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

In re:	:	Chapter 11
THE CONTAINER STORE GROUP, INC., *et al.*,	:	Case No. 24-90627 (ARP)
Debtors.[1]	:	(Jointly Administered)

DECLARATION OF CHAD E. COBEN IN SUPPORT OF (I) APPROVAL OF THE DISCLOSURE STATEMENT AND (II) CONFIRMATION OF THE FIRST AMENDED PREPACKAGED JOINT PLAN OF REORGANIZATION OF THE CONTAINER STORE GROUP, INC. AND ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

I, Chad E. Coben, hereby declare under penalty of perjury as follows:

1. I am the Chief Restructuring Officer of Debtor The Container Store Group, Inc., and the other above-captioned debtors and debtors in possession (collectively, the "***Debtors***" and, together with their non-debtor affiliates, the "***Company***" or "***The Container Store***"). I am also a Senior Managing Director in the Corporate Finance and Restructuring segment of FTI Consulting, Inc. ("***FTI***"), a leading restructuring advisory services firm.

2. I submit this declaration (this "***Declaration***") in support of confirmation of the *First Amended Prepackaged Joint Plan of Reorganization of The Container Store Group, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code*, filed contemporaneously herewith (as amended, modified, or supplemented, the "***Plan***") and the *Debtors' Memorandum of Law in Support of (I) Approval of the Disclosure Statement and (II) Confirmation of the First Amended*

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

Prepackaged Joint Plan of Reorganization of The Container Store Group, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code, filed contemporaneously herewith (the "***Confirmation Brief***").[2]

3. I am authorized to submit this Declaration on behalf of the Debtors. In my capacity as Chief Restructuring Officer of the Debtors,[3] I am responsible for overseeing the restructuring activities and operations of the Debtors, including reporting to and assisting the Restructuring Committee of the Board of Directors of The Container Store Group, Inc. (the "***Board***") in making and implementing decisions in connection with the Chapter 11 Cases.

4. As a result of my experience with the Debtors, I am generally familiar with the Debtors' businesses, operations, financial matters, operating results, business plans, actual and projected cash flows, underlying books and records, restructuring process, and creditor negotiations. Except as otherwise indicated, all statements set forth in this Declaration are based on my personal knowledge, my discussions with other members of the Debtors' management team, employees, and advisors, my review of relevant documents, and/or my opinion based on my experience, knowledge, and information concerning the Debtors' operations and financial condition. Any references to the Bankruptcy Code (as defined below), the chapter 11 process, and related legal matters herein reflect my understanding of such matters based on the explanations provided by the Debtors' counsel. If called to testify, I would testify competently to the facts set forth in this Declaration.

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[2] Defined terms used but not defined herein have the meanings given to them in the Plan.

[3] The Debtors filed the *Application of Debtors for Entry of an Order (I) Authorizing the Debtors to (A) Employ and Retain FTI Consulting, Inc. as Financial Advisor, (B) Designate Chad E. Coben to Serve as Chief Restructuring Officer, and (C) Provide Additional Personnel for the Debtors Effective as of the Petition Date; and (II) Granting Related Relief* [Docket No. 109] on January 3, 2025 and approval is pending as of the date hereof.

Background and Qualifications

5. I have worked in the corporate finance and restructuring field for over 30 years and have been at FTI for over 11 years. Over the course of my career, I have served as an advisor or interim executive in the transformation, turnaround, and restructuring of dozens of public and private equity-backed companies, including CEC Entertainment, Monitronics, Sundance Energy, GTT Communications, Borden Dairy Company, 48 Forty Solutions, Bowery Farms, Wine.com, Interface Security, and many others. Additionally, I have held executive officer roles including Chief Restructuring Officer of MediaLab AI, a digital publisher and technology company; Chief Restructuring Officer of CPXi, a leading ad tech and digital media company; Chief Restructuring Officer of LodgeNet Interactive, the leading provider of entertainment and connectivity services to hospitality and healthcare businesses; and Chief Financial Officer of Blue Nile, the largest online retailer of diamonds and fine jewelry, among others.

