 or Chapter 7 of the Bankruptcy Code pursuant to an order of the applicable bankruptcy court, Houlihan Lokey shall earn, and the Debtors shall promptly pay to Houlihan Lokey, a cash fee ("**Restructuring Transaction Fee**") of \$3,250,000.
- e. *Sale Transaction Fee (In-Court).* Upon the closing of the Sale Transaction in-court, Houlihan Lokey shall earn, and the Debtors shall thereupon pay to Houlihan Lokey immediately and directly from the gross proceeds of such Sale Transaction, as a cost of such Sale Transaction, a cash fee ("**Sale Transaction Fee**") based upon Aggregate Gross Consideration ("**AGC**"), calculated as follows:
  - i. For AGC up to \$150,000,000 million: \$3,250,000; plus
  - ii. For AGC greater than \$150,000,000 million: 3.0% of such incremental AGC.
- f. Any Amendment Transaction Fee, Financing Transaction Fee, Restructuring Transaction Fee, and Sale Transaction Fee is each referred to herein as a "**Transaction Fee**" and are collectively referred to herein as "**Transaction Fees**." Notwithstanding anything to the contrary contained in this Agreement, any amount invested or contributed in connection with any Transaction by any fund or investment vehicle controlled or advised by Leonard Green & Partners, L.P. or any other shareholder of the Debtors (as of the date of this Agreement) shall be disregarded for purposes of calculating any Transaction Fee hereunder. All payments received by Houlihan Lokey pursuant to this Agreement at any time shall become the property of Houlihan Lokey without restriction. No payments received by Houlihan Lokey pursuant to this Agreement will be put into a trust or other segregated account.
- g. *Expenses.* In addition to all of the other fees and expenses described in this Agreement, and regardless of whether any Transaction is consummated, the

Debtors shall, upon Houlihan Lokey's request, reimburse Houlihan Lokey for its reasonable and documented out-of-pocket expenses incurred from time to time in connection with its services hereunder, but in no event greater than \$50,000 without the Debtors' prior approval (it being understood that Houlihan Lokey shall provide notice and the Debtors shall approve of each \$50,000 increment of such expenses), which approval shall not be unreasonably withheld (provided that such limitation shall not affect the Debtors' obligations to otherwise pay such expenses under this Agreement). Houlihan Lokey bills its clients for its reasonable and documented out-of-pocket expenses including, but not limited to (i) travel-related and certain other expenses, without regard to volume-based or similar credits or rebates Houlihan Lokey may receive from, or fixed-fee arrangements made with, travel agents, airlines or other vendors, and (ii) research, database and similar information charges paid to third party vendors, and reprographics expenses, to perform client-related services that are not capable of being identified with, or charged to, a particular client or engagement in a reasonably practicable manner, based upon a uniformly applied monthly assessment or percentage of the fees due to Houlihan Lokey. Houlihan Lokey shall, in addition, be reimbursed by the Debtors for the reasonable and documented fees and expenses of Houlihan Lokey's outside legal counsel incurred in connection with the negotiation and performance of this Agreement and the matters contemplated hereby, but in no event greater than \$50,000 without the Debtors' prior approval (it being understood that Houlihan Lokey shall provide notice and the Debtors shall approve of each \$50,000 increment of such expenses), which approval shall not be unreasonably withheld (provided that such limitation shall not affect the Debtors' obligations to otherwise pay such expenses under this Agreement).

15. The Debtors believe that the Fee and Expense Structure is comparable to those generally charged by financial advisors and investment bankers of similar stature to Houlihan Lokey for comparable engagements, both in and out of bankruptcy proceedings, and reflects a balance between a fixed fee and a contingency amount tied to the consummation and closing of the transactions and services contemplated by the Debtors and Houlihan Lokey in the Engagement Agreement.

16. The Fee and Expense Structure is consistent with Houlihan Lokey's normal and customary billing practices for comparably sized and complex cases and transactions, both in and out of bankruptcy proceedings, involving the services to be provided in connection with these chapter 11 cases. Moreover, the Fee and Expense Structure is consistent with and typical of

arrangements entered into by Houlihan Lokey and other financial advisors and investment banks in connection with the rendering of comparable services to clients such as the Debtors.

17. Houlihan Lokey's restructuring expertise, as well as its capital markets knowledge, financing skills and mergers and acquisitions expertise, some or all of which may be required by the Debtors during the term of Houlihan Lokey's engagement, were important factors in determining the Fee and Expense Structure. The ultimate benefit to the Debtors derived from the services provided by Houlihan Lokey pursuant to the Engagement Agreement cannot be measured by a reference to the number of hours expended by Houlihan Lokey's professionals.

18. The Debtors and Houlihan Lokey negotiated the Fee and Expense Structure to function as an interrelated, integrated unit corresponding to Houlihan Lokey's overall services. It would be contrary to the intention of Houlihan Lokey and the Debtors for any isolated component of the Fee and Expense Structure to be treated as sufficient consideration for any isolated portion of Houlihan Lokey's services. Instead, the Debtors and Houlihan Lokey intend that Houlihan Lokey's services be considered as a whole for which Houlihan Lokey is to be compensated by the Fee and Expense Structure in its entirety.

19. In light of the foregoing and given the numerous issues that Houlihan Lokey may be required to address in the performance of its services pursuant to the Engagement Agreement, Houlihan Lokey's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Houlihan Lokey's services for both in court and out of court engagements of this nature, the Debtors believes that the Fee and Expense Structure is fair and reasonable and market-based under the standards set forth in section 328(a) of the Bankruptcy Code.

**WAIVER OF COMPLIANCE WITH TIME-DETAIL REQUIREMENTS**

20. It is not the general practice of financial advisory and investment banking firms, including Houlihan Lokey, to keep detailed time records similar to those customarily kept by attorneys. Because Houlihan Lokey does not ordinarily maintain contemporaneous time records in one-tenth hour (0.10) increments or provide or conform to a schedule of hourly rates for professional services, the Debtors request that Houlihan Lokey be excused from compliance with such requirements and instead should only be required to maintain time records in half-hour (0.50) increments setting forth, in a summary format, a reasonably detailed description of the services rendered by each professional and the amount of time spent on each date by each such individual in rendering services on behalf of the Debtors.

21. Houlihan Lokey will also maintain reasonably detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services.

22. Houlihan Lokey's applications for compensation and expense reimbursement will be paid by the Debtors pursuant to the terms of the Engagement Agreement and the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and any other applicable procedures established by the Court.

**HOULIHAN LOKEY'S DISINTERESTEDNESS**

23. To the best of the Debtors' knowledge and belief and except to the extent disclosed herein and in the Dunayer Declaration, Houlihan Lokey: (i) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code; and (ii) does not hold or represent any interest materially adverse to the Debtors or their estates.

24. As set forth in further detail in the Dunayer Declaration, Houlihan Lokey has certain connections with creditors and other parties in interest in these chapter 11 cases. The Debtors and Houlihan Lokey do not believe that any of these connections constitute an interest

materially adverse to the interest of the estate or of any class of creditors or equity holders in these chapter 11 cases.

25. To the extent Houlihan Lokey discovers any material facts bearing on the matters described herein during the period of Houlihan Lokey's retention, Houlihan Lokey will amend and supplement the information contained in this Application and the Dunayer Declaration to disclose such facts.

26. During the 90 days immediately preceding the Petition Date, the Debtors paid Houlihan Lokey \$375,000 in fees and \$2,150 in expense reimbursements. Other than as set forth herein, Houlihan Lokey did not receive any payments from the Debtors during the 90 days immediately preceding the Petition Date.

27. Within one year prior to the Petition Date, the Debtors paid Houlihan Lokey \$625,000 in fees and \$2,150 in expense reimbursements.

28. As of the Petition Date, the Debtors did not owe Houlihan Lokey for any fees or expenses incurred prior to the Petition Date. It is possible that certain expenses that were incurred by Houlihan Lokey that are reimbursable under the terms of the Engagement Agreement were not yet reflected on Houlihan Lokey's books and records as of the Petition Date. Upon entry of an order approving the Application, Houlihan Lokey will waive any claim for such unreimbursed expenses in excess of amounts paid to Houlihan Lokey prepetition.

29. As set forth in the Dunayer Declaration, Houlihan Lokey has not shared or agreed to share any of its compensation from the Debtors with any other person, other than as permitted by section 504 of the Bankruptcy Code. If any such agreement is entered into, Houlihan Lokey will amend and supplement the information contained in this Application and the Dunayer Declaration to disclose the terms of any such agreement.

30. No promises have been received by Houlihan Lokey, or by any professionals engaged hereunder, as to compensation in connection with this case other than in accordance with the provisions of the Bankruptcy Code.

### **INDEMNIFICATION PROVISIONS**

31. Among other things, the Engagement Agreement provides that the Debtors shall indemnify Houlihan Lokey and the other HL Parties (as defined in the Engagement Agreement) against any and all losses, claims, damages, or liabilities to which the HL Parties may become subject in connection with the Engagement Agreement, except to the extent such losses are finally judicially determined to have resulted primarily from such HL Party's gross negligence or willful misconduct.

32. The Debtors and Houlihan Lokey believe that the indemnification, contribution, reimbursement, and other related provisions contained in the Engagement Agreement are customary and reasonable for financial advisory and investment banking engagements, both in and out of court, and, as modified by the Order, reflect the qualifications and limitations on indemnification provisions that are customary in this district and other jurisdictions.

33. The terms and conditions of the Engagement Agreement, including these provisions, were negotiated by the Debtors and Houlihan Lokey at arm's length and in good faith. The Debtors respectfully submit that such provisions, viewed in conjunction with the other terms of Houlihan Lokey's proposed retention, are reasonable and in the best interests of the Debtors, their estates and creditors in light of the fact that the Debtors require Houlihan Lokey's services in these chapter 11 cases.

### **BASIS FOR RELIEF**

34. The Debtors seek authority to employ and retain Houlihan Lokey as their financial advisor and investment banker under section 327 of the Bankruptcy Code, which provides that a

debtor is authorized to employ professional persons “that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [Debtors] in carrying out the [Debtors’] duties under this title.” 11 U.S.C. § 327(a). Section 1107(b) of the Bankruptcy Code elaborates upon sections 101(14) and 327(a) of the Bankruptcy Code in cases under chapter 11 of the Bankruptcy Code and provides that “a person is not disqualified for employment under section 327 of [the Bankruptcy Code] by a debtor in possession solely because of such person’s employment by or representation of the debtor before the commencement of the case.” 11 U.S.C. § 1107(b).

35. In addition, the Debtors seek approval of the Engagement Agreement (including the Fee and Expense Structure and the indemnification, contribution, reimbursement and other related provisions) pursuant to section 328(a) of the Bankruptcy Code, which provides, in relevant part, that the Debtors “with the court’s approval, may employ or authorize the employment of a professional person under section 327. . . on any reasonable terms and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.” 11 U.S.C. § 328(a). Section 328 of the Bankruptcy Code permits the compensation of professionals, including financial advisors and investment bankers, on more flexible terms that reflect the nature of their services and market conditions. As the United States Court of Appeals for the Fifth Circuit recognized in *Donaldson Lufkin & Jenrette Sec. Corp. v. Nat’l Gypsum Co.* (*In re Nat’l Gypsum Co.*), 123 F.3d 861 (5th Cir. 1997):

Prior to 1978 the most able professionals were often unwilling to work for bankruptcy estates where their compensation would be subject to the uncertainties of what a judge thought the work was worth after it had been done. That uncertainty continues under the present § 330 of the Bankruptcy Code, which provides that the court award to professional consultants “reasonable compensation” based on relevant factors of time and comparable costs, etc. Under present § 328 the professional may avoid that uncertainty by obtaining court

approval of compensation agreed to with the trustee (or debtor or committee).

*Id.* at 862 (citations omitted), *cited in Riker, Danzig, Scherer, Hyland & Perretti LLP v. Official Comm. of Unsecured Creditors (In re Smart World Techs. LLC)*, 383 B.R. 869, 874 (S.D.N.Y. 2008).

36. The Engagement Agreement appropriately reflects (i) the nature and scope of services to be provided by Houlihan Lokey, (ii) Houlihan Lokey's substantial experience with respect to financial advisory and investment banking services, and (iii) the Fee and Expense Structures typically utilized by Houlihan Lokey and other leading financial advisors and investment bankers.

37. Similar fixed and contingency fee arrangements have been approved and implemented by courts in other large chapter 11 cases. *See, e.g., In re Conn's, Inc.*, Case No. 24-33357 (Bankr. S.D. Tex. Aug. 27, 2024); *In re JOANN Inc.*, Case No. 24-10418 (Bankr. D. Del. Apr. 15, 2024); *In re Cano Health, Inc.*, Case No. 24-10164 (Bankr. D. Del. Mar. 22, 2024); *In re MVK FarmCo LLC*, Case No. 23-11721 (Bankr. D. Del. Dec. 6, 2023); *In re OSG Holdings, Inc.*, Case No. 23-90799 (Bankr. S.D. Tex. Nov. 17, 2023); *In re Carestream Health, Inc.*, Case No. 22-10778 (Bankr. D. Del. Oct. 7, 2022); *In re Revlon, Inc.*, Case No. 22-10760 (Bankr. S.D.N.Y. Aug. 23, 2022); *In re PWM Property Management LLC*, Case No. 21-11445 (Bankr. D. Del. Feb. 17, 2022); *In re Seadrill Limited*, Case No. 21-30427 (Bankr. S.D. Tex. May 21, 2021); *In re Guitar Center, Inc.*, Case No. 20-34656 (Bankr. E.D. Va. Dec. 16, 2020); *In re Skillsoft Corporation*, Case No. 20-11532 (Bankr. D. Del. Jul. 21, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (Bankr. D. Del. Jul. 16, 2020); and *In re Aceto Corporation*, Case No. 19-13448 (Bankr. D.N.J. Apr. 2, 2019).



38. Accordingly, the Debtors believe that Houlihan Lokey's retention on the terms and conditions proposed herein is appropriate.

39. This Application is filed within thirty (30) days of the Petition Date and, pursuant to Bankruptcy Local Rule 2014-1 and paragraph 47 of the Complex Case Procedures, the Application is deemed contemporaneous with the Petition Date and, therefore, entitled to relief effective as of the Petition Date. *See* Bankr. L. R. 2014-1(b)(1) ("If an application for approval of the employment of a professional is made within 30 days of the commencement of that professional's provision of services, it is deemed contemporaneous."); Complex Case Procedures ¶ 47.

#### **NOTICE**

40. Notice of this Application will be given to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) counsel to the DIP Agent; (c) counsel to the Ad Hoc Group; (d) counsel to the Term Loan Agent; (e) counsel to the Prepetition ABL Agent; (f) the creditors listed on the Debtors' consolidated list of thirty (30) creditors holding the largest unsecured claims; (g) the United States Attorney for the Southern District of Texas; (h) the Internal Revenue Service; (i) the Securities and Exchange Commission; (j) the state attorneys general for states in which the Debtors conduct business; and (k) 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.

*[The remainder of this page is intentionally left blank]*

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

Signed: January 3, 2025

Respectfully Submitted,

/s/ Tasha Grinnell  
Tasha Grinnell  
Chief Legal Officer  
The Container Store Group, Inc.

**CERTIFICATE OF SERVICE**

I certify that on January 3, 2025, 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

**Exhibit A**

**Dunayer Declaration**

**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	

**DECLARATION OF ADAM DUNAYER IN SUPPORT OF APPLICATION OF  
DEBTORS TO EMPLOY AND RETAIN HOULIHAN LOKEY CAPITAL, INC.  
AS FINANCIAL ADVISOR AND INVESTMENT BANKER TO  
THE DEBTORS EFFECTIVE AS OF THE PETITION DATE**

I, Adam Dunayer, declare as follows:

1. I am a Managing Director of Houlihan Lokey Capital, Inc. (“***Houlihan Lokey***”), and am duly authorized to execute this declaration (the “***Declaration***”) on behalf of Houlihan Lokey. I am familiar with the matters set forth herein and, if called as a witness, I could and would testify thereto.<sup>2</sup>

2. I make this Declaration in support of the *Application of Debtors to Employ and Retain Houlihan Lokey Capital, Inc. as Financial Advisor and Investment Banker to the Debtors Effective as of the Petition Date* (the “***Application***”),<sup>3</sup> pursuant to sections 327(a) and 328(a) of

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<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> Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at Houlihan Lokey and are based on information provided by them. Unless otherwise stated, all matters set forth in this Declaration are based on my personal knowledge, my review of the relevant documents, information supplied to me by others, or my views, which are based on, among other things, my experience and knowledge of the Debtors’ business and financial condition.

<sup>3</sup> Unless otherwise defined, all capitalized terms used herein have the meanings ascribed to them in the Application.

the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and Bankruptcy Local Rules 2014-1 and 2016-1.

### **Houlihan Lokey's Qualifications and Services**

3. The Houlihan Lokey Group (as defined below) is an internationally recognized investment banking and financial advisory firm, with offices worldwide and more than 900 professionals. Houlihan Lokey is a leader in providing such services to debtors, unsecured and secured creditors, acquirers, and other parties in interest involved with financially troubled companies both in and outside of bankruptcy. Houlihan Lokey has been, and is, involved in some of the largest restructurings in the United States, both out of court and in chapter 11 cases. Houlihan Lokey has been retained to provide investment banking and financial advisory services in, among other cases, *In re Conn's, Inc.*, Case No. 24-33357 (Bankr. S.D. Tex. Aug. 27, 2024); *In re JOANN Inc.*, Case No. 24-10418 (Bankr. D. Del. Apr. 15, 2024); *In re Cano Health, Inc.*, Case No. 24-10164 (Bankr. D. Del. Mar. 22, 2024); *In re MVK FarmCo LLC*, Case No. 23-11721 (Bankr. D. Del. Dec. 6, 2023); *In re OSG Holdings, Inc.*, Case No. 23-90799 (Bankr. S.D. Tex. Nov. 17, 2023); *In re Carestream Health, Inc.*, Case No. 22-10778 (Bankr. D. Del. Oct. 7, 2022); *In re Revlon, Inc.*, Case No. 22-10760 (Bankr. S.D.N.Y. Aug. 23, 2022); *In re PWM Property Management LLC*, Case No. 21-11445 (Bankr. D. Del. Feb. 17, 2022); *In re Seadrill Limited*, Case No. 21-30427 (Bankr. S.D. Tex. May 21, 2021); *In re Guitar Center, Inc.*, Case No. 20-34656 (Bankr. E.D. Va. Dec. 16, 2020); *In re Skillsoft Corp.*, Case No. 20-11532 (Bankr. D. Del. Jul. 21, 2020); *In re Exide Holdings, Inc.*, Case No. 20-11157 (Bankr. D. Del. Jul. 16, 2020); and *In re Aceto Corp.*, Case No. 19-13448 (Bankr. D.N.J. Apr. 2, 2019).<sup>4</sup>

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<sup>4</sup> Because of the voluminous nature of the orders cited in this Declaration, they are not attached to the Declaration. Copies of these orders are available upon request to the Debtors' proposed counsel.

4. Houlihan Lokey has agreed to provide investment banking and financial advisory services to the above-captioned debtors and debtors in possession (the “**Debtors**”) pursuant to the terms and conditions of the Engagement Agreement between the Debtors and Houlihan Lokey (the “**Engagement Agreement**”), a copy of which is attached to the Order as **Exhibit 1**.

5. In addition to me, the principal professionals who are expected to render services to the Debtors are set forth on **Schedule 1** attached hereto and incorporated herein by reference (the “**Principal Professionals**”).

6. Since its retention on September 4, 2024 and up to the Petition Date, Houlihan Lokey provided extensive prepetition services to the Debtors in preparation for the Debtors’ restructuring efforts, including assisting management in evaluating strategic alternatives and developing a long-range business plan, conducting extensive meetings and negotiations with the various parties in interest, facilitating extensive diligence for the various parties in interest, assisting in developing a communications plan, and providing additional financial advice and investment banking services in preparation for the filing of these chapter 11 cases.

7. As a result of the prepetition work performed on behalf of the Debtors, Houlihan Lokey has acquired significant knowledge of the Debtors and their businesses and is intimately familiar with the Debtors’ financial affairs, debt structure, operations, and related matters. In providing prepetition services to the Debtors, Houlihan Lokey has worked closely with the Debtors’ senior management and their other advisors and has familiarity with the other major stakeholders that will be involved in these chapter 11 cases. Accordingly, Houlihan Lokey has developed relevant experience and expertise regarding the Debtors that (i) makes Houlihan Lokey a natural selection as the Debtors’ financial advisor and investment banker and (ii) will assist Houlihan Lokey in providing effective and efficient services in these chapter 11 cases. Indeed, if

the Debtors were required to retain an investment banker and financial advisor other than Houlihan Lokey in connection with these chapter 11 cases, the Debtors, their estates, and all parties in interest would be prejudiced by the time and expense necessary to familiarize another firm with the intricacies of the Debtors and their business operations.

8. Houlihan Lokey believes that its services will not duplicate the services that other professionals will be providing to the Debtors in these chapter 11 cases. Houlihan Lokey will use reasonable efforts to coordinate with the Debtors' other retained professionals to avoid unnecessary duplication of services.

#### **Houlihan Lokey's Compensation**

9. Houlihan Lokey believes that the Fee and Expense Structure is comparable to those generally charged by financial advisors and investment bankers of similar stature to Houlihan Lokey for comparable engagements, both in and out of bankruptcy proceedings, and reflects a balance between a fixed fee and a contingency amount tied to the consummation and closing of the transactions and services contemplated by the Debtors and Houlihan Lokey in the Engagement Agreement.

10. The Fee and Expense Structure is consistent with Houlihan Lokey's normal and customary billing practices for comparably sized and complex cases and transactions, both in and out of bankruptcy proceedings, involving the services to be provided in connection with these chapter 11 cases. Moreover, the Fee and Expense Structure is consistent with and typical of arrangements entered into by Houlihan Lokey and other financial advisors and investment banks in connection with the rendering of comparable services to clients such as the Debtors.

11. Houlihan Lokey's restructuring expertise, as well as its capital markets knowledge, financing skills and mergers and acquisitions expertise, some or all of which may be required by the Debtors during the term of Houlihan Lokey's engagement, were important factors in



determining the Fee and Expense Structure. The ultimate benefit to the Debtors derived from the services provided by Houlihan Lokey pursuant to the Engagement Agreement cannot be measured by a reference to the number of hours expended by Houlihan Lokey's professionals.

12. The Debtors and Houlihan Lokey negotiated the Fee and Expense Structure to function as an interrelated, integrated unit corresponding to Houlihan Lokey's overall services. It would be contrary to the intention of Houlihan Lokey and the Debtors for any isolated component of the Fee and Expense Structure to be treated as sufficient consideration for any isolated portion of Houlihan Lokey's services. Instead, the Debtors and Houlihan Lokey intend that Houlihan Lokey's services be considered as a whole for which Houlihan Lokey is to be compensated by the Fee and Expense Structure in its entirety.

13. In light of the foregoing and given the numerous issues that Houlihan Lokey may be required to address in the performance of its services pursuant to the Engagement Agreement, Houlihan Lokey's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for Houlihan Lokey's services for both in court and out of court engagements of this nature, Houlihan Lokey believes that the Fee and Expense Structure is fair and reasonable and market-based under the standards set forth in section 328(a) of the Bankruptcy Code.

#### **Waiver of Compliance with Time-Detail Requirements**

14. It is not the general practice of financial advisory and investment banking firms, including Houlihan Lokey, to keep detailed time records similar to those customarily kept by attorneys. Because Houlihan Lokey does not ordinarily maintain contemporaneous time records in one-tenth hour (0.10) increments or provide or conform to a schedule of hourly rates for professional services, Houlihan Lokey requests that it be excused from compliance with such requirements and instead should only be required to maintain time records in half-hour (0.50)

increments setting forth, in a summary format, a reasonably detailed description of the services rendered by each professional and the amount of time spent on each date by each such individual in rendering services on behalf of the Debtors.

15. Houlihan Lokey will also maintain reasonably detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services.

16. Houlihan Lokey's applications for compensation and expense reimbursement will be paid by the Debtors pursuant to the terms of the Engagement Agreement and the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Bankruptcy Local Rules, and any other applicable procedures established by the Court.

#### **Houlihan Lokey's Disinterestedness**

17. To determine its connections with parties in interest in these chapter 11 cases, Houlihan Lokey relied upon a list of entities that were identified to Houlihan Lokey by the Debtors and their representatives (each individually, an "*Interested Party*", and collectively, the "*Interested Parties*"). The Interested Parties are set forth on **Schedule 2** attached hereto and incorporated herein by reference.

18. I, or one or more of my designees, reviewed a report that was based on a comparison of this list of Interested Parties against certain internal databases of Houlihan Lokey, including Houlihan Lokey's client management information system. To the extent that this report revealed that certain Interested Parties (or their apparent affiliates or entities that Houlihan Lokey believes to be affiliates, as the case may be) were current or former Houlihan Lokey Group clients that engaged a member of the Houlihan Lokey Group in the past three years (as of the date such report was generated) pursuant to a written engagement letter to provide services for which the Houlihan Lokey Group has received, or is expected to receive, fees, such parties are identified on **Schedule 3** attached hereto and incorporated herein by reference. To the extent that the aforementioned report

revealed certain other connections with Interested Parties (or their apparent affiliates or entities that Houlihan Lokey believes to be affiliates, as the case may be), such parties may also be identified on **Schedule 3** or otherwise described or referenced (whether generally or specifically by name) elsewhere in this Declaration. **Schedule 3** is based upon the information contained in the aforementioned report and may not include information to the extent not included in, or not reflected in the results of Houlihan Lokey's review of, such report, or not otherwise identified by Houlihan Lokey.

19. Neither the term "connection," as used in Bankruptcy Rule 2014, nor the proper scope of a professional's search for a "connection," has been defined. I am therefore uncertain what this Court may consider a "connection" requiring disclosure.

20. Given the large number of Interested Parties, despite the efforts described herein, I am unable to state with certainty that every connection has been disclosed in this Declaration. In particular, among other things, members or certain employees of the Houlihan Lokey Group may have connections with Interested Parties or persons who are beneficial owners, affiliates, equity holders and/or sponsors of certain Interested Parties; persons whose beneficial owners, affiliates, equity holders and/or sponsors are Interested Parties; and persons who otherwise have connections with certain Interested Parties. Furthermore, the Debtors may have had, or currently have, customers, creditors, lenders, equity owners, competitors, and other parties with whom they maintain business relationships that are parties in interest (but are not listed as Interested Parties), and with whom the Houlihan Lokey Group may have had, or may currently or in the future have, connections. In addition, new parties may become parties in interest and the Houlihan Lokey Group may have had, or may currently or in the future have, connections with such new parties in interest.

21. In addition:

- a) From time to time, Houlihan Lokey's Financial Restructuring Group, which is providing the services in this case, may have represented, may currently be representing, or may in the future represent, certain parties in interest in matters unrelated to these chapter 11 cases, either individually or as part of a representation of a committee or group of creditors, lenders, equity owners or other interest holders.
- b) In addition to its Financial Restructuring Group, Houlihan Lokey and the other subsidiaries of its direct parent company, Houlihan Lokey, Inc., that are engaged in providing investment banking and financial advisory services globally (collectively, and together with Houlihan Lokey, Inc., the "***Houlihan Lokey Group***") provide services to a wide range of institutions and individuals and may have had, or may currently or in the future have, investment banking or financial advisory relationships with certain parties in interest.
- c) In the ordinary course of business, members or certain employees (or relatives of such employees) of the Houlihan Lokey Group, as well as investment funds in which any of them may have financial interests or with which they may co-invest, but over whose investment decisions such members or employees have no control, may (i) acquire, hold or sell, long or short positions, or trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including bank loans and other obligations) of, or investments in, the Debtors or certain other parties in interest or have other relationships with such parties, and/or (ii) have mortgages, consumer loans, investment, brokerage accounts, or other banking, brokerage, or other customer relationships with institutions that are parties in interest or with funds sponsored by or affiliated with such parties. With respect to any such securities, financial instruments, investments, and/or customer relationships, all rights in respect of such securities, financial instruments, investments, and/or customer relationships, including any voting rights, will be exercised by the holder of the rights, in its sole discretion. Moreover, the Principal Professionals are subject to compliance mechanisms and policies and procedures designed to prevent confidential, non-public information from being improperly shared.
- d) Houlihan Lokey Financial Advisors, Inc., a direct subsidiary of Houlihan Lokey, Inc., among other things, provides valuation opinions on the securities, derivatives, and other financial instruments (which may have included, or may currently or in the future include, securities, derivatives, or other financial instruments of the Debtors) held by various business development companies, private equity funds, hedge funds, and other investment funds, primarily for financial reporting purposes, through its Portfolio Valuation and Fund Advisory Group. This work is unrelated to the financial advisory and investment banking services that Houlihan Lokey intends to provide in these chapter 11 cases. Moreover, there is an "Information Wall" between Houlihan Lokey Financial Advisors, Inc.'s Portfolio Valuation and Fund Advisory Group and Houlihan Lokey's Financial Restructuring Group,

including the Principal Professionals. This “Information Wall” includes technological barriers and policies and procedures designed to prevent confidential, non-public information and work product from being improperly shared.

- e) In the ordinary course of their business, members of the Houlihan Lokey Group from time to time discuss issues concerning stressed and distressed companies with such companies, their creditors, and their prospective creditors that are clients of the firm, that are referred to the firm in light of Houlihan Lokey’s reputation for covering such companies and/or relevant industry expertise, or with which the firm may otherwise be in contact. At the time of those contacts, typically it is not known whether any of these companies will actually file for bankruptcy, or if any of these creditors and/or prospective creditors will serve on any future official committee appointed in any such future bankruptcy case, or even be a creditor of the relevant estate in the event of a future bankruptcy. It is also Houlihan Lokey’s customary practice to communicate with and, when appropriate or requested, send materials to one or more of the 50 largest unsecured creditors identified by a debtor and who are, therefore, potential members of a creditors’ committee.
- f) Members or certain employees of the Houlihan Lokey Group may have business associations with certain parties in interest, including attorneys, accountants, investment bankers, financial advisors, financial consultants, and other professional advisors, some of whom may represent certain of the parties in interest or be parties in interest. Members of the Houlihan Lokey Group may have appeared, or may currently or in the future appear, in numerous cases, proceedings or transactions involving, had or have mutual clients with, or had or have referral relationships with, these professionals. Furthermore, members of the Houlihan Lokey Group have been, and may currently or in the future be, represented or advised by accountants, auditors, attorneys, law firms, and other professionals, some of whom may be involved in these chapter 11 cases. In addition, members of the Houlihan Lokey Group may have worked, or may currently or in the future work, with, for, or opposite other professionals involved in these chapter 11 cases in matters unrelated to these chapter 11 cases.
- g) Certain employees of the Houlihan Lokey Group may have been formerly employed by other investment banking, financial services, or other professional services firms that are among, or represent other parties that are among, certain of the parties in interest. While employed by other firms, certain professionals presently employed by the Houlihan Lokey Group may have represented certain parties in interest.
- h) Members of the Houlihan Lokey Group may be involved in litigation from time to time that may have involved, or may currently or in the future involve, entities that may be parties in interest. Also, certain of the parties in interest may have been, or may currently or in the future be, vendors or insurers of members of the Houlihan Lokey Group and/or have corporate or other business relationships with members of the Houlihan Lokey Group.

22. To the best of my knowledge and belief, other than as disclosed in this Declaration, neither Houlihan Lokey, nor I, nor any other Principal Professionals, holds or represents any interest materially adverse to the Debtors or their estates.

23. To the best of my knowledge and belief, other than as disclosed in this Declaration, Houlihan Lokey has not been retained to assist any Interested Party other than the Debtors on matters relating to, or in direct connection with, these chapter 11 cases.

24. In addition, other than as disclosed in this Declaration, I do not believe that any connection that the Houlihan Lokey Group may have with any Interested Party in connection with any unrelated matters, including those involving the parties identified on **Schedule 3**, or any of the matters set forth in paragraph 21 of this Declaration, constitutes an interest materially adverse to the interest of the estate or of any class of creditors or equity holders in these chapter 11 cases.

25. Other than as disclosed in this Declaration, I am not related to and, to the best of my knowledge and belief, no other Principal Professional is related to, any United States Bankruptcy Judge for this District or known employee in the United States Trustee's Office for this District.

26. Based on all of the foregoing, I believe that Houlihan Lokey is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code.

27. To the extent Houlihan Lokey discovers any material facts bearing on the matters described herein during the period of Houlihan Lokey's retention, Houlihan Lokey will amend and supplement the information contained in the Application and this Declaration to disclose such facts.