6. I began my career at Bank of America, where I spent six years in the Media and Communications Finance Group originating, structuring, and underwriting credit products. I joined FTI in early 2009 after FTI's acquisition of CXO, L.L.C., a boutique turnaround and advisory services firm. Prior to that, I spent over six years as a part of a core management team involved in the consolidations, financings, and operations of businesses related to telecommunications, media, and technology. These businesses included Marcus Cable, AMFM, Inc. and Novo Networks. I hold a Bachelor of Science in Economics from the University of Texas at Austin and a Master of Business Administration from the Cox School of Business at Southern Methodist University. I am also a former board member of the Turnaround Management Association, affiliated with the American Bankruptcy Institute, and have been certified as a Certified Turnaround Professional by the Turnaround Management Association.

FTI's Qualifications and Role for the Debtors

7. FTI's expertise includes liquidity and capital structure assessment, debt and equity restructuring advice, and identification of reorganization alternatives. FTI's clients include many of the world's largest public companies and majorities of the twenty-five largest banks and one-hundred largest law firms in the world. FTI has significant experience assisting distressed companies with day-to-day management activities, including development of pro forma financial statements and business plans, cash flow management, and implementation of liquidity-enhancing and cost-saving strategies. Examples of company representative engagements include *In re Voyager Aviation Holdings, LLC* et al., Case No. 23-11177 (JPM) (Bankr. S.D.N.Y. Sep. 19, 2023) (Docket No. 234); *In re Western Global Airlines, Inc*., et al., Case No. 23-11093 (KBO) (Bankr. D. Del. Sep. 6, 2023) (Docket No. 191); *In re Pacificco Inc*., et al., Case No. 23-10470 (PB) (Bankr. S.D.N.Y. May 8, 2023) (Docket No. 168); *In re Serta Simmons Bedding, LLC*, et al., Case No. 23-90020 (DRJ) (Bankr. S.D. Tex. Mar. 6, 2023) (Docket No. 421); *In re Altera Infrastructure L.P*., et al., Case No. 22-90130 (MI) (Bankr. S.D. Tex. Oct. 6, 2022) (Docket No. 325); *In re TPC Group Inc*., et al., Case No. 22-10493 (CTG) (Bankr. D. Del. Jul. 22, 2022) (Docket No. 487); *In re CEC Entertainment, Inc*., et al., Case No. 20-33163 (MI) (Bankr. S.D. Tex. Aug. 14, 2020) (Docket. No. 581); *In re GNC Holdings, Inc*., et al., Case No. 20-11662 (KBO) (Bankr. D. Del. July 20, 2020) (Docket No. 469); *In re Frontier Communications Corporation*, et al., Case No. 20-22476 (RDD) (Bankr. S.D.N.Y. May 26, 2020) (Docket No. 379); *In re EP Energy Corporation*, et al., Case No. 19-35654 (MI) (Bankr. S.D. Tex. Nov. 6, 2019) (Docket No. 316); *In re Halcon Resources Corporation*, et al., Case No. 19-34446 (DRJ) (Bankr. S.D. Tex. Sept. 24, 2019) (Docket No. 317); *In re Claire's Stores, Inc*., et al., Case No. 18-10584(MFW) (Bankr. D. Del. Apr. 17, 2018) (Docket No. 290); *In re Monitronics International, Inc.,* Case No. 19-33650 (DRJ) (S.D. Tex. Aug. 5, 2019) (Docket No. 182); *In re Chassix Holdings*, *Inc.*, et al., Case No.

15-10578 (MEW) (Bankr. S.D.N.Y. Apr. 20, 2015) (Docket No. 295); and *In re Delphi Corporation*, et al., Case No. 05-44481 (RDD) (Bankr. S.D.N.Y. Dec. 1, 2005) (Docket No. 1372).

8. Beginning in May 2024, FTI has served as consultant and restructuring advisor to The Container Store. Since its retention, FTI has assisted The Container Store with long-term business plan development, liquidity analyses, general financial planning and analysis, the Strategic Alternatives Review (as defined in the First Day Declaration), and financial restructuring (starting in September 2024). Prior to the Petition Date, I was appointed as the Chief Restructuring Officer in connection with the filing of the above-captioned chapter 11 cases (the "***Chapter 11 Cases***").