28. During the 90 days immediately preceding the Petition Date, the Debtors paid Houlihan Lokey \$375,000 in fees and \$2,150 in expense reimbursements. Other than as set forth

herein, Houlihan Lokey did not receive any payments from the Debtors during the 90 days immediately preceding the Petition Date.

29. Within one year prior to the Petition Date, the Debtors paid Houlihan Lokey \$625,000 in fees and \$2,150 in expense reimbursements.

30. As of the Petition Date, the Debtors did not owe Houlihan Lokey for any fees or expenses incurred prior to the Petition Date. It is possible that certain expenses that were incurred by Houlihan Lokey that are reimbursable under the terms of the Engagement Agreement were not yet reflected on Houlihan Lokey's books and records as of the Petition Date. Upon entry of an order approving the Application, Houlihan Lokey will waive any claim for such unreimbursed expenses in excess of amounts paid to Houlihan Lokey prepetition.

31. Houlihan Lokey has not shared or agreed to share any of its compensation from the Debtors with any other person, other than as permitted by section 504 of the Bankruptcy Code. If any such agreement is entered into, Houlihan Lokey will amend and supplement the information contained in this Application and this Declaration to disclose the terms of any such agreement.

32. No promises have been received by Houlihan Lokey, or by any professionals engaged hereunder, as to compensation in connection with this case other than in accordance with the provisions of the Bankruptcy Code.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: January 3, 2025

**HOULIHAN LOKEY CAPITAL, INC.**

*/s/ Adam Dunayer*

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Adam Dunayer  
Managing Director

**Schedule 1**

**Principal Professionals**

Adam Dunayer  
Blake Donovan  
Reese Davis  
Alexis Sanders  
Max Baetz



**Schedule 2**

**Interested Parties List Provided by Debtors<sup>1</sup>**

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<sup>1</sup> Houlihan Lokey has limited its search to the Interested Parties listed on this Schedule 2. Parent companies, subsidiaries, or other affiliates of Interested Parties have not been searched unless specifically noted.

**1. Debtors**

C Studio Manufacturing Inc.  
C Studio Manufacturing LLC  
TCS Gift Card Services, LLC

The Container Store Group, Inc.  
The Container Store, Inc.

**2. Non-Debtor Affiliates**

Elfa Deutschland GmbH  
Elfa Doors AB  
Elfa Finland OY  
Elfa International, AB  
Elfa Sweden AB

Elfa Lumi A/S  
Elfa Lumi AB  
Elfa Manufacturing Poland Sp. Zo.o  
Elfa Norge A/S

**3. Debtors' Previous Names, Predecessors, and Related Entities**

Closet Parent Company, Inc  
Closet Works, LLC

Home Merger Sub, Inc.  
TCS Holdings, Inc.

**4. Debtors' Restructuring and Other Significant Professionals**

Ankura Intermediate Holdings, LP  
Ernst & Young LLP  
FTI Consulting  
Houlihan Lokey  
Hunton Andrews Kurth LLP  
ICR LLC  
Latham & Watkins LLP

PwC US Tax LLP  
Riveron Consulting, LLC  
Sheppard, Mullin, Richter & Hampton, LLP  
Sidley Austin LLP  
Verita Global

**5. Major Equity Holders<sup>2</sup>**

Green Equity Investors V, L.P.

Green Equity Investors Side V, L.P.

**6. Current and Former Officers and Directors (Up to 3 Years)**

Anders Rothstein  
Anthony Laday  
Caryl Stern  
Charles Tyson  
Dhritiman Saha  
Eva Gordon  
Gretchen Ganc

Jeffrey Miller  
John Gehre  
John Marazio  
Jonathan Sokoloff  
Karen Stuckey  
Kris Galashan  
Kristin Schwertner

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<sup>2</sup> For purposes of this list, major equity holders are considered to be persons or entities who hold in excess of 5% of the Debtors' equity securities. Persons or entities in addition to those listed here may exist but, because such equity positions are held through Cede & Co., there is not visibility with respect to the identity of such holders. To the extent the identities of such holders are later revealed through other avenues, such as periodic securities filings, this list will be updated to reflect the names of such holders.

Lindy Rawlinson  
Lisa Klinger  
Maria Thereza Neisler  
Melissa Collins  
Michael Lambeth  
Nicole Otto  
Robert Jordan

Satish Malhotra  
Stacey Shively  
Stephanie Lind  
Tasha Grinnell  
Thomas Happ  
Timothy Flynn  
Wendi Sturgis

**7. Secured Lenders as of Petition Date**

Amer Money Mgmt Corp  
Arbour Lane Capital Mgmt Lp  
Cohanzick Mgt LLC  
Glendon Cap Mgmt L.P.  
LCM Asset Management LLC  
Loomis Sayles And Co LP  
MJX Asset Mgmt LLC  
Nassau Global Credit LLC  
Park Ave Inst Advisers LLC

Golub Capital LLC  
Guardian Investor Services LLC  
JP Morgan Chase & Co.  
JPMorgan Bk Branch  
Tikehau Cap North Amer LLC  
Wells Fargo  
Z Capital Credit Partners, LLC  
ZAIS Group LLC

**8. Lienholders**

JPMorgan Chase Bank, N.A. as Collateral Agent  
Wells Fargo Bank, N.A.  
Bank One, Texas, NA as Agent  
Summit Funding Group, Inc.

Everbank Commercial Finance, Inc.  
Susquehanna Commercial Finance, Inc.  
MB Financial Bank, N.A.

**9. Contract Counterparties<sup>3</sup>**

Aberdeen Plastics, Inc.  
Adobe Systems, Inc.  
Balkan Express, LLC  
Bigso AB  
California Pak International, Inc.  
Caraway Home, Inc.  
Caspari  
Design Ideas  
Design Ideas- mesh  
DJS International Services, Inc.  
Echo Global Logistics, Inc.  
EISHO Co., Ltd.  
Euro Style, Inc.  
Fuzhou Jinqingyun Import and Export Co. LTD  
Google, Inc.

Havenly CZ, LLC  
I&I Services, LLC  
Insight Direct USA, Inc.  
Interdesign, Inc.  
Interface Security Systems LLC  
Intermetro Industries Corporation  
Iris USA, Inc.  
L and F Plastics Co., Ltd  
MALZINE CO., LTD  
Manhattan Associates, Inc.  
Mark IV Transportation & Logistics  
Modulus, Inc.  
NB Global Imports  
Ningbo Deli Imp.& Exp. Co., LTD.  
Ningbo Vacane Import & Export Co., LTD.

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<sup>3</sup> Top 50 contract counterparties are included here, which accounts for 75% of total spend for the last twelve months.

Penmarc Inspired Spaces, LLC  
PMG Worldwide, LLC  
Poppin Furniture LLC  
Pratt Industries  
Progressive International Corp.  
Really Useful Boxes, Inc.  
Rommel Inc  
Salesforce.com, Inc.  
Sapient Corporation  
Shandong Iida Import and Export Corp.  
Simple Human

Sterilite Corporation  
Swift Transportation Services, LLC  
Tai Mei Acrylic Co., Ltd  
Tata Consultancy Services Limited  
Tien Thanh Co., Ltd  
VRIZE Inc  
VSS Transportation Group, Inc.  
Whitmor, Inc.  
York (Asia) Limited

**10. Administrative Agent**

JP Morgan Chase

**11. Professionals Representing Parties**

AlixPartners  
BRG  
Greenhill

Paul Hastings  
Simpson Thacher & Bartlett

**12. Top 20 Unsecured Creditors**

Ankura Intermediate Holdings, LP  
DJS International Services, Inc.  
Echo Global Logistics, Inc.  
Evergreen Shipping Agency (America) Corp  
FC Brands LLC  
Fedex  
Hulken Inc.  
Interdesign, Inc.  
Iris USA, Inc.  
J&O Plastics Inc

LC Designs Company Limited  
Ningbo Vacane Import & Export Co., LTD.  
OXO International, Ltd.  
Pura Scents, Inc.  
Ryan Tax Compliance Services, LLC  
Sapient Corporation  
Swift Transportation Services, LLC  
Test-Rite Intl Co., Ltd.  
Transcon Shipping Co., Inc.  
York (Asia) Limited

**13. Major Suppliers, Vendors, and Other Parties**

625 Ownership, LLC  
Aberdeen Plastics, Inc.  
AlixPartners, LLP  
AMEX Travel Related Services Company, Inc  
California Pak International, Inc.  
Chestnut Hill Shopping Center LLC  
Chubb  
Cigna Health and Life Insurance Company  
Closet Works LLC  
Design Ideas- mesh  
DJS International Services, Inc.  
Echo Global Logistics, Inc.

Elfa - Sweden  
Engie Insight Services Inc.  
Evergreen Shipping Agency (America) Corp  
Fedex  
Fidelity Investments  
FTI Consulting, Inc  
Havenly CZ, LLC  
I&I Services, LLC  
Insight Direct USA, Inc.  
Interdesign, Inc.  
Intermetro Industries Corporation  
Iris USA, Inc.

JP Morgan Chase  
L AND F Plastics Co., Ltd  
Latham & Watkins LLP  
LC Designs Company Limited  
MALZINE CO., LTD  
Marsh and McLennan Agency LLC  
Meta Platforms, Inc.  
Ningbo Vacane Import & Export Co., LTD.  
Oracle America Inc  
OXO International, Ltd.  
Penmarc Inspired Spaces, LLC  
PMG Worldwide, LLC  
Poppin Furniture LLC  
Pratt Industries  
PRISA LHC, LLC  
Prologis, L.P. dba Duke Secured Financing

Regency Centers, LP  
Rommel Inc  
Ryan Tax Compliance Services, LLC  
Sapient Corporation  
Schwarz Paper Company, LLC  
Simple Human  
Swift Transportation Services, LLC  
Tai Mei Acrylic Co., Ltd  
Transcon Shipping Co., Inc.  
UKG Inc.  
United HealthCare Services, Inc.  
Whitmor, Inc.  
XPO Logistics, LLC  
York (Asia) Limited  
YOSHIKAWAKUNI PLASTICS IND LTD

#### **14. Third Party Administrators**

CapFinancial Partners  
Cigna Life Insurance Company of New York  
Concur Technologies, Inc.  
Fidelity Brokerage Services LLC  
Fidelity Management Trust Company  
Hooray Health  
Life Insurance Company of North America  
Marsh McLellan Agency

New York Life Insurance Company  
O.C. Tanner Company  
RxBenefits, Inc.  
Stealth Partner Group, an Am Wins Company  
UKG Inc.  
UnitedHealthcare  
Wex Inc.

#### **15. Significant Customers**

Marriott  
GMH Communities  
Towneplace  
The Home Edit  
Suffolk Construction  
Willow Bridge  
Crescent Heights  
MAA  
Related Companies  
Fairfield Properties  
Graceful Spaces Organizing  
Bozzuto  
Shelby Cornett  
Imt Residential  
Katia Basley  
Carmel Partner  
Builtrite  
Convexity  
Stasia Steele  
Ashley Stewart

Paramount Construction  
Jenny Dietsch  
TMC  
Winthrop  
Quadrangle Development  
Kat Pettey  
Two Coast Living  
Rajesh Agarwala  
Debra Miley  
Jen Rob  
Lonicera Partners  
Aria Development  
A Fresh Space Shopping  
Tishman Speyer  
Larisa Bright  
Organized Nest  
Akelius  
Abby Kahn  
Oht Partners  
HC Pody

Becky Marple  
Jessica Harroz  
Alex Lane

Lauren Pitts  
Tracy Bowers

**16. Debtors' Banks**

Bank of America  
Citibank, N.A.  
Cornerstone National Bank & Trust Company

JP Morgan Chase Bank, N.A.  
Wells Fargo Bank, N.A.

**17. Insurers and Insurance Agents**

ACE American Insurance Company  
ACE Fire Underwriters Insurance Co.  
AIG Specialty Insurance Co.  
Allied World Assurance Co (U.S.) Inc.  
American International Group, Inc  
Applied Financial Lines  
Berkshire Hathaway Specialty Insurance  
Company  
CFC Underwriting Limited (Lloyds of London)  
Crum & Forster Specialty Insurance Co  
Endurance American Insurance Company  
Endurance Assurance Corporation  
Federal Insurance Company  
Great American Insurance Co.  
Hartford Fire Insurance Company  
Hartford Insurance of the Midwest  
Hudson Insurance Group

Indemnity Insurance Co. of North America  
Lloyd's Insurance Company  
Lloyd's Syndicate 3623 (Beazley)  
Marsh McLellan Agency  
National Union Fire Insurance Company of  
Pittsburgh, PA  
Navigators Insurance Company  
Ohio Bureau of Workers' Compensation  
Palomar Excess and Surplus Insurance Company  
Selective Insurance Co. of New York  
Selective Insurance Co. Of the Southeast  
The Continental Insurance Company  
Travelers Property Casualty Co.  
Woodruff Sawyer  
XL Insurance America, Inc.

**18. Surety Bond Issuers & Beneciaries**

Memphis Light, Gas and Water Division  
Southern California Edison Company  
Entergy Arkansas, Inc.  
Florida Power & Light Company  
Sacramento Municipal Utility District  
Long Island Lighting Company d/b/a Lipa  
Nevada State of  
Columbia Gas  
conEdison  
Baltimore Gas & Electric Company  
Delmarva Power and Light Company  
Potomac Electric Power Company  
Arizona Public Service Company

Southwest Gas Corporation  
Progress Energy Carolinas, Inc.  
Nevada Power Company DBA NV Energy  
Rhode Island, State of  
PECO Energy Company  
Georgia Power Company  
Orlando Utilities Commission  
Florida Power and Light  
Tampa Electric Company  
Arch Insurance Company  
Travelers-Travelers Casualty and Surety  
Company

## **19. Letters of Credit Issuers & Beneficiaries**

American Alternative Insurance Corporation  
C/O Roanoke Insurance Group Inc.  
American Express Travel Related Services  
Company, Inc C/O Global Corporate Payments  
US  
Caspari, Inc  
Design Ideas, Ltd  
Dynegy Energy Services LLC  
Evriholder Prodcuts LLC

Federal Insurance Company  
JPMorgan Chase Bank, N.A. Regent Holding  
Company, LLC  
Travelers Casualty and Surety Company of  
America  
TXU Energy Receivables Company LLC  
AAIC C/O Roanoke Insurance Group

## **20. Taxing and Other Governmental Authorities**

Alabama Department of Revenue  
Alaska Remote Seller Sales Tax Commission  
Anne Arundel County Government  
Arizona Department of Revenue  
Arkansas Department of Finance and Admin  
Arkansas Secretary of State  
Arlington County Treasurer's Office  
Bernalillo County Treasurer  
Beth Ford, Pima County Treasurer  
Bexar County  
Borough of Paramus  
Broward County, Florida  
CA State Board of Equalization  
Ca. Franchise Tax Board  
Ca. State Board Of Equalization  
City of Albuquerque  
City of Alpharetta  
City of Atlanta  
City of Bellevue  
City of Brentwood  
City of Centennial  
City Of Costa Mesa  
City of Cranston  
City of Dunwoody  
City of El Segundo  
City of Germantown  
City of Glendale  
City Of Glendale (AZ)  
City of Hallandale Beach  
City of Little Rock  
City of Lone Tree  
City of Longmont  
City of Los Angeles, The  
City of Newton  
City of Novi  
City of Orlando  
City of Oxnard

City of Palm Beach Gardens  
City of Palo Alto  
City of Peabody  
City of San Jose  
City of San Mateo, CA  
City of Tampa  
City of Thosand Oaks  
City of Troy  
City of Tualatin  
City of Tucson  
City of Tukwila  
City of Walnut Creek  
City of Wauwatosa  
City Treasurer-San Diego  
Clark County  
Clark County Assessor  
Clear Creek I.S.D. Tax Office  
Clerk of Circuit Court  
Clerk of the Court  
Collin Country, Tax Assessor Collector  
(McKinney)  
Colorado Department Of Revenue  
Commonwealth of Massachusetts  
Connecticut Dept. of Revenue  
Contra Costa County Tax Collector  
County Of Fairfax  
County of Henrico  
County of Nassau  
County of Palm Beach  
Cypress-Fairbanks ISD  
Davidson County, Metropolitan Trustee  
(Nashville)  
DC Treasurer/DC Office of Tax and Revenue  
DC Treasurser/DC Office of Tax and Revenue  
DeKalb County Tax Commissioner  
Delaware Division of Revenue  
Douglas County Treasurer (NE)