9. FTI was engaged on a prepetition basis to assist the Debtors in various activities including, but not limited to, cash forecasting and managing liquidity. Additionally, FTI's prepetition efforts included, among others, (a) assistance in evaluation of the Company's business plan and preparation of a revised operating plan and cash flow forecast; (b) assistance in evaluation of restructuring alternatives; (c) assistance in development and management of a 13-week cash flow forecast; (d) assistance with financial planning and analysis and operational support; (e) assistance in financing issues including preparation of reports and liaison with creditors and their advisors; (f) assistance in preparation of the Plan and the *Disclosure Statement for Prepackaged Joint Chapter 11 Plan of Reorganization of The Container Store Group, Inc. and its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* [Docket No. 18] (as may be amended, supplemented, or otherwise modified, the "***Disclosure Statement***"); and (g) assistance in planning for the Chapter 11 Cases and related contingency planning.

10. Following the filing of the Chapter 11 Cases, among other responsibilities, FTI, under my supervision, has assisted with: (a) the Company's transition into chapter 11; (b) the

Debtors' short-term cash forecasting and overall cash management; (c) financial planning and analysis and other operational support; (d) providing evidentiary support for the relief sought by the Debtors at the first day hearing; (e) fulfilling various bankruptcy reporting requirements; (f) preparing for the confirmation hearing; (g) satisfying various reporting requirements under the DIP Facility; and (h) other support to assist with the efficient progression and completion of the Chapter 11 Cases.

11. In connection with the preparation of the Plan and Disclosure Statement, FTI, under my supervision, (a) assisted with formulating the Debtors' financial projections attached as Exhibit C to the Disclosure Statement (the "***Financial Projections***") and (b) assisted the Debtors in the preparation of the hypothetical liquidation analysis (the "***Liquidation Analysis***") attached to the Disclosure Statement as Exhibit D.

The Disclosure Statement Satisfies the Requirements of the Bankruptcy Code

12. I believe the Disclosure Statement is extensive and comprehensive. It contains descriptions of, among other things: (a) the Plan, (b) an overview of the Debtors' businesses, (c) key events leading to the commencement of the Chapter 11 Cases, (d) anticipated events during the Chapter 11 Cases, (e) financial information and financial projections that would be relevant to creditors' determinations of whether to accept or reject the Plan, (f) a liquidation analysis setting forth the estimated return that Holders of Claims and Interests would receive in a hypothetical chapter 7 liquidation, (g) a valuation analysis, (h) risk factors affecting the Plan, and (i) federal tax law consequences of the Plan.

The Plan Complies With the Applicable Provisions of the Bankruptcy Code

13. As set forth below, based on my understanding of the Plan and relevant provisions of the Bankruptcy Code, as explained to me by counsel, I believe that the Plan satisfies the

applicable requirements for confirmation under the Bankruptcy Code and therefore should be confirmed.

I. Section 1129(a)(1): The Plan Complies with All Applicable Provisions of the Bankruptcy Code

14. I understand that, under Section 1129(a)(1) of the Bankruptcy Code, a plan must comply with all applicable provisions of the Bankruptcy Code. As described below, the Plan fully complies with the requirements of Sections 1122 and 1123 and all other applicable provisions of the Bankruptcy Code as such provisions have been explained to me.

II. Section 1122: The Plan Satisfies the Confirmation Requirements

15. I understand that, under Section 1122 of the Bankruptcy Code, "a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class."

16. I believe that the Plan satisfies this requirement because there are valid business, legal, and factual reasons that justify the separate classification of the particular Claims and Interests into the Classes created under the Plan. I believe that each of the Claims and Interests in each particular Class is substantially similar to the other Claims and Interests in such Class. In general, the Plan's classification scheme follows the Debtors' capital structure—secured debt, unsecured debt, and equity are classified separately.

III. Section 1123(a)(1)–(3): Specification of Classes, Impairment, and Treatment

17. I understand that Sections 1123(a)(1)–(3) of the Bankruptcy Code require a plan to designate classes of claims and interests, specify which of those classes are unimpaired, and specify how the impaired classes are being treated.

18. I believe the Plan satisfies these requirements because Article III of the Plan specifies in detail the classification of Claims and Interests, whether such Claims and Interests are

Impaired or Unimpaired, and the treatment that each Class of Claims and Interests will receive under the Plan.

IV. Section 1123(a)(4): Equal Treatment within Each Class of Claims or Interests

19. I understand that Section 1123(a)(4) of the Bankruptcy Code requires a plan to provide the same treatment for each claim or interest in a particular class.

20. I believe the Plan satisfies this requirement because Holders of Allowed Claims or Interests in each Class will receive the same rights and treatment as other Holders of Allowed Claims or Interests within such Holders' respective Classes.

V. Section 1123(a)(5): Adequate Means for Implementation of the Plan

21. I understand that Section 1123(a)(5) of the Bankruptcy Code requires a plan to provide "adequate means for the plan's implementation."

22. I believe that the Plan satisfies this requirement because Article IV of the Plan sets forth the means for implementation of the Plan including, without limitation: (a) the continued corporate existence of the Debtors and the vesting of assets in the Reorganized Debtors under Articles IV.C and IV.D of the Plan, respectively; (b) the adoption of the New Organizational Documents that will govern the Reorganized Debtors and the appointment of the initial board of managers of the Reorganized Debtors, as provided in Articles IV.J and IV.M of the Plan, respectively, and as set forth in the Plan Supplement; (c) the issuance of New Equity Interests for distribution in accordance with the terms of the Plan, as detailed in Article IV.H of the Plan; (d) the entry by the Reorganized Debtors into the Exit Facilities Documents, as detailed in Article IV.G of the Plan; (e) the cancellation of obligations of the Debtors under the Prepetition Term Loan Documents (to the extent not already cancelled and extinguished), the Prepetition ABL Facility Documents (to the extent not already cancelled and extinguished), the DIP Facilities Documents, and any other Certificate, share, note, bond, indenture, purchase right, option, warrant or other

instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in the Debtors giving rise to any Claim or Equity Interest, in each case, to the extent provided in the Plan, as detailed in Article IV.E of the Plan; (g) the release and discharge of all Liens, except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan (including, for the avoidance of doubt, the Exit Facility Documents), on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of an Other Secured Claim, satisfaction in full of the portion of the Other Secured Claim that is Allowed as of the Effective Date, as detailed in Article IV.K of the Plan; (h) the preservation of certain Causes of Action by the Reorganized Debtors pursuant to Article IV.N of the Plan; (i) the various discharges, releases, injunctions, indemnifications and exculpations provided in Article IX of the Plan; (j) the process for implementation of the Management Incentive Plan and continuation of certain employee benefits, as described in Article V of the Plan; and (k) the assumption or rejection of Executory Contracts and Unexpired Leases to which any Debtor is a party, as detailed in Article V of the Plan. The precise terms governing the execution of these transactions are set forth in the applicable Definitive Documents or forms of agreements attached to (or otherwise filed in connection with) the *Notice of Filing of Plan Supplement to the Prepackaged Joint Plan of Reorganization for The Container Store Group, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* [Docket No. 132] (as may be further amended, modified, or supplemented from time to time, the "***Plan Supplement***").

VI. Section 1123(a)(6): Issuance of Non-Voting Securities

23. I understand that Section 1123(a)(6) of the Bankruptcy Code (a) prohibits the issuance of non-voting equity securities and requires amendment of a debtor's charter to so provide

and (b) requires that a corporate charter provide an appropriate distribution of voting power among the classes of securities possessing voting power.

24. I believe that the Plan satisfies this requirement because the Plan does not provide for the issuance of non-voting equity securities and the forms of governance documents (including draft amendments thereto) for each Reorganized Debtor, which were filed with the Plan Supplement, prohibit (or are deemed to prohibit through operation of the Plan) the issuance of non-voting equity securities to the extent required by Section 1123(a)(6) of the Bankruptcy Code.

VII. Section 1123(a)(7): Provisions Regarding Directors and Officers

25. I understand that Section 1123(a)(7) of the Bankruptcy Code requires a plan to "contain only provisions that are consistent with the interests of creditors and equity security holders and with public policy with respect to the manner of selection of any officer, director, or trustee under the plan and any successor to such officer, director, or trustee."