DPH/Weights and Measures  
 DSHS Hazardous Consumer Products Permits  
 El Paso County  
 Florida Department of Revenue  
 Fulton County Tax Commissioner  
 Georgia-Department of Revenue  
 Government of the District of Columbia  
 Harford County  
 Harris County WCID #116  
 Harris County, Tax Assessor-Collector  
 (Houston)  
 Hawaii Department of Taxation  
 Hillsborough County Tax Collector  
 Idaho State Tax Commission  
 Illinois Dept. Of Revenue  
 Illinois Secretary of State  
 Indiana Department of Revenue  
 Indiana Secretary of State  
 Iowa Dept. of Revenue  
 John R. Ames, Dallas County Tax Assessor-  
 Collector  
 Kansas Department of Revenue  
 Kansas Secretary of State  
 Kentucky State Treasurer  
 King County Treasury  
 Los Angeles County Tax Collector  
 Louisiana Department of Revenue  
 Maine State Treasurer  
 Maricopa County Treasurer  
 Marin County Tax Collector  
 Marion County Treasurer  
 Maryland Comptroller/Treasury  
 Massachusetts Department of Revenue  
 Mecklenburg County Tax Collector  
 Miami Dade County Tax Collector  
 Michigan Dept. of Treasury  
 Minnesota Department of Revenue  
 Mississippi Department of Revenue  
 Missouri Department of Revenue  
 Missouri Director of Revenue  
 Missouri Secretary of State  
 Montgomery County Maryland  
 Nebraska Dept. of Revenue  
 Nevada Department of Taxation  
 New Hampshire Department of Revenue  
 New Mexico Secretary of State  
 New York City Department of Finance  
 New York State Corporation Tax  
 New York State Sales Tax  
 NM Taxation and Revenue Department  
 North Carolina Department of Revenue

North Carolina Secretary of State  
 North Dakota State Tax Commissioner  
 North Hills School District Tax Office  
 Oklahoma County Treasurer  
 Oklahoma Secretary of State  
 Oklahoma Tax Commission  
 Orange County Tax Collector  
 Orange County, FL Tax Collector  
 Oregon Department of Revenue  
 PA Department of Revenue  
 Regina Morrison Newman, Trustee  
 Rhode Island Division of Taxation - Dept #88  
 Ryan Tax Compliance Services, LLC  
 Sacramento County  
 San Diego County, Tax Collector  
 San Francisco Tax Collector  
 Santa Clara County  
 Secretary of State  
 South Carolina Dept. of Revenue  
 South Dakota Department of Revenue  
 St. Louis County Department of Revenue  
 State of New Jersey  
 State of Rhode Island  
 Tax Assessor & Collector / Montgomery County  
 Tax Collector, Santa Clara County  
 Taxes-Tarrant County (Fort Worth)  
 Tennessee Department of Revenue  
 Tennessee Secretary of State  
 Texas Comptroller of Public Accounts  
 Town of Corte Madera  
 Town of Natick  
 Travis County Tax Collector (Austin)  
 Treasurer Arlington County  
 Treasurer of State of Ohio  
 United States Treasury  
 Utah Department of Agriculture & Food  
 Utah State Tax Commission  
 Ventura County Tax Collector  
 Ventura Department of Weights and Measures  
 Vermont Department of Taxes  
 Village of Northbrook  
 Village Of Schaumburg  
 Virginia Department Of Taxation  
 Virginia State Corporation Commission  
 Wake County Revenue Department  
 Washington County  
 Washington State Department of Revenue  
 Washington State Treasurer  
 West Virginia State Tax Department  
 Westchester Co. Dept of Consumer Protection  
 Wisconsin Department of Revenue



Wisconsin Dept of Financial Institutions  
Woodlands Metro Center MUD

Wyoming Department of Revenue

## **21. Landlords**

33 Woodlands, LLC (Kamber Mgmt)  
625 Ownership LLC  
770 Tamalpais Dr, Inc. (Colliers)  
Acadia Realty  
Allied Retail Properties  
AR Global Investments  
Bayer Properties / Wicker Park Capital Mgmt  
BQ 4720 Spruce, LLC (Franklin Street)  
Brookfield  
Cameron Group Associates, LLLP (First Capital Property Group)  
Caruso  
Centercal  
Coolidge Paramus, LLC (Samson Mgmt)  
Coro Realty  
DalSan Properties  
Duesenberg-Topanga LLC  
Duke Secured Financing  
Fair Oaks & Union, LLC (CFT Developments)  
Fairbourne  
FC Yonkers Associates  
Federal Realty  
FSLRO 7580 W Bell Glendale, LLC (Lincoln Properties)  
Gilmore Farmers Market  
Hines  
Hurd Development  
ICRE REIT Holdings dba Hawthorne Plaza, LLC  
Inland Commercial Real Estate Services  
JH Snyder & Company  
Kemper Development  
Kimco  
Kite Realty  
Lerner  
Levine Investments (Western Retail Advisors - broker)  
Lincoln Property Company  
LRC Realty

Macerich  
Metro Pointe Retail Assoc II  
MRW Retail, LLC  
National Retail Properties, LP  
North American Properties  
North American Real Estate  
Pace Properties  
PGIM Real Estate  
Ponte Gadea (Cushman & Wakefield)  
PR/MRPI Eastgate C, LLC  
PREIT  
Prepp  
Principal Life Ins. Co - 431110 (Mid-America)  
Rappaport Management Company  
Regency Centers  
Saber Livingston, LLC (Saber Fund)  
Schlosser Development  
Selig Investments  
Simon Properties  
Site Centers  
Smithco Champions, LP  
Steiner + Associates  
Stuart Frankel Development  
SyWest Development  
Taubman  
The Hayman Company  
The Village at Gulfstream Park, LLC  
TIAA  
Town & County SC, LLC  
TREA 3010 Bridgepointe Parkway LLC  
Tuscan South Village, LLC  
URW/Westfield  
UWS Post Oak, LLC  
Washington Prime  
West Windsor Plaza Associates, LLC / Garden  
Homes Development  
Woolbright Development, Inc.  
WS Development

## **22. Litigation Counterparties**

Anika Menor  
Anne Heitiing

Anne K Franklin  
Cindy Fassler

Daniel Bang  
Danielle Diallo  
Ecological Alliance, LLC  
Ema Bell  
Gabriel Espinoza  
GCE Internaional, Inc.  
Gen Harper  
Gravel Rating Systems LLC  
Hayley Blair Williky  
JoAnne Strucker  
John Fralish  
Liliana Gibbs  
Lisa Cantwell

Lisa Irving  
Mark Cadigan  
Michael Levine  
Migel Elias Urban Sr.  
Mika Pyyhkala  
National Federation of the Blind  
Rachel Frasca  
Rashad Trevor Samuels  
Rashon Hayes  
Robert Conohan  
Susan Levine  
Yudi Hernandez

### **23. Counsel to Litigation Counterparties**

Adam B. Reed & Associates  
Adams & Associates, P.A.  
Commercial Litigation Branch U.S. Department  
of Justice  
Custodio & Dubey LLP  
Darr Law LLC  
Devlin Law Firm LLC  
EEOC-Dallas  
Glenn Agre Bergman & Fuentes LLP  
Hill, Farrer & Burrill LLP  
Kardell Law Group  
Law Office of Jana Eisinger, PLLC  
Law Offices Brodsky Smith  
Law Offices of Dan A. Atkerson  
Lawyers for JUSTICE, PC  
Maryland Occupational Safety & Health  
Mendez Law Offices

New York State Department of Labor  
Office of Chief Counsel U.S. Customs & Border  
Protection  
Office of the General Counsel Office of the U.S.  
Trade Representative  
PA Human Relations Commission  
Ruberto, Israel & Weiner,P.C.  
Sills Cummis & Gross  
State of Delaware Department of Labor Division  
of Industrial Affairs  
Office of Anti-Discrimination  
Stein Saks PLLC  
Tauler Smith LLP  
Tre Legal Practice, LLC  
Whistleblower Protection Program, U.S.  
Department of Labor OSHA  
Wilshire Law Firm

### **24. Utilities**

APS  
BGE  
CenturyLink Summary  
Charter Communications  
City of Austin, TX  
City of Coppell, TX  
City of Palo Alto Utilities, CA  
Con Edison  
Con Edison  
Constellation NewEnergy  
Direct Energy  
Dominion VA/NC Power  
DTE Energy  
Eversource Energy  
FPL - Florida Power & Light Company  
Georgia Power  
Level 3 Communications LLC  
Nashville Electric Service  
NV Energy/30150 South Nevada  
Orlando Utilities Commission  
Pacific Gas & Electric  
Pasadena Water and Power  
PEPCO (Potomac Electric Power Company)  
PSEGLI  
Puget Sound Energy  
Rhode Island Energy  
San Diego Gas & Electric

APS  
BGE  
CenturyLink Summary  
Charter Communications  
City of Austin, TX  
City of Coppell, TX  
City of Palo Alto Utilities, CA  
Con Edison  
Con Edison  
Constellation NewEnergy  
Direct Energy  
Dominion VA/NC Power  
DTE Energy  
Eversource Energy  
FPL - Florida Power & Light Company  
Georgia Power  
Level 3 Communications LLC  
Nashville Electric Service  
NV Energy/30150 South Nevada  
Orlando Utilities Commission  
Pacific Gas & Electric  
Pasadena Water and Power  
PEPCO (Potomac Electric Power Company)  
PSEGLI  
Puget Sound Energy  
Rhode Island Energy  
San Diego Gas & Electric

Southern California Edison  
Teco Tampa Electric Company  
Tucson Electric Power Company

TXU Energy  
Xcel Energy

**25. Other Significant Parties**

Acquiom Agency Services LLC  
Beyond, Inc.  
Eclipse Business Capital LLC  
Equini Trust Company, LLC

Jefferies Capital Services, LLC  
Riemer & Braunstein LLP  
Seaport Loan Products LLC

**26. United States Bankruptcy Judges for the Southern District of Texas (and Key Staff Members)**

Aaron Jackson  
Akeita House  
Judge Alfredo R. Perez  
Ana Castro  
Jeannie Chavez  
Judge Christopher M. Lopez  
Judge Eduardo V. Rodriguez  
Judge Jeffrey P. Norman

Judge Marvin Isgur  
Rosario Saldana  
Shannon Holden  
Sierra Thomas-Anderson  
Tracy Conrad  
Tyler Laws  
Zilde Martinez

**27. United States Trustee for the Southern District of Texas (and Key Staff Members)**

Alethea Caluza  
Alicia Barcomb  
Alina Samko-Yu  
Andrew Jimenez  
Christopher R. Travis  
Christy Simmons  
Glenn Otto  
Gwen Smith  
Ha Nguyen  
Hector Duran  
Ivette Gerhard

Jana Whitworth  
Jayson B. Ruff  
Kevin M. Epstein  
Linda Motton  
Luci Johnson-Davis  
Millie Aponte Sall  
Rajalakshmi Krishnan  
Samantha Chilton  
Susan B. Hersh  
Vianey Garza  
Yasmine Rivera

**Schedule 3**

**Match List**

770 Tamalpais Dr, Inc.	TMC
AIG Specialty Insurance Co.	Verita Global
AlixPartners	Wells Fargo Bank, N.A.
Allied World Assurance Co	Z Capital Credit Partners, Llc
Amer Money Mgmt Corp	
American International Group, Inc	
AMEX Travel Related Services Company, Inc	
Arbour Lane Capital Mgmt Lp	
Bank of America	
Brookfield	
Caraway Home, Inc.	
Charter Communications	
Chubb	
Citibank, N.A.	
Dominion VA/NC Power	
Eclipse Business Capital LLC	
Ernst & Young LLP	
Fidelity Brokerage Services LLC	
FTI Consulting	
Glenn Agre Bergman & Fuentes LLP	
Golub Capital LLC	
Google, Inc.	
Greenhill	
Hunton Andrews Kurth LLP	
Jefferies Capital Services, LLC	
JP Morgan Chase	
Latham & Watkins LLP	
LCM Asset Management Llc	
Loomis Sayles And Co LP	
Macerich	
Marriott	
MJX Asset Mgmt Llc	
New York Life Insurance Company	
Paul Hastings	
PREIT	
PRISA LHC, LLC	
Salesforce.com, Inc.	
Santa Clara County	
Sidley Austin LLP	
Simpson Thacher & Bartlett	
Site Centers	
Summit Funding Group, Inc.	
TIAA	

**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 AUTHORIZING THE EMPLOYMENT AND RETENTION OF  
HOULIHAN LOKEY CAPITAL, INC. AS FINANCIAL ADVISOR AND INVESTMENT  
BANKER TO THE DEBTORS EFFECTIVE AS OF THE PETITION DATE**  
**[Relates To Docket No.     ]**

Upon consideration of the application (the “***Application***”)<sup>2</sup> of the Debtors for entry of an order (this “***Order***”) authorizing the employment and retention of Houlihan Lokey Capital, Inc. (“***Houlihan Lokey***”) as their financial advisor and investment banker, effective as of the petition date and pursuant to the terms of the Engagement Agreement (a copy of which is attached here as **Exhibit 1**) and sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016, and Bankruptcy Local Rules 2014-1 and 2016-1; and the Court having considered the Application and the Dunayer Declaration and having considered the statements of counsel and the evidence adduced with respect to the Application at a hearing before the Court (the “***Hearing***”); and this Court having the jurisdiction to consider the Application pursuant to 28 U.S.C. § 1334;

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<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 not otherwise defined herein shall have the meanings ascribed to them in the Application or the Engagement Agreement, as applicable.

and this Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and this Court having found that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Application in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court finding that (A) the terms and conditions of Houlihan Lokey's employment set forth in the Engagement Agreement (including the Fee and Expense Structure) as modified by this Order, are reasonable as required by section 328(a) of the Bankruptcy Code; (B) Houlihan Lokey (i) does not hold or represent an interest adverse to the interest of the estate; and (ii) is a "disinterested person" as that term is defined under section 101(14) of the Bankruptcy Code; (C) the Application and the Dunayer Declaration are in full compliance with all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Local Rules; (D) the relief requested in the Application is in the best interests of the Debtors, their estates and creditors; and (E) notice of the Application was due and proper under the circumstances; and after due deliberation, and good and sufficient cause appearing therefore, it is hereby

**ORDERED, ADJUDGED AND DECREED THAT:**

1. The Debtors are authorized to retain and employ Houlihan Lokey as their financial advisor and investment banker pursuant to sections 327 and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014(a) and 2016, and Bankruptcy Local Rules 2014-1 and 2016-1, effective as of the Petition Date, on the terms and conditions set forth in the Engagement Agreement and the Application, and are directed to perform their obligations set forth therein, except as expressly modified herein.

2. None of the fees payable to Houlihan Lokey shall constitute a "bonus" or fee enhancement under applicable law.

3. The compensation, fees, and expenses payable to Houlihan Lokey pursuant to the Engagement Agreement, together with the indemnification, reimbursement of expenses, and contribution obligations owed to Houlihan Lokey and any other HL Party under the Engagement Agreement, shall be subject to review only pursuant to the standard of review set forth in section 328(a) of the Bankruptcy Code and shall not be subject to the standard of review set forth in section 330 of the Bankruptcy Code or any other standard of review.

4. Notwithstanding the preceding paragraph or anything to the contrary in this Order, the U.S. Trustee and the Court shall retain the right to object to the compensation, fees, and expenses to be paid to Houlihan Lokey pursuant to the Application and the Engagement Agreement, including the Monthly Fee and the Transaction Fee, based on the reasonableness standard provided for in section 330 of the Bankruptcy Code, and the Court shall consider any such objection by the U.S. Trustee under section 330 of the Bankruptcy Code. This Order and the record relating to the Court's consideration of the Application shall not prejudice or otherwise affect the rights of the U.S. Trustee to challenge the reasonableness of Houlihan Lokey's compensation, fees, and expenses under the standard set forth in the preceding sentence. Accordingly, nothing in this Order or such record shall constitute a finding of fact or conclusion of law binding the U.S. Trustee, on appeal or otherwise, with respect to the reasonableness of Houlihan Lokey's fees.

5. The Debtors are authorized to compensate and reimburse Houlihan Lokey pursuant to the terms of the Engagement Agreement, subject to the procedures set forth in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any other applicable orders of this Court.