26. I believe the Plan satisfies this requirement. I believe that the Plan is consistent with the interests of all creditors and equity security holders and with public policy with respect to the manner of selection of the board of managers of Reorganized Parent. As contemplated by the Transaction Support Agreement and the Governance Term Sheet, Reorganized Parent's go-forward board will be designated by the Required Consenting Lenders, who will hold, collectively, the vast majority of the equity in Reorganized Parent. In the Plan Supplement, the Debtors disclosed the known proposed members of Reorganized Parent's board of managers and their affiliations as well as the parties entitled to appoint the remaining board members. I understand, based on conversations with counsel, that the manner of selecting the Reorganized Board is consistent with applicable corporate law, the Bankruptcy Code, the interests of creditors and equity security holders, and public policy.

VIII. The Assumption or Rejection of Executory Contracts and Unexpired Leases Under the Plan Is Appropriate Pursuant to Section 365 and Section 1123(b)(2) of the Bankruptcy Code.

27. I understand that, pursuant to Section 1123(b)(2) of the Bankruptcy Code, a plan may provide for the assumption, rejection or assignment of any executory contract or unexpired lease not previously rejected. Section 365(a) provides that a debtor, "subject to the court's approval, may assume or reject any executory contract or unexpired lease."[4]

28. I believe that the assumption or rejection by the Debtors of their Executory Contracts and Unexpired Leases in accordance with and subject to the terms and conditions of the Plan is both beneficial and necessary to the Debtors' and the Reorganized Debtors' business operations upon and subsequent to emergence from chapter 11. The assumption or rejection of each of the Executory Contracts and Unexpired Leases proposed to be assumed or rejected pursuant to Section 365 of the Bankruptcy Code and the Plan is a sound exercise of the Debtors' business judgment and is in the best interest of the Debtors, their Estates and their creditors. It is my understanding that based upon, among other things, the Reorganized Debtors' anticipated financial wherewithal after the Effective Date, each Reorganized Debtor that is assuming an Executory Contract or Unexpired Lease pursuant to the Plan will be fully capable of performing under the terms and conditions of the respective contract or lease to be assumed on and after the Effective Date.

29. I further believe that the assumption by the Debtors of (a) the Indemnification Obligations pursuant to Article V.H of the Plan and (b) all the D&O Insurance Policies pursuant to Article V.F of the Plan, is of fundamental importance to the Debtors' reorganization process, represents a sound exercise of the Debtors' business judgment, and is in the best interest of the

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[4] 11 U.S.C. § 365(a).

Debtors and their Estates. Furthermore, I believe the Debtors' assumption of the Transaction Support Agreement, including the Consent Premium, is integral to the Debtors' ability to effectuate the Restructuring Transactions contemplated by the Plan and to maximize value for all stakeholders.

IX. Section 1129(a)(2): The Debtors Have Complied with the Applicable Provisions of the Bankruptcy Code

30. I believe that the Plan satisfies Section 1129(a)(2) of the Bankruptcy Code, which requires the plan proponent to comply with the applicable provisions of the Bankruptcy Code. I understand that Section 1129(a)(2) of the Bankruptcy Code encompasses the disclosure and solicitation requirements set forth in Section 1125 of the Bankruptcy Code and the plan acceptance requirements set forth in Section 1126 of the Bankruptcy Code.

31. The Debtors and their professionals acted in good faith in all respects in connection with the solicitation and tabulation of votes on the Plan in accordance with the customary solicitation procedures for prepackaged chapter 11 plans of reorganization established in this District and approved by this Court. I understand that the Debtors, through the Notice and Claims Agent, complied with the content and delivery requirements of Sections 1125(a) and (b) of the Bankruptcy Code by mailing copies of the Disclosure Statement and Plan to all voting creditors and by posting the Disclosure Statement and Plan on the bankruptcy case website maintained by the Notice and Claims Agent. Prior to solicitation, the Disclosure Statement and Plan were subject to review and comment by the Consenting Stakeholders and the Prepetition ABL Lenders and their respective advisors. To the best of my knowledge, no economic stakeholder has asked for additional information or disputed that the Disclosure Statement contains information sufficient for Holders of Claims in the Voting Class to be able to cast an informed vote on the Plan. I believe that the Debtors also satisfied Section 1125(c) of the Bankruptcy Code, which I have been

informed provides that the same disclosure statement must be transmitted to each holder of a claim or interest in a particular class. With respect to modifications to the Plan, it is my understanding that any such changes will be permissible modifications to the Plan that will either improve or do not reflect material differences to recoveries of each affected Class—*i.e.*, no Holder is "likely" to reconsider its acceptance.

X. Section 1129(a)(3): The Debtors Have Proposed the Plan in Good Faith and Not by Any Means Forbidden by Law

32. I understand that Section 1129(a)(3) of the Bankruptcy Code requires a plan to be "proposed in good faith and not by any means forbidden by law." Here, the Debtors have proposed the Plan in good faith and not by any means forbidden by law.

33. The current Plan is the culmination of the fair, inclusive, and exhaustive process as set forth in more detail in the *Declaration of Chad E. Coben, Chief Restructuring Officer, in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 6] (the "***First Day Declaration***"). As described therein, the Plan will inure to the benefit of all stakeholders and position the Debtors for long-term success. Further, General Unsecured Claims, including all obligations owed to over 3,800 employees and the Debtors' many vendors, landlords, and suppliers, are Unimpaired under the Plan, which will serve to minimize disruption to the Debtors' business and is expected to improve the Debtors' likelihood of success following emergence.

34. The Plan was developed, negotiated, solicited, and is presented to the Court in the utmost good faith and the terms of the Plan achieve an outcome that is fundamentally fair to all stakeholders. The overwhelming support of creditors for the Plan further evidences the Debtors' good faith in proposing the Plan.

XI. Section 1129(a)(4): The Plan Provides for the Payment of Certain Administrative Costs and Expenses

35. I understand that Section 1129(a)(4) of the Bankruptcy Code requires that certain fees and expenses paid by the plan proponent, by a debtor, or by a person receiving distributions of property under the plan be approved by the Court as reasonable or remain subject to approval by the Court as reasonable.

36. I believe the Plan satisfies this requirement because Article II.A of the Plan provides that (a) Professional Fee Claims and corresponding payments are subject to prior Court approval and the reasonableness requirements under Sections 328 or 330 of the Bankruptcy Code and (b) professionals must file all final requests for payment of Professional Fee Claims no later than thirty (30) days after the Effective Date (and then are subject to a customary notice and objection period), thereby providing an adequate period of time for interested parties to support and/or review such Professional Fee Claims.

37. The Plan, in accordance with the Transaction Support Agreement, the DIP Facilities Documents, the Prepetition Term Loan Documents, the DIP & Exit ABL Commitment Letter, the DIP/Cash Collateral Orders, and the other Definitive Documents, also provides for the payment of Restructuring Fees and Expenses to the various professionals engaged by the Consenting Stakeholders and other supporting parties. I believe that payment of such Restructuring Fees and Expenses is (a) an integral part of the Plan and such other Definitive Documents; (b) was negotiated in good faith and at arm's length by the relevant parties in connection therewith; and (c) is a reasonable exercise of the Debtors' business judgment as it compensates such parties for their support and facilitation of the Transaction Support Agreement, DIP Facilities Documents, the DIP & Exit ABL Commitment Letter, and the other Definitive Documents. Such parties have provided a substantial contribution (to the extent required) to the Chapter 11 Cases by supporting and facilitating the Plan and related transactions.

XII. Section 1129(a)(5): The Debtors Have Disclosed Necessary Information Regarding Directors and Officers of the Debtors

38. I understand that Section 1129(a)(5) of the Bankruptcy Code requires that (a) the plan proponent disclose the identity and affiliations of the proposed officers and directors of the reorganized debtor; (b) the appointment or continuance of such officers and directors be consistent with the interests of creditors and equity security holders and with public policy; and (c) there be disclosure of the identity and compensation of any insiders to be retained or employed by the reorganized debtor.

39. The Reorganized Board will initially consist of five (5) managers, including the Chief Executive Officer of the Reorganized Debtors and the other managers, in each case, selected in accordance with the terms of the Governance Term Sheet filed as part of the Plan Supplement on January 14, 2025. The Debtors will further disclose the identity and affiliations of any other Person(s) proposed to serve on the Reorganized Board as soon as such Persons are known. On the Effective Date, existing officers of the Debtors shall remain in their current capacities as officers of the Reorganized Debtors, subject to their right to resign and the ordinary rights and powers of the Reorganized Board to remove or replace them in accordance with the New Organizational Documents and any applicable employment agreements that are assumed pursuant to the Plan. Additionally, I understand that each such director, manager, managing member, and/or officer will serve from and after the Effective Date pursuant to applicable law and the terms of the New Organizational Documents.