6. In light of the services to be provided by Houlihan Lokey and the compensation structure in the Engagement Agreement, Houlihan Lokey and its professionals shall be excused

from: (i) any requirement to maintain or provide detailed time records in accordance with Bankruptcy Rule 2016(a) and the United States Trustee Fee Guidelines; and (ii) conforming with a schedule of hourly rates for its professionals. Instead, notwithstanding that Houlihan Lokey does not charge for its services on an hourly basis, Houlihan Lokey will nonetheless maintain reasonably detailed time records in 0.5 hour increments containing descriptions of those services rendered for the Debtors, and the individuals who provided those services, and will present such records together with its fee applications filed with the Court.

7. The Debtors shall be bound by the indemnification, contribution, reimbursement, and exculpation provisions set forth in the Engagement Agreement, subject during the pendency of these cases to the following:

- a. Subject to the provisions of subparagraphs (b) and (c) below, the Debtors are authorized to indemnify, and shall indemnify, the HL Parties for any claims arising from, related to, or in connection with the services to be provided by Houlihan Lokey as specified in the Application, but not for any claim arising from, related to, or in connection with Houlihan Lokey's post-petition performance of any other services (other than those in connection with the engagement), unless such post-petition services and indemnification therefor are approved by this Court;
- b. The Debtors shall have no obligation to indemnify any HL Party, or provide contribution or reimbursement to any HL Party, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from such HL Party's bad faith, gross negligence or willful misconduct, (ii) for a contractual dispute in which the Debtors allege the breach of such HL Party's contractual obligations if the Court determines that indemnification, contribution, or reimbursement would not be permissible pursuant to *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003), or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) above, but determined by this Court, after notice and a hearing pursuant to subparagraph (c) infra, to be a claim or expense for which such HL Party is not entitled to receive indemnity, contribution, or reimbursement under the terms of the Engagement Agreement as modified by this Order; and
- c. If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing these chapter 11 cases, any HL



Party believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Agreement (as modified by this Order), including, without limitation, the advancement of defense costs, such HL Party must file an application therefor in this Court, and the Debtors may not pay any such amounts to such HL Party before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period during which the Court shall have jurisdiction over any request for fees and expenses by HL Parties for indemnification, contribution, or reimbursement, and not as a provision limiting the duration of the Debtors' obligation to indemnify the HL Parties.

8. Notwithstanding any provision in the Engagement Agreement to the contrary, the contribution obligations of the HL Parties shall not be limited to the aggregate amount of fees actually received by Houlihan Lokey from the Debtors pursuant to the Engagement Agreement.

9. Notwithstanding anything in the Application or the Engagement Agreement to the contrary, to the extent Houlihan Lokey retains the services of subcontractors or employees of foreign affiliates or subsidiaries (collectively, the "**Contractors**") in these chapter 11 cases to conduct certain of its investment banking services under the Engagement Agreement in its stead and Houlihan Lokey seeks to pass through to the Debtors, and requests to be reimbursed for, the fees and/or costs of the Contractors, Houlihan Lokey shall (a) pass through the fees of such Contractors to the Debtors at the same rate that Houlihan Lokey pays the Contractors; (b) seek reimbursement for actual costs of the Contractors only; and (c) ensure that the Contractors perform the conflicts check required by Bankruptcy Rule 2014 and file with the Court such disclosures as required by Bankruptcy Rule 2014.

10. Houlihan Lokey will review its files periodically through these chapter 11 cases to ensure that no conflicts or other disqualifying circumstances exist or arise. If any new relevant facts or relationships are discovered or arise, Houlihan Lokey will use reasonable efforts to identify such further developments and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014(a).

11. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

12. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rule 6004.

13. The relief granted herein shall be binding upon any chapter 11 trustee appointed in these chapter 11 cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of these chapter 11 cases to cases under chapter 7.

14. To the extent that this Order is inconsistent with the Application, the Dunayer Declaration (including any supplement(s) thereto), or the Engagement Agreement, the terms of this Order shall govern.

15. This Court retains 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**

**Engagement Agreement**

# Houlihan Lokey

**Personal and Confidential**

November 18, 2024

The Container Store Group, Inc.  
500 Freeport Pkwy  
Coppell, TX 75019  
Attn: Jeff Miller, Chief Financial Officer

Dear Ladies and Gentlemen:

This letter agreement (this “Agreement”) confirms the terms under which The Container Store Group, Inc. (“The Container Store” and collectively with its direct and indirect subsidiaries, the “Company”) and Latham & Watkins LLP, in its capacity as counsel to The Container Store (“Counsel”, and together with the Company, the “Client Group”) has engaged Houlihan Lokey Capital, Inc. (“Houlihan Lokey”), effective as of the date indicated above (the “Effective Date”), as financial advisor to the Company to provide financial advisory and investment banking services in connection with one or more potential transactions for the Company and with respect to such other financial matters as to which the Client Group and Houlihan Lokey may agree in writing during the term of this Agreement. This Agreement hereby amends and restates that certain letter agreement among the parties hereto dated September 4, 2024.

The work set forth in this Agreement is divided into two phases. In the first phase (“Phase I”), Houlihan Lokey is being engaged as the Company’s financial advisor on a non-exclusive basis; if the Company elects in writing (email being sufficient) to engage Houlihan Lokey for the second phase (“Phase II” and the date on which such notice is provided, the “Phase II Effective Date”), Houlihan Lokey will be engaged as exclusive financial advisor to the Company.

In each instance, Houlihan Lokey will take direction from the Client Group, notwithstanding the fact that the Company shall be solely responsible for the payment of fees and expenses and the indemnification obligations set forth herein. Notwithstanding anything to the contrary in this Agreement, Houlihan Lokey and the Company each acknowledge and agree that Counsel shall not be responsible for any fees, expenses, indemnification obligations or other amounts or payments that may be owed by the Company directly or indirectly under this Agreement to Houlihan Lokey. It is the parties’ intent that the services described herein, including communications between Houlihan Lokey and the Client Group, and work product and analyses prepared by Houlihan Lokey for the Client Group, are provided at the direction of Counsel, and accordingly are confidential and protected by applicable privilege, including, but not limited to, the attorney-client privilege, the common interest privilege and the work product doctrine.

1. **Services.** In Phase I, from the Effective Date through September 30, 2024, Houlihan Lokey will conduct diligence and provide an initial assessment of potential financing and liability management structures (the “Phase I Services”). If the Company provides written notice (email being sufficient) that

Houlihan Lokey is being engaged for Phase II, in connection with each potential Transaction (as defined below), Houlihan Lokey will assist and advise the Client Group with the analysis, evaluation, pursuit and effectuation of any such Transaction. Houlihan Lokey's services for Phase II (collectively, the "Phase II Services") will consist of, if appropriate and if requested by the Client Group:

- (i) evaluating financing and capital raising alternatives available to the Company;
- (ii) reviewing and analyzing the Company's business, operations and financial projections;
- (iii) assisting the Client Group in the development and distribution of selected information, documents and other materials, including, if appropriate, advising the Company in the preparation of an offering memorandum (it being expressly understood that the Company will remain solely responsible for such materials and all of the information contained therein);
- (iv) assisting the Client Group in evaluating indications of interest and proposals regarding any Transaction(s) from current and/or potential lenders and/or equity investors;
- (v) assisting the Client Group with the negotiation of any Transaction(s), including participating in negotiations with creditors and other parties involved in any Transaction(s);
- (vi) attending or participating in meetings of the Company's Board of Directors, creditor groups, official constituencies and other interested parties, as the Client Group and Houlihan Lokey mutually agree; and
- (vii) providing such other financial advisory and investment banking services as may be required by additional issues and developments not anticipated on the Phase II Effective Date, as described in Sections 7 and 14 of this Agreement.

2. **Exclusivity.** Commencing on the Phase II Effective Date until the termination of this Agreement, the Company agrees that neither it nor its management will initiate any discussions with a third party regarding a Transaction, except with prior consultation with Houlihan Lokey. During such period, in the event the Company or its management receives any inquiry regarding a Transaction from any party, the Company shall promptly inform Houlihan Lokey of such inquiry so that Houlihan Lokey can, if requested by the Client Group, assist the Company in evaluating such party and its interest in a Transaction and in any resulting negotiations. For the avoidance of doubt, the term "Transaction" shall not include (i) any merger, consolidation, joint venture, scheme of arrangement or other business combination pursuant to which the business of the Company is combined with that of a third party and resulting in such third party holding a majority of the capital stock of the Company or all or substantially all of the assets of the Company effectuated outside of bankruptcy, (ii) the acquisition by a third party, directly or indirectly, of a majority of the capital stock of the Company effectuated outside of bankruptcy, (iii) the acquisition by a third party, directly or indirectly, of all or substantially all of the assets, properties and or businesses of the Company effectuated outside of bankruptcy, (iv) any transaction involving equity or equity-linked securities investment in the Company by Beyond, Inc. (including, without limitation, convertible securities and preferred stock), and/or (v) any amendment or waiver of the Company's existing credit facilities related to completion of the Company's ongoing sale process.

3. **Fees.** In connection with Phase I, Houlihan Lokey will be entitled to a flat fee of \$250,000 payable on the Effective Date. In the event that the Company elects not to engage Houlihan Lokey for the Phase II Services, the Company may terminate this Agreement without further obligation to Houlihan Lokey of any kind, except, notwithstanding any other provisions of this Agreement, with respect to indemnification and exculpation as provided in Section 18 hereof.

In consideration of Houlihan Lokey's acceptance of this engagement, if the Company provides written notice (email being sufficient) that it will engage Houlihan Lokey for Phase II Services, the Company shall pay the following:

(i) *Monthly Fees*: In addition to the other fees provided for herein, upon the Phase II Effective Date, and on every monthly anniversary thereof during the term of this Agreement until termination in accordance with Section 4, the Company shall pay Houlihan Lokey in advance, without notice or invoice, a nonrefundable cash fee of \$125,000 (“Monthly Fee”). Each Monthly Fee shall be earned upon Houlihan Lokey’s receipt thereof in consideration of Houlihan Lokey accepting the engagement of the Phase II Services and performing services as described herein. 50% of the Monthly Fees following the third (3<sup>rd</sup>) Monthly Fee paid on a timely basis to Houlihan Lokey shall be credited against the next Transaction Fee (as defined below) to which Houlihan Lokey becomes entitled hereunder (it being understood and agreed that no Monthly Fee shall be credited more than once), except that, in no event, shall such Transaction Fee be reduced below zero, and

(ii) *Transaction Fee(s)*: After the Phase II effective Date, in addition to the other fees provided for herein, the Company shall pay Houlihan Lokey the following transaction fee(s):

- a. *Amendment Transaction Fee*: Upon the closing of a Short-Term Maturity Extension (as defined below), Houlihan Lokey shall earn, and the Company shall thereupon pay to Houlihan Lokey a cash fee (“Short-Term Extension Fee”) equal to 1.50% of the principal amount of indebtedness extended. Upon the closing of a Long-Term Maturity Extension (as defined below), Houlihan Lokey shall earn, and the Company shall thereupon pay to Houlihan Lokey a cash fee (“Long-Term Extension Fee”) equal to 2.25% of the principal amount of indebtedness extended (each of the foregoing Short-Term Extension Fees and/or Long-Term Extension Fees, an “Amendment Transaction Fee”).
- b. *Financing Transaction Fee*. Upon the closing of each Financing Transaction (as defined below), Houlihan Lokey shall earn, and the Company shall thereupon pay to Houlihan Lokey directly from the gross proceeds of such Financing Transaction, as a cost of such Financing Transaction, a cash fee (“Financing Transaction Fee”) equal to the sum of: (I) 2.00% of the gross proceeds of any indebtedness raised or committed that is senior to other indebtedness of the Company, secured by a first priority lien and unsubordinated, with respect to both lien priority and payment, to any other obligations of the Company, (II) 3.50% of the gross proceeds of any indebtedness raised or committed that is secured by a lien (other than a first lien), is unsecured and/or is subordinated, and (III) 3.50% of the gross proceeds of all equity or equity-linked securities (including, without limitation, convertible securities and preferred stock) placed or committed. It is understood and agreed that if the proceeds of any such Financing Transaction are to be funded in more than one stage, Houlihan Lokey shall be entitled to its applicable compensation hereunder upon the closing date of each stage. The Financing Transaction Fee(s) shall be payable in respect of any sale of securities whether such sale has been arranged by Houlihan Lokey, by another agent or directly by the Company or any of its controlled affiliates. The fees set forth herein shall be in addition to any other fees that the Company may be required to pay to any investor or other purchaser of Securities to secure its financing commitment. The Financing Transaction Fee payable hereunder shall be subject to a \$2,000,000 minimum Financing Transaction Fee payable upon the first closing of a Financing Transaction (it being understood that the foregoing minimum is not in addition to any Financing Transaction Fee that would be calculated as a result of the formula in the first sentence of this clause (b)).
- c. *Existing Lenders*. In the event an existing lender of the Company as of the date hereof (including, for the avoidance of doubt, any affiliate funds operating under the same institution), participates in a Financing Transaction, the Financing Transaction Fee associated with such lender shall be calculated as follows: (I) with respect to the outstanding principal amount of indebtedness owed to such lender or such lender’s commitments, the lower of (A) the Financing Transaction Fee (as outlined above) or (B) the applicable Amendment Transaction Fee plus (II) with respect to any additional financing or commitment, the Financing Transaction Fee (as outlined above). In the event

a new lender participates in an Amendment Transaction, the fee applied to such new lender's portion of the loans and/or commitments shall be a Financing Transaction Fee.

- d. *Restructuring Transaction Fee.* Upon the earlier to occur of: (I) in the case of an out-of-court Restructuring Transaction (as defined below), the closing of such Restructuring Transaction, and (II) in the case of an in-court Restructuring Transaction, the date of confirmation of a plan of reorganization or liquidation under Chapter 11 or Chapter 7 of the Bankruptcy Code (as defined below) pursuant to an order of the applicable bankruptcy court, Houlihan Lokey shall earn, and the Company shall promptly pay to Houlihan Lokey, a cash fee ("Restructuring Transaction Fee") of \$3,250,000.
- e. *Sale Transaction Fee (In-Court).* Upon the closing of the Sale Transaction (as defined below) in-court, Houlihan Lokey shall earn, and the Company shall thereupon pay to Houlihan Lokey immediately and directly from the gross proceeds of such Sale Transaction, as a cost of such Sale Transaction, a cash fee ("Sale Transaction Fee") based upon Aggregate Gross Consideration ("AGC"), calculated as follows:
  - i. For AGC up to \$150,000,000 million: \$3,250,000; plus
  - ii. For AGC greater than \$150,000,000 million: 3.0% of such incremental AGC.

Any Amendment Transaction Fee, Financing Transaction Fee, Restructuring Transaction Fee, and Sale Transaction Fee is each referred to herein as a "Transaction Fee" and are collectively referred to herein as "Transaction Fees." Notwithstanding anything to the contrary contained in this Agreement, any amount invested or contributed in connection with any Transaction by any fund or investment vehicle controlled or advised by Leonard Green & Partners, L.P. or any other shareholder of the Company (as of the date of this Agreement) shall be disregarded for purposes of calculating any Transaction Fee hereunder. All payments received by Houlihan Lokey pursuant to this Agreement at any time shall become the property of Houlihan Lokey without restriction. No payments received by Houlihan Lokey pursuant to this Agreement will be put into a trust or other segregated account.

4. **Term and Termination.** Following the occurrence of the Phase II Effective Date, this Agreement shall have an initial term of three (3) months from the Phase II Effective Date, and will continue thereafter (and not terminate or expire) until terminated by Houlihan Lokey or the Company upon ten (10) days' prior written notice of termination to the other party (such notice, a "Termination Notice"). The expiration or termination of this Agreement shall not affect (i) any provision of this Agreement other than Sections 1 through 3 and (ii) Houlihan Lokey's right to receive, and the Company's obligation to pay, any and all fees, reasonable and documented out-of-pocket expenses and other amounts due, whether or not any Transaction shall be consummated prior to or subsequent to the effective date of expiration or termination, as more fully set forth in this Agreement. Notwithstanding anything to the contrary contained herein, the Monthly Fee owed by the Company will cease to accrue upon receipt of a Termination Notice provided by the Company.

In addition, if the Company provides written notice (email being sufficient) that it will engage Houlihan Lokey for Phase II Services, notwithstanding the expiration or termination of this Agreement, if Houlihan Lokey has not earned a Transaction Fee prior to or concurrent with such expiration or termination, then Houlihan Lokey shall be entitled to full payment by the Company of the Transaction Fees described in this Agreement (the "Tail Fee"): (i) so long as a Transaction is consummated within six (6) months after the date of expiration or termination of this Agreement ("Tail Period"), and/or (ii) if a definitive agreement to consummate a Transaction is executed by any entity comprising the Company during the term of this Agreement, or within the Tail Period, and such Transaction is consummated at any time following such execution with the counterparty named in such agreement, or with any affiliate or employee of, or investor in, such counterparty, or any affiliate of any of the foregoing. Notwithstanding the foregoing, Houlihan Lokey will not be entitled to the Tail Fee in the event that (a) Houlihan Lokey terminates this Agreement or (b)(i) during the term of this Agreement and prior to the time the Company enters into a definitive agreement to engage in any Transaction, Houlihan Lokey has engaged in gross negligence or willful



misconduct with respect to the engagement hereunder, (ii) within thirty (30) days after being made aware of the foregoing, the Company gives Houlihan Lokey at least five (5) day's written notice of the Company's intention to terminate this Agreement as a result thereof (a "Pre-Termination Notice"), which Pre-Termination Notice shall specify in reasonable detail the act or failure to act constituting Houlihan Lokey's gross negligence or willful misconduct, (iii) Houlihan Lokey fails to cure such specified act or failure to act within five (5) days after receipt of such Pre-Termination Notice, (iv) promptly following Houlihan Lokey's failure to cure within such time period, the Company terminates this Agreement by delivering to Houlihan Lokey a termination notice which specifies the reasons for the Company's termination of this Agreement, and (v) Houlihan Lokey is finally judicially determined by a court of competent jurisdiction to have engaged in such gross negligence or willful misconduct. For the avoidance of doubt, in no event shall Houlihan Lokey be entitled to more than one Tail Fee. This paragraph only concerns the payment of a Tail Fee to Houlihan Lokey, and nothing contained herein shall modify the terms of Section 18 or any other part of this Agreement in any respect.

5. **Transaction.** As used in this Agreement, the term "Transaction" shall mean any of the following:

- (i) *Amendment Transaction.* Any modification or amendment that extends the final maturity date and amends, waives or otherwise modifies the financial covenants or interest payment terms under that certain (a) Credit Agreement, dated as of April 6, 2012 (as amended, restated, amended and restated, supplemented or otherwise modified, the "ABL Credit Agreement"), by and among The Container Store, Inc., the guarantors party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent and/or (b) Credit Agreement, dated as of April 6, 2012 (as amended, restated, amended and restated, supplemented or otherwise modified, the "Term Credit Agreement"), by and among The Container Store, Inc., the guarantors party thereto, the lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto, in each case, with respect to the final maturity date, for (x) less than or equal to two (2) years ("Short-Term Maturity Extension") or (y) greater than two (2) years ("Long-Term Maturity Extension") (each, an "Amendment Transaction").
- (ii) *Financing Transaction.* (a) Any transaction or series of related transactions that constitutes any refinancing of all or any portion of the existing obligations under the ABL Credit Agreement or the Term Credit Agreement and/or (b) the placement, raising or issuance of any form of equity, equity-linked or debt securities (including, without limitation, any convertible securities, preferred stock, unsecured, non-senior or subordinated debt securities, and/or senior notes or bank debt) or any other similar financing (any or all of which being "Securities"), from any source including, without limitation, any of the existing owners, shareholders, employees, or creditors of any entity comprising the Company (each a "Financing Transaction"). For the avoidance of doubt, (x) any ordinary course working capital facilities, overdraft facilities, capital leases and purchase money and equipment financings and (y) in connection with that certain master credit agreement dated as of March 18, 2019 by and among Elfa International AB, Nordea Bank Abp, filial i Sverige, and the other parties thereto and any amendment or refinancing thereof, shall not, in each case, constitute Securities or a Financing Transaction hereunder.
- (iii) *Restructuring Transaction.* Any transaction or series of transactions that constitute a recapitalization or restructuring of the equity and/or debt securities and/or other indebtedness, obligations or liabilities (including, without limitation, preferred stock, partnership interests, lease obligations, trade credit facilities, collective bargaining agreements and other contract or tort obligations) of any entity comprising the Company, including accrued and/or accreted interest thereon, which are outstanding as of the Effective Date, including, without limitation, interest bearing trade debt, which recapitalization or restructuring is effected pursuant to an exchange transaction, tender offer, a plan of reorganization or liquidation under the Bankruptcy Code, a solicitation of consents, waivers, acceptances or authorizations, any change of control transaction, any refinancing, sale, acquisition, merger, repurchase, exchange, conversion to



equity, cancellation, forgiveness, and/or retirement of any of the equity and/or debt securities and/or other indebtedness of any entity comprising the Company or any combination of the foregoing transactions (each a “Restructuring Transaction”).

- (iv) *Sale Transaction*. Any transaction or series of related transactions that constitute the disposition to one or more third parties (including, without limitation, any person, group of persons, partnership, corporation or other entity, and also including, among others, any of the existing owners, shareholders, employees, or creditors of any entity comprising the Company and/or the affiliates of each) in one or a series of related transactions of (a) all or a material portion of the equity securities of any entity comprising the Company or any interest held by any entity comprising the Company, any direct or indirect subsidiary or affiliate in any joint venture or partnership or other entity formed by any of them, and/or (b) any significant portion of the assets (including the assignment of any executory contracts) or operations of any entity comprising the Company or any joint venture or partnership or other entity formed by it, in either case, including, without limitation, through a sale or exchange of capital stock, options or assets with or without a purchase option, a merger, consolidation or other business combination, an exchange or tender offer, a recapitalization, the formation of a joint venture, partnership or similar entity, or any similar transaction, including, without limitation, any sale transaction under Sections 363, 1129 or any other provision of Title 11, United States Code (11 U.S.C. §§ 101 et seq.) (the “Bankruptcy Code”) (each a “Sale Transaction”).

6. **Characterization of Multiple and/or Complex Transactions.** Following the occurrence of the Phase II Effective Date, in the event the Company and Houlihan Lokey are unable to agree in good faith upon the classification of any single Transaction as an Amendment Transaction, Financing Transaction, Restructuring Transaction, or Sale Transaction, or if a single Transaction with only one third party shall consist of two, or more, of the foregoing types of Transactions, or elements thereof, Houlihan Lokey shall receive only one Transaction Fee in respect of such Transaction (the “Compromise Transaction Fee”), which shall be equal to the greatest of the Amendment Transaction Fee, Financing Transaction Fee, Restructuring Transaction Fee, or Sale Transaction Fee, as applicable, as calculated in accordance with the terms of this Agreement. In the event the Company and Houlihan Lokey are unable to agree in good faith upon the classification of related events as single or multiple Transactions, Houlihan Lokey shall receive one Transaction Fee in respect of any such Transaction, calculated consistently with the foregoing sentence; *provided that* if Houlihan Lokey asserts the existence of a separate new money Financing Transaction (with a distinct third party and solely with respect to the new-money financing raised) that is not the basis of another Transaction Fee, Houlihan Lokey shall also receive a Financing Transaction Fee of which thirty percent (30%) shall be credited against the applicable Compromise Transaction Fee.

7. **Reasonableness of Fees.** The parties also acknowledge that this engagement will require a substantial professional commitment of time and effort by Houlihan Lokey. Moreover, the amount of time and effort may vary substantially during different periods of the engagement. As a result, in order to ensure the availability of all necessary professional resources, whenever required, Houlihan Lokey may be foreclosed from pursuing other alternative engagement opportunities. In light of the foregoing, and given: (i) the numerous issues which can currently be anticipated in engagements such as this, (ii) Houlihan Lokey’s commitment to the variable level of time and effort necessary to address such issues, (iii) the expertise and capabilities of Houlihan Lokey that will be required in this engagement, and (iv) the market rate for Houlihan Lokey’s services of this nature, the parties agree that the fee arrangement provided for herein is reasonable, fairly compensates Houlihan Lokey, and provides the requisite certainty to the Company. The parties further agree and acknowledge that: (a) additional issues and developments, not currently anticipated, may arise and have an impact upon the services to be rendered by Houlihan Lokey hereunder, and may result in substantially more work and/or services being performed by Houlihan Lokey than is anticipated at this time, and (b) as a result of such unanticipated issues and/or developments, the results of Houlihan Lokey’s services under this Agreement may also be substantially more beneficial than anticipated at this time. Accordingly, in the event of the occurrence of (a) and/or (b), in the prior sentence, each of the parties to this Agreement may, at the conclusion of the services rendered by Houlihan Lokey pursuant hereto, agree to a modification of the Transaction Fees described herein to more appropriately

reflect the actual work performed, services rendered and/or any extraordinary results achieved by Houlihan Lokey pursuant to its engagement hereunder.

8. **Expenses.** In addition to all of the other fees and expenses described in this Agreement, and regardless of whether any Transaction is consummated, the Company shall, upon Houlihan Lokey's request, reimburse Houlihan Lokey for its reasonable and documented out-of-pocket expenses incurred from time to time in connection with its services hereunder, but in no event greater than \$50,000 without the Company's prior approval (it being understood that Houlihan Lokey shall provide notice and the Company shall approve of each \$50,000 increment of such expenses), which approval shall not be unreasonably withheld (provided that such limitation shall not affect the Company's obligations to otherwise pay such expenses under this Agreement). Houlihan Lokey bills its clients for its reasonable and documented out-of-pocket expenses including, but not limited to (i) travel-related and certain other expenses, without regard to volume-based or similar credits or rebates Houlihan Lokey may receive from, or fixed-fee arrangements made with, travel agents, airlines or other vendors, and (ii) research, database and similar information charges paid to third party vendors, and reprographics expenses, to perform client-related services that are not capable of being identified with, or charged to, a particular client or engagement in a reasonably practicable manner, based upon a uniformly applied monthly assessment or percentage of the fees due to Houlihan Lokey.

Houlihan Lokey shall, in addition, be reimbursed by the Company for the reasonable and documented fees and expenses of Houlihan Lokey's outside legal counsel incurred in connection with the negotiation and performance of this Agreement and the matters contemplated hereby, but in no event greater than \$50,000 without the Company's prior approval (it being understood that Houlihan Lokey shall provide notice and the Company shall approve of each \$50,000 increment of such expenses), which approval shall not be unreasonably withheld (provided that such limitation shall not affect the Company's obligations to otherwise pay such expenses under this Agreement).

9. **Invoicing and Payment.** All amounts payable to Houlihan Lokey shall be made in lawful money of the United States in accordance with the payment instructions set forth on the invoice provided with this Agreement, or to such accounts as Houlihan Lokey shall direct, and the Company shall provide contemporaneous written notice of each such payment to Houlihan Lokey. All amounts invoiced by Houlihan Lokey shall be exclusive of value added tax, withholding tax, sales tax and any other similar taxes ("Taxes"). All amounts charged by Houlihan Lokey will be invoiced together with Taxes where appropriate.

10. **Information.** The Company will provide Houlihan Lokey with access to management and other representatives of the Company and other participants in any Transaction, as reasonably requested by Houlihan Lokey. The Company will furnish Houlihan Lokey with such information as Houlihan Lokey may reasonably request for the purpose of carrying out its engagement hereunder, all of which will be, to the Company's knowledge, accurate and complete at the time furnished. In addition, with respect to financial forecasts and projections that may be furnished to or discussed with Houlihan Lokey by the Company or any other entity, Houlihan Lokey will be entitled to assume that such financial forecasts and projections have been or will be reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the Company's or such other entity's management, as the case may be, as to the matters covered thereby. The Company will use commercially reasonable efforts to promptly notify Houlihan Lokey in writing if the Company discovers any material inaccuracy or misstatement in, or material omission from, any information previously delivered to, or discussed with, Houlihan Lokey, or any materials provided to any interested party. Houlihan Lokey shall rely, without independent verification, on the accuracy and completeness of all information that is publicly available and of all information furnished by or on behalf of the Company or any other potential party to any Transaction or otherwise reviewed by, or discussed with, Houlihan Lokey. The Client Group understands and agrees that Houlihan Lokey will not be responsible for the accuracy or completeness of such information, and shall not be liable for any inaccuracies or omissions therein. The Client Group acknowledges that Houlihan Lokey has no obligation to conduct any appraisal of any assets or liabilities of the Company or any other party or to evaluate the solvency of any party under any applicable laws relating to bankruptcy, insolvency or similar

matters. Houlihan Lokey's role in reviewing any information is limited solely to performing such a review as it shall deem necessary to support its own advice and analysis and shall not be on behalf of any other party. Any advice (whether written or oral) rendered by Houlihan Lokey pursuant to this Agreement is intended solely for the use of the Board of Directors of The Container Store (solely in its capacity as such) and Counsel (in its capacity as counsel to The Container Store) in evaluating a Transaction, and such advice may not be relied upon by any other person or entity or used for any other purpose. Any advice rendered by, or other materials prepared by, or any communication from, Houlihan Lokey may not be disclosed, in whole or in part, to any third party, or summarized, quoted from, or otherwise referred to in any manner without the prior written consent of Houlihan Lokey, with such consent not to be unreasonably withheld. In addition, neither Houlihan Lokey nor the terms of this Agreement may otherwise be referred to without our prior written consent. Notwithstanding the two immediately preceding sentences, any member of the Client Group may furnish the information described therein in response to any subpoena, court order, or similar legal demand, provided that prompt prior written notice thereof (to the extent legally permissible) shall be given to Houlihan Lokey so that Houlihan Lokey may seek a protective order or other appropriate remedy, and, if Houlihan Lokey fails to obtain such remedy, the Company may disclose only that information which its legal counsel advises it is legally compelled to disclose.

11. **Confidential Information.** Houlihan Lokey acknowledges that, in connection with the services to be provided pursuant to this Agreement, certain confidential, non-public and proprietary information concerning the Company and the Transaction ("Confidential Information") has been or may be disclosed by the Company to Houlihan Lokey, any of its affiliates, or any of their respective agents, advisors, accountants, attorneys, employees, subcontractors, officers, directors and other representatives (collectively, "Representatives"). Houlihan Lokey agrees on behalf of itself and its Representatives that, without the Company's prior consent, no Confidential Information will be disclosed, in whole or in part, to any other party (other than to any potential party to a Transaction approved in advance by the Company and to those Representatives who need access to any Confidential Information for purposes of performing the services to be provided hereunder, or as may be required by law or regulatory authority). The term "Confidential Information" does not include any information: (a) that was already in the possession of Houlihan Lokey or any of its Representatives, or that was available to Houlihan Lokey or any of its Representatives on a non-confidential basis, prior to the time of disclosure to Houlihan Lokey or such Representatives; (b) obtained by Houlihan Lokey or any of its Representatives from a third party which, insofar as is known to Houlihan Lokey or such Representatives, is not subject to any prohibition against disclosure; (c) which was or is independently developed by Houlihan Lokey or any of its Representatives without violating any confidentiality obligations under this paragraph; or (d) which was or becomes generally available to the public through no fault of Houlihan Lokey or any of its Representatives. If Houlihan Lokey becomes required by applicable law, legal process or requested by regulatory authority to disclose any Confidential Information, prompt prior written notice thereof (to the extent legally permissible) shall be given to the Company (provided that no notification shall be required in respect of any disclosure to regulatory authorities having jurisdiction over Houlihan Lokey) so that the Company may seek a protective order or other appropriate remedy, and, if the Company fails to obtain such remedy, then Houlihan Lokey may disclose only that information which its legal counsel advises it is legally compelled to disclose. Houlihan Lokey shall not use the Confidential Information except in connection with its services to the Company. The obligations of Houlihan Lokey and its Representatives set forth in this paragraph shall remain in effect for a period of two years after the Phase II Effective Date.

12. **Additional Provisions Regarding Financing Transaction.** The Company authorizes Houlihan Lokey to provide an information memorandum (or similar document) (as such document may be amended or supplemented and including any information incorporated therein by reference, the "Information Memorandum") and other pertinent information to prospective investors and other purchasers which are approved by the Company in writing. The Company will be solely responsible for the contents of the Information Memorandum and any and all other written or oral communications provided by or on behalf of the Company to any actual or prospective investor or other purchaser. The Company represents and warrants that the Information Memorandum and such other communications will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

If an event occurs as a result of which the Information Memorandum (as then supplemented or amended) would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company will promptly notify Houlihan Lokey of such event and Houlihan Lokey will suspend solicitations of prospective investors and other purchasers until such time as the Company prepares (and the Company agrees that, if the solicitation of prospective investors and other purchasers has been so suspended after the Company has accepted orders from prospective investors or other purchasers, the Company will promptly prepare) a supplement or amendment to the Information Memorandum which corrects such statement(s) or omission(s). The Company will (i) make available to each bona fide offeree of the Securities such information (in addition to that contained in the Information Memorandum) concerning the offering of the Securities, the Company and any other relevant matters, and (ii) provide each bona fide offeree a reasonable opportunity to ask questions of, and receive answers from, the officers and employees of the Company concerning the terms and conditions of the offering of the Securities.

The Company acknowledges that closing of a Financing Transaction is subject, among other factors, to acceptable documentation, market conditions, and satisfaction of the conditions set forth in one or more agreements to be entered into with any financier, lender, investor or other purchaser of Securities. It is expressly understood that this engagement does not constitute any commitment, express or implied, on the part of Houlihan Lokey to (a) acquire, and does not ensure the successful placement of, any portion of the Securities, (b) secure any other financing on behalf of any person or entity, or (c) ensure that any agreements are executed by any financier, lender, investor or other prospective purchaser of Securities or guarantee the obligations of any such party. The Company further acknowledges and agrees that Houlihan Lokey is not acting as an underwriter of the Securities and shall have no responsibility or obligation to underwrite the Securities.

In connection with all offers and sales of any Securities (for the avoidance of doubt, other than any term loan, revolving loan or bank debt (collectively, the "Bank Debt")) in a Financing Transaction, the Company will cause to be delivered to Houlihan Lokey a copy of any opinions of counsel that have been provided to investors or other purchasers of such Securities. The Company also will cause to be furnished to Houlihan Lokey at or after each closing of a sale of Securities (other than Bank Debt) copies of such agreements, opinions, certificates and other documents (including, without limitation, accountant's letters) provided to the investors in such sale as Houlihan Lokey may reasonably request; provided that nothing herein shall obligate (a) any person issuing such opinion, certificate or other document to address such document to Houlihan Lokey or to allow reliance thereon by Houlihan Lokey (it being understood that if Houlihan Lokey is acting as a placement agent in connection with the offer and sale of any Securities (other than Bank Debt), then Houlihan Lokey may request that the closing legal opinions (excluding any Rule 10b-5 negative assurance letter) issued in connection therewith be addressed to Houlihan Lokey or permit their reliance thereon) or (b) the Company to furnish any document in violation of applicable confidentiality provisions applicable thereto or in violation of restrictions on furnishing such document to third parties without the consent of the person issuing such document. The Company hereby acknowledges and agrees that Houlihan Lokey shall be entitled to rely upon the representations and warranties made (whether pursuant to a subscription agreement or in any other format) to investors or other purchasers of Securities (other than Bank Debt) and the Company shall be deemed to have made such representations and warranties to and for the benefit of Houlihan Lokey.

It is understood that the offer and sale of any Securities (other than Bank Debt) in a Financing Transaction will be exempt from the registration requirements of the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(a)(2) thereof. The Company has not taken, and will not take, any action, directly or indirectly, so as to cause the transactions contemplated by this Agreement to fail to be entitled to exemption under Section 4(a)(2) of the Act. The Company will promptly from time to time take such reasonable action as necessary to qualify the Securities (other than Bank Debt) as a private placement under the securities laws of such States and foreign jurisdictions as any prospective investor or other purchaser may reasonably request and will comply with applicable laws. The Company shall cause the issuer of the Securities (other than Bank Debt) to offer and sell the Securities (other than Bank Debt) only to investors and other purchasers of the Securities (other than Bank Debt) that they reasonably believe to be (a)



“accredited investors”, as defined in Rule 501 of Regulation D under the Act, (b) “qualified institutional buyers”, as defined in Rule 144A under the Act, and/or (c) not “US Persons” in offshore transactions, as defined in Regulation S under the Act. To the extent the Company (acting on advice from counsel) deems reasonably necessary or appropriate, the Company will cause the issuer of the Securities (other than Bank Debt) to file in a timely manner with the Securities and Exchange Commission (the “SEC”) and/or each other regulatory authority any notices or other filings with respect to the Securities (other than Bank Debt) if and to the extent required by Rule 503 of Regulation D under the Act and/or other applicable law or regulation and will upon request furnish to Houlihan Lokey a signed copy of each such notice or filing promptly after its submission.

Notwithstanding anything in this Agreement to the contrary, this Section 12 shall only apply after the occurrence of the Phase II Effective Date.

13. **Limitations on Services as Advisor.** Houlihan Lokey's services are limited to those specifically provided in this Agreement, or subsequently agreed upon in writing by the parties hereto. Houlihan Lokey shall have no obligation or responsibility for any other services including, without limitation, any crisis management or business consulting services related to, among other things, the implementation of any operational, organizational, administrative, cash management, profitability or liquidity improvements or similar activities. Houlihan Lokey makes no representation or warranty about the Company's ability to (i) successfully improve its operations, (ii) maintain or secure sufficient liquidity to operate its business, or (iii) successfully complete a Transaction. The parties understand that Houlihan Lokey is being engaged hereunder as an independent contractor to provide the services hereunder solely to the Client Group, and that Houlihan Lokey is not acting as an agent or fiduciary of the Company, its security holders or creditors, Counsel, or any other person or entity in connection with this engagement, and the Company and Counsel each agrees that it shall not make, and hereby waives, any claim based on an assertion of such an agency or fiduciary relationship. In performing its services pursuant to this Agreement, Houlihan Lokey is not assuming any responsibility for the Client Groups' decision on whether to pursue, endorse or support any business strategy, or to effect, or not to effect, any Transaction(s), which decision shall be made by the Company in its sole discretion. Any duties of Houlihan Lokey arising by reason of this Agreement or as a result of the services to be rendered by Houlihan Lokey hereunder will be owed solely to the Client Group.

14. **Additional Services.** To the extent Houlihan Lokey is requested by any member of the Client Group to perform any financial advisory or investment banking services which are not within the scope of this engagement, the Company shall pay Houlihan Lokey such fees as shall be mutually agreed upon by the parties hereto in writing, in advance, depending on the level and type of services required, and such fees shall be in addition to the fees and expenses described hereinabove. In addition, commencing on the Phase II Effective Date and during the Tail Period (to the extent that this Agreement was not terminated (i) at the election of Houlihan Lokey and/or (ii) by the Company pursuant to the second sentence of the second paragraph of Section 4 of this Agreement), the Company shall offer Houlihan Lokey the right to act as exclusive financial advisor in connection with any transaction or series of transactions that constitute a recapitalization or restructuring of the equity and/or debt securities and/or other indebtedness, obligations or liabilities of any entity comprising the Company, which recapitalization or restructuring is effected pursuant to an exchange transaction, tender offer, a plan of reorganization, or liquidation under the Bankruptcy Code, including, without limitation, any sale transaction under Sections 363, 1129 or any other provision under the Bankruptcy Code, conversion to equity, cancellation, forgiveness, and/or retirement of any of the equity and/or debt securities and/or other indebtedness of any entity comprising the Company or any combination of the foregoing transactions (collectively, a “Restructuring Transaction”). In the event a Restructuring Transaction is pursued by the Company, Houlihan Lokey and the Company shall negotiate in good faith mutually acceptable terms to perform the additional financial advisory services to be provided, and in the event mutually acceptable terms are not agreed upon, the Company has the right to seek alternative advisors with respect to a Restructuring Transaction. For the avoidance of doubt, the additional services referred to in this paragraph shall exclude any transaction associated with the Company's engagement in effect as of the date of this agreement with J.P. Morgan Securities LLC. If Houlihan Lokey agrees to act in any such capacity, the Company and Houlihan Lokey will enter into an appropriate form of agreement (or amendment hereto) relating to the type of transaction involved and containing customary

terms and conditions. The Company acknowledges that this Agreement is neither an express nor an implied commitment by Houlihan Lokey to act in any such capacity, which commitment shall only be set forth in a separate agreement.

15. **Required Services.** If Houlihan Lokey is required by subpoena, court process or order to render services not described herein, but which relate directly or indirectly to the subject matter of this Agreement (including, but not limited to, producing documents, answering interrogatories, attending depositions, giving expert or other testimony), the Company shall pay Houlihan Lokey additional fees to be mutually agreed upon for such services, plus reasonable and documented related out-of-pocket costs and expenses, including, among other things, the reasonable and documented legal fees and expenses of Houlihan Lokey's outside counsel in connection therewith.

16. **Credit.** After the announcement or closing of any Transaction, Houlihan Lokey may, at its own expense, place announcements on its corporate website and in financial and other newspapers and periodicals (such as a customary "tombstone" advertisement, including the Company's logo or other identifying marks) describing its services in connection therewith. The content of any such announcement shall be subject to the Company's prior approval, which approval shall not be unreasonably withheld. Furthermore, if requested by Houlihan Lokey, the Company agrees that in any press release announcing any Transaction, the Company will include in such press release a mutually acceptable reference to Houlihan Lokey's role as financial advisor to the Company with respect to such Transaction. Counsel's name or logo shall not be used for promotional or advertising purposes without Counsel's prior written consent.

17. **Choice of Law; Jury Trial Waiver; Jurisdiction.** **THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN NEW YORK. THIS AGREEMENT AND ALL DISPUTES ARISING OUT OF OR RELATED TO THIS AGREEMENT (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY HERETO (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS EQUITY HOLDERS) IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) RELATED TO OR ARISING OUT OF THE ENGAGEMENT OF HOULIHAN LOKEY PURSUANT TO, OR THE PERFORMANCE BY HOULIHAN LOKEY OF THE SERVICES CONTEMPLATED BY, THIS AGREEMENT. REGARDLESS OF ANY PRESENT OR FUTURE DOMICILE OR PRINCIPAL PLACE OF BUSINESS OF THE PARTIES HERETO, EACH PARTY HEREBY IRREVOCABLY CONSENTS AND AGREES THAT ANY CLAIMS OR DISPUTES BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATED TO THIS AGREEMENT (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) SHALL BE BROUGHT AND MAINTAINED IN ANY FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITTING IN THE COUNTY OF NEW YORK IN THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, WHICH COURTS SHALL HAVE EXCLUSIVE JURISDICTION OVER THE ADJUDICATION OF SUCH MATTERS, AND AGREES TO VENUE IN SUCH COURTS; PROVIDED THAT SUCH CONSENT AND AGREEMENT SHALL NOT BE DEEMED TO REQUIRE ANY BANKRUPTCY CASE INVOLVING THE COMPANY TO BE FILED IN SUCH COURTS, AND IF THE COMPANY BECOMES A DEBTOR UNDER CHAPTER 11 OF THE BANKRUPTCY CODE, DURING ANY SUCH CASE, ANY CLAIMS MAY ALSO BE HEARD AND DETERMINED BEFORE THE BANKRUPTCY COURT. EACH PARTY FURTHER IRREVOCABLY SUBMITS AND CONSENTS IN ADVANCE EXCLUSIVELY TO SUCH JURISDICTION AND VENUE IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURTS, AND HEREBY WAIVES IN ALL RESPECTS ANY CLAIM OR OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS. THE COMPANY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, SUIT OR CLAIM BROUGHT IN ANY OF THE COURTS REFERRED TO**

**ABOVE SHALL BE CONCLUSIVE AND BINDING UPON IT AND MAY BE ENFORCED IN ANY OTHER COURTS HAVING JURISDICTION OVER IT BY SUIT UPON SUCH JUDGMENT. THE COMPANY IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN ALL SUCH DISPUTES BY THE MAILING OF COPIES OF SUCH PROCESS TO THE COMPANY AT 500 FREEPORT PKWY, COPPELL, TX 75019 .**

18. **Indemnification and Exculpation.** As a material part of the consideration for the agreement of Houlihan Lokey to furnish its services under this Agreement, the Company agrees (i) to indemnify and hold harmless each HL Party (as defined below), to the fullest extent lawful, from and against any and all losses, claims, damages or liabilities (or actions in respect thereof), joint or several, arising out of or related to Houlihan Lokey's engagement under, or any matter referred to in, this Agreement, and (ii) to reimburse each HL Party for all reasonable and documented out-of-pocket expenses (including, without limitation, the reasonable and documented fees and expenses of outside counsel) as they are incurred in connection with investigating, preparing, pursuing, defending, settling, compromising or otherwise becoming involved in any action, suit, dispute, inquiry, investigation or proceeding, pending or threatened, brought by or against any person or entity (including, without limitation, any shareholder or derivative action or any claim to enforce this Agreement), arising out of or related to Houlihan Lokey's engagement under, or any matter referred to in, this Agreement. However, the Company shall not be liable under the foregoing indemnification provision to the extent any loss, claim, damage or liability which arises out of any action or failure to act by such HL Party (other than an action or failure to act undertaken at the specific written request or with the prior written consent of the Company or Counsel) and is finally judicially determined by a court of competent jurisdiction to have resulted primarily from the actual fraud, willful misconduct or gross negligence of such HL Party.

If for any reason the foregoing indemnification or reimbursement is unavailable to any HL Party or insufficient to fully indemnify any HL Party or hold it harmless in respect of any losses, claims, damages, liabilities or expenses referred to in subsections (i) or (ii) of such indemnification or reimbursement provisions, then the Company shall contribute to the amount paid or payable by such HL Party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and Houlihan Lokey, on the other hand, in connection with the matters contemplated by this Agreement. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the Company shall contribute to such amount paid or payable by such HL Party in such proportion as is appropriate to reflect not only such relative benefits, but also the relative fault of the Company (and its affiliates, and their respective directors, employees, agents and other advisors), on the one hand, and such HL Party, on the other hand, in connection therewith, as well as any other relevant equitable considerations. Notwithstanding the foregoing, in no event shall the HL Parties be required to contribute an aggregate amount in excess of the amount of fees actually received by Houlihan Lokey from the Company pursuant to this Agreement, except, with respect to an HL Party, to the extent of any losses, claims, damages, liabilities or expenses that are finally judicially determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such HL Party. Relative benefits received by the Company, on the one hand, and Houlihan Lokey, on the other hand, shall be deemed to be in the same proportion as (i) the total value paid or received or contemplated to be paid or received by the Company, and its security holders, creditors, and other affiliates, as the case may be, pursuant to the transaction(s) (whether or not consummated) contemplated by the engagement hereunder, bears to (ii) the fees received by Houlihan Lokey under this Agreement. The Client Group shall not settle, compromise or consent to the entry of any judgment in or otherwise seek to terminate any pending or threatened action, suit, dispute, inquiry, investigation or proceeding arising out of or related to Houlihan Lokey's engagement under, or any matter referred to in, this Agreement (whether or not an HL Party is an actual or potential party thereto), or participate in or otherwise facilitate any such settlement, compromise, consent or termination by or on behalf of any person or entity, unless such settlement, compromise, consent or termination contains a release of the HL Parties reasonably satisfactory in form and substance to Houlihan Lokey.

The Company further agrees that neither Houlihan Lokey nor any other HL Party shall have any liability (whether direct or indirect and regardless of the legal theory advanced) to the Company or any

person or entity asserting claims on behalf of or in right of the Company arising out of or related to Houlihan Lokey's engagement under, or any matter referred to in, this Agreement, except to the Company for losses, claims, damages or liabilities incurred by the Company which arise out of any action or failure to act by such HL Party (other than an action or failure to act undertaken at the specific written request or with the prior written consent of the Company or Counsel) and are finally judicially determined by a court of competent jurisdiction to have resulted primarily from the actual fraud, willful misconduct or gross negligence of such HL Party, and no HL Party shall have any liability whatsoever to Counsel or any other person or entity.

The Company shall cause any new company or entity that may be formed by the Company, for any purpose, to agree to all of the obligations in this Section to Houlihan Lokey in accordance with the foregoing provisions. Prior to entering into any agreement or arrangement with respect to, or effecting, any (i) merger, statutory exchange or other business combination or proposed sale, exchange, dividend or other distribution or liquidation of all or a significant portion of its assets, or (ii) significant recapitalization or reclassification of its outstanding securities that does not directly or indirectly provide for the assumption of the obligations of the Company set forth in this Agreement, the Company will notify Houlihan Lokey in writing thereof (if not previously so notified) and, if requested by Houlihan Lokey, shall use commercially reasonable efforts to arrange in connection therewith alternative means of providing for the obligations of the Company set forth in this Agreement, including the assumption of such obligations by another party, insurance, surety bonds, the creation of an escrow, or other credit support arrangements, in each case in an amount and upon terms and conditions reasonably satisfactory to Houlihan Lokey.

The indemnity, reimbursement, and other obligations and agreements of the Company set forth herein (i) shall, for the avoidance of doubt, apply to any services provided by Houlihan Lokey in connection with this Agreement prior to the Effective Date, and to any modifications of this Agreement agreed in writing by the parties hereto, and (ii) shall be in addition to any obligation or liability which the Company may otherwise have to any HL Party. The Company agrees that Houlihan Lokey would be irreparably injured by any breach of any such obligations or agreements, that money damages alone would not be an adequate remedy for any such breach and that, in the event of any such breach, Houlihan Lokey shall be entitled, in addition to any other remedies, to injunctive relief and specific performance.

Notwithstanding anything in the Agreement to the contrary, in no event shall Counsel or any affiliate, attorney, partner, member, or employee thereof be liable in any capacity for any amounts or other obligations owed by the Company to Houlihan Lokey in connection with this engagement and this Agreement, including, without limitation, any of Houlihan Lokey's retainer, invoices, expenses, costs, or indemnities under this engagement and this Agreement.

For purposes of this Agreement, the term "HL Parties" shall mean Houlihan Lokey and its affiliates, and their respective past, present and future directors, officers, partners, members, employees, agents, representatives, advisors, subcontractors and controlling persons (each, an "HL Party").

19. **Aggregate Gross Consideration ("AGC")**. For the purpose of calculating the Sale Transaction Fee, the AGC shall be the gross proceeds and other consideration paid to, or received by, or to be paid to or received by, any entity comprising the Company, or any of its equity or debt holders, or other parties in interest, including, without limitation, holders of warrants and convertible securities, and holders of options or stock appreciation rights, whether or not vested (collectively "Constituents"), in connection with the relevant Sale Transaction. Such proceeds and consideration shall be deemed to include, without limitation: amounts in escrow and any deposits or other amounts forfeited by any investor; cash, notes, securities, and other property; payments made in installments; amounts payable under consulting agreements, above-market employment contracts, non-compete or severance agreements, consulting contracts or similar arrangements with any equity holder; Contingent Payments (as defined below); and/or insurance proceeds upon the occurrence of an insurable event that diminishes the value of the Company. Upon the closing of a Sale Transaction in which less than 100% of the ownership of the equity interests are sold, the AGC shall be calculated as if 100% of the ownership of the equity interests of the Company on a fully diluted basis had been sold by dividing (i) the total consideration, whether in cash, securities, notes or other forms of



consideration, received or receivable by the Company and/or its Constituents by (ii) the percentage of ownership which is sold. If, in the Sale Transaction, no consideration is being paid in respect of the existing equity, AGC of the retained equity shall be determined by the good faith agreement of the parties as to the value of such retained equity implied by the Sale Transaction. In addition, if any of the liabilities of any entity comprising the Company are assumed, decreased, reinstated, satisfied or otherwise paid off in conjunction with a Sale Transaction (by any entity comprising the Company or any investor, in the form of "cure" payments or otherwise), or any of the assets of any entity comprising the Company are sold or otherwise transferred outside of the Company's ordinary course of business to another party prior to the closing of a Sale Transaction (including, without limitation, any dividends or distributions paid to security holders or amounts paid to repurchase any securities) or are retained by any entity comprising the Company after the closing of the Sale Transaction, the AGC will be increased to reflect the face value of any such liabilities and the fair market value of any such assets. For purposes of calculating the Sale Transaction Fee, the term "Contingent Payments" shall mean the consideration received or receivable by the Company, or any of its Constituents and/or any other parties in the form of deferred performance-based payments, "earn-outs", or other contingent payments based upon the future performance of any entity comprising the Company, or any of its businesses or assets.

20. **Value of Consideration.** For the purpose of calculating the AGC received in a Sale Transaction, any securities, other than a promissory note, will be valued at the time of the closing of the Sale Transaction, without regard to any restrictions on transferability, as follows: (i) if such securities are traded on a stock exchange, the securities will be valued at the average last sale or closing price for the ten trading days immediately prior to the closing of the Sale Transaction, (ii) if such securities are traded primarily in over-the-counter transactions, the securities will be valued at the mean of the closing bid and asked quotations similarly averaged over a ten trading day period immediately prior to the closing of the Sale Transaction, and (iii) if such securities have not been traded prior to the closing of the Sale Transaction, Houlihan Lokey and the Company shall negotiate in good faith to agree on a fair valuation thereof, without regard to any restrictions on transferability, for the purposes of calculating the AGC. For any lease payments and other consideration that is not freely tradable or has no established public market, if the consideration utilized consists of property other than securities, then the value of such property shall be the fair market value thereof as determined in good faith by Houlihan Lokey and the Company. If any consideration to be paid is computed in any foreign currency, the value of such foreign currency shall, for purposes hereof, be converted into U.S. dollars at the prevailing exchange rate on the date or dates on which such consideration is payable. The value of any purchase money or other promissory notes shall be deemed to be the face amount thereof. In the event the AGC includes any Contingent Payments, Houlihan Lokey's Sale Transaction Fee shall be calculated based on the value of such Contingent Payments as of closing, as mutually agreed upon by the parties acting in good faith. If the parties cannot reach such an agreement, an additional Sale Transaction Fee shall be paid to Houlihan Lokey from, and on account of, such Contingent Payments at the same time that each of such Contingent Payments are received regardless of any prior termination or expiration of this Agreement. Each such additional Sale Transaction Fee shall be calculated pursuant to the provisions of this Agreement based upon the amount of each such Contingent Payment.

21. **Bankruptcy Court Approval.** In the event that the Company is or becomes a debtor under Chapter 11 of the Bankruptcy Code, whether voluntarily or involuntarily, the Company shall seek an order authorizing the employment of Houlihan Lokey pursuant to the terms of this Agreement, as a professional person pursuant to, and subject to the standard of review of, Sections 327(a) and 328(a) of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and applicable local rules and orders, and Houlihan Lokey's employment hereunder shall not be subject to any other standard of review, including under Section 330 of the Bankruptcy Code. In so agreeing to seek Houlihan Lokey's retention under Section 328(a) of the Bankruptcy Code, the Company acknowledges the reasonableness of Houlihan Lokey's fee and expense reimbursement arrangement (as set forth more fully in Section 7 hereof). The Company shall submit Houlihan Lokey's employment application as soon as practicable following the Company's filing of a voluntary Chapter 11 case, or the entry of an order for relief in any involuntary case filed against the Company, and use its best efforts to cause such application to be considered on the most expedited basis. The employment application and the proposed order authorizing employment of Houlihan Lokey shall be provided to Houlihan Lokey as much in advance of any Chapter 11 filing as is practicable,

and must be acceptable to Houlihan Lokey in its sole discretion. Following entry of the order authorizing the employment of Houlihan Lokey, the Company shall pay all fees and expenses due pursuant to this Agreement, as approved by the court having jurisdiction of the bankruptcy case involving the Company (the "Bankruptcy Court"), as promptly as possible in accordance with the terms of this Agreement and applicable orders of such Bankruptcy Court, the Bankruptcy Code, the Bankruptcy Rules and applicable local rules and orders, and will work with Houlihan Lokey to promptly file any and all necessary applications regarding such fees and expenses (including, without limitation, interim fees and final fees) with the Bankruptcy Court.

The Company agrees that Houlihan Lokey's post-petition compensation as set forth herein and payments made pursuant to the expense reimbursement and indemnification provisions of this Agreement shall be entitled to priority as expenses of administration under sections 503(b)(1)(A), 503(b)(2) and 507(a)(2) of the Bankruptcy Code, and shall be entitled to the benefits of any "carve-outs" for professional fees and expenses (which carve-outs shall be adequate to enable the Company to pay Houlihan Lokey's fees and expenses, fully and promptly) in effect pursuant to one or more financing or cash collateral orders entered by the Bankruptcy Court in accordance with the terms thereof, provided, however, that the form of documentation to be used to satisfy the foregoing obligations of the Company shall be acceptable to Houlihan Lokey in its sole discretion. The Company will use its best efforts to ensure that any sale order, debtor-in-possession financing order, cash collateral order, adequate protection order and/or similar order entered in any bankruptcy case involving the Company (i) permits the use of sale, financing and cash collateral proceeds for the full and prompt payment of all of Houlihan Lokey's fees and expenses contemplated hereby (including, without limitation, all fees contingent upon the occurrence of any Transaction) and (ii) contains the agreements by the Company's lenders (or parties whose cash collateral is being used) that Houlihan Lokey's fees and expenses will be paid at the times and from the sources specified herein. If such orders and carve-outs are or become insufficient to provide the foregoing assurances, Houlihan Lokey shall then have no obligation to provide further services under this Agreement.

Houlihan Lokey shall have no obligation to provide services under this Agreement in the event that the Company becomes a debtor under the Bankruptcy Code unless the foregoing authorizations, including authorization to employ Houlihan Lokey under Section 328(a) of the Bankruptcy Code, are granted by final order of the Bankruptcy Court that is no longer subject to appeal, rehearing, reconsideration or petition for certiorari and is acceptable to Houlihan Lokey in all respects. If such an order is not obtained, or is later reversed, vacated, stayed or set aside for any reason, Houlihan Lokey may terminate this Agreement, and the Company shall reimburse Houlihan Lokey for all fees and reasonable expenses incurred prior to the date of such termination, subject to any requirements of the Bankruptcy Code, the Bankruptcy Rules, applicable orders of such Bankruptcy Court and applicable local rules and orders. Prior to commencing a Chapter 11 case, the Company shall pay all amounts due and payable to Houlihan Lokey in cash. No fee payable to any other person, by the Company or any other party, shall reduce or otherwise affect any fee payable hereunder to Houlihan Lokey.

The Company will use its best efforts to ensure that, to the fullest extent permitted by law, any confirmed plan in any bankruptcy case involving the Company contains typical and customary release provisions (both from the Company and from third parties) and exculpation provisions releasing, waiving and forever discharging the HL Parties (as defined below) from any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities related to the Company or the engagement described in this Agreement. The terms of this Section are solely for the benefit of Houlihan Lokey, and may be waived, in whole or in part, only by Houlihan Lokey.

22. **Miscellaneous.** This Agreement shall be binding upon the parties hereto and their respective successors, heirs and assigns and any successor, heir or assign of any substantial portion of such parties' respective businesses and/or assets, including any Chapter 11 or Chapter 7 trustee appointed on behalf of the Company.

Nothing in this Agreement, express or implied, is intended to confer or does confer on any person or entity, other than the parties hereto, the HL Parties and each of their respective successors, heirs and

assigns, any rights or remedies (directly or indirectly as a third party beneficiary or otherwise) under or by reason of this Agreement or as a result of the services to be rendered by Houlihan Lokey hereunder.

This Agreement is the complete and exclusive statement of the entire understanding of the parties regarding the subject matter hereof, and supersedes all previous agreements or understandings regarding the same, whether written or oral. This Agreement may not be amended, and no portion hereof may be waived, except in a writing duly executed by the parties hereto.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect pursuant to the terms hereof.

To help the United States government fight the funding of terrorism and money laundering activities, the federal law of the United States requires all financial institutions to obtain, verify and record information that identifies each person with whom they do business as a condition to doing business with that person. Accordingly, the Company will provide Houlihan Lokey upon request (i) certain information regarding the identities of all individuals who, directly or indirectly, own 25% or more of the Company's equity interests as well as the Company's executive officers and other control persons, and (ii) certain identifying information necessary to verify the Company's identity, such as a government-issued identification number (e.g., a U.S. taxpayer identification number), certified articles of incorporation, a government-issued business license, partnership agreement, or trust instrument. By executing this Agreement, the Company confirms that all such information provided to Houlihan Lokey is accurate and complete.

This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which will constitute one and the same instrument. Such counterparts may be delivered by one party to the other by facsimile or other electronic transmission, and such counterparts shall be valid for all purposes. The parties hereto agree that the use of electronic signatures for the execution of this Agreement shall be legal and binding and shall have the same force and effect as manual signatures.

The Company represents and warrants that (a) it has all requisite power and authority to enter into this Agreement on behalf of itself and each of its direct and indirect subsidiaries, and (b) this Agreement has been duly and validly authorized by all necessary action on the part of the Company and has been duly executed and delivered by or on behalf of the Company and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms. This Agreement has been reviewed by the signatories hereto and their counsel. There shall be no construction of any provision against Houlihan Lokey because this Agreement was drafted by Houlihan Lokey, and the parties waive any statute or rule of law to such effect.

The Company agrees that it will be solely responsible for ensuring that any Transaction complies with applicable law. The Client Group understands that Houlihan Lokey is not undertaking to provide any legal, regulatory, accounting, insurance, tax or other similar professional advice and the Client Group confirms that it is relying on its own counsel, accountants and similar advisors for such advice.

To the extent that the Company hereunder is comprised of more than one entity or company, the obligations of the Company under this Agreement are joint and several, and any consent, direction, approval, demand, notice or the like given by any one of such entities or companies shall be deemed given by all of them and, as such, shall be binding on the Company.

The Client Group understands and acknowledges that Houlihan Lokey and its affiliates (collectively, the "Houlihan Lokey Group") engage in providing investment banking, securities trading, financing, financial advisory, and consulting services and other commercial and investment banking products and services to a wide range of institutions and individuals. In the ordinary course of business, the Houlihan Lokey Group and certain of its employees, as well as investment funds in which they may have financial interests or with which they may co-invest, may acquire, hold or sell, long or short positions, or


trade or otherwise effect transactions, in debt, equity, and other securities and financial instruments (including bank loans and other obligations) of, or investments in, the Company or any other party that may be involved in the matters contemplated by this Agreement or have other relationships with such parties. With respect to any such securities, financial instruments and/or investments, all rights in respect of such securities, financial instruments and investments, including any voting rights, will be exercised by the holder of the rights, in its sole discretion. In addition, the Houlihan Lokey Group may in the past have had, and may currently or in the future have, financial advisory or other investment banking or consulting relationships with parties involved in the matters contemplated by this Agreement, including parties that may have interests with respect to the Company, a Transaction or other parties involved in a Transaction, from which conflicting interests or duties may arise. Although the Houlihan Lokey Group in the course of such other activities and relationships or otherwise may have acquired, or may in the future acquire, information about the Company, a Transaction or such other parties, or that otherwise may be of interest to the Client Group, the Houlihan Lokey Group shall have no obligation to, and may not be contractually permitted to, disclose such information, or the fact that the Houlihan Lokey Group is in possession of such information, to the Client Group or to use such information on behalf of the Client Group.

In order to enable Houlihan Lokey to bring relevant resources to bear on its engagement hereunder from among its global affiliates, the Client Group agrees that Houlihan Lokey may share information obtained from the Company and other parties hereunder with other members of the Houlihan Lokey Group, and may perform the services contemplated hereby in conjunction with such other members.

If the foregoing correctly sets forth our agreement, please sign and return to us a copy of this Agreement.

Very truly yours,

HOULIHAN LOKEY CAPITAL, INC.

Signed by:  
By:   
F0364E6707CD44B...  
**Adam Dunayer**  
**Managing Director**

Accepted and agreed to as of the Effective Date:

**THE CONTAINER STORE GROUP, INC.**, on its own behalf, and on behalf of its direct and indirect subsidiaries

Signed by:  
By:   
D093527C2DB1495...  
**Jeff Miller**  
**Chief Financial Officer**

**LATHAM & WATKINS LLP**, counsel to The Container Store Group, Inc.

Signed by:  
By:   
D9B513E25DBD4A8...  
**Ted Dillman**  
**Partner**

**Certificate Of Completion**

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Kevin Shang

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Los Angeles, CA 90013

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Kevin.Shang@lw.com

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Adam Dunayer

ADunayer@HL.com

Security Level: Email, Account Authentication  
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Jeff Miller

JAMiller@containerstore.com

Chief Financial Officer

Security Level: Email, Account Authentication  
(None)Signed by:  
  
D093627C2DB1495...

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Signed: 11/18/2024 11:06:48 AM

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ID: febf5ea0-e4de-434c-8483-f0daf2144228

Ted Dillman

Ted.Dillman@lw.com

Security Level: Email, Account Authentication  
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D9B513E25DBD4A8...

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Witness Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	11/18/2024 9:30:25 AM
Certified Delivered	Security Checked	11/19/2024 8:34:27 AM
Signing Complete	Security Checked	11/19/2024 8:34:40 AM
Completed	Security Checked	11/19/2024 8:34:40 AM
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Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	Allow per session cookies

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