XIII. Section 1129(a)(6): Inapplicable

40. I understand that Section 1129(a)(6) of the Bankruptcy Code permits confirmation only if any regulatory commission that has or will have jurisdiction over a debtor after confirmation has approved any rate change (*e.g.*, the price of utility services) provided for in the

plan. I believe this requirement is inapplicable here because the Debtors are not subject to any governmental regulatory commission with jurisdiction, after confirmation of the Plan, over the rates of the Debtors.

XIV. Section 1129(b): The Plan Satisfies the "Cramdown" Requirements

41. I understand that under Section 1129(b) of the Bankruptcy Code, the Court may "cram down" a plan over rejection by impaired classes of claims or equity interests as long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to such classes.

42. Claims and Interests in Class 5 (Subordinated Claims) and Class 8 (Existing Equity Interests) are Impaired under the Plan, and the Holders of such Claims and Interests have been deemed to reject the Plan. Additionally, Claims and Interests in Class 6 (Intercompany Claims) and Class 7 (Intercompany Interests) may be Impaired, and the Holders of such Claims and Interests may be deemed to reject the Plan. I believe that the Plan does not discriminate unfairly and is fair and equitable with respect to all non-accepting Impaired Classes. Moreover, the Voting Class unanimously voted in favor of the Plan, meaning the unfair discrimination and fair and equitable analysis is inapplicable to such Class (though the Plan nonetheless would satisfy those requirements as to the Voting Class if they were applicable).

43. I understand that between two classes of claims or two classes of interests, there is no unfair discrimination if (a) the claims or interests in each such class are dissimilar from those in the other class; or (b) taking into account the particular facts and circumstances of the case, there is a reasonable basis for disparate treatment of otherwise similar claims or interests.

44. Here, there is not unfair discrimination under the Plan because all similarly situated Claims and Interests will receive substantially similar treatment, there is a reasonable basis for those Interests that are Impaired and deemed to reject being classified separately from other Claims

and Interests that remain Unimpaired, and the Plan's classification scheme rests on a legally acceptable rationale.

45. The Claims and Interests in deemed rejecting Classes are not similarly situated to any other Classes, given their distinctly different legal character from all other Claims and Interests. For example, the Plan does not discriminate unfairly against Class 5 (Subordinated Claims) or Class 8 (Existing Equity Interests) because there is no other Class of Claims or Interests similarly situated to the Claims or Interests in Classes 5 or 8, respectively. Similarly, Claims in Class 6 (Intercompany Claims) and Class 7 (Intercompany Interests) are entirely unique from any other Class of Claims and Interests and, are therefore, appropriately in their own Class. The Debtors separately classified (a) Intercompany Interests from other Interests and (b) Intercompany Claims from other Claims to preserve the option to (x) Reinstate or (y) set off, settle, distribute, contribute, merge, cancel, or release such Interests and Claims, respectively. Such treatment allows the Debtors greater flexibility to determine whether it is more efficient to maintain their organizational structure and certain entity relationships when they are implementing the Restructuring Transactions rather than prior thereto. Significantly, the optionality does not affect any stakeholders' recovery under the Plan and is intended only for administrative convenience in the restructuring process. Finally, with respect to Class 5 (Subordinated Claims), the Debtors formed Class 5 to include Holders of Claims that may be subordinated pursuant to Sections 509(c), 510(b), or 510(c) of the Bankruptcy Code.

46. I believe the Plan is fair and equitable because, with respect to the Classes that are deemed to reject the Plan (*i.e.*, Classes 5 and 8, and potentially Classes 6 and 7), no Claim or Interest in a Class junior to such Classes will receive a recovery under the Plan on account of such Claim or Interest.

XV. Section 1129(d): The Purpose of the Plan Is Not the Avoidance of Taxes or the Avoidance of Securities Laws

47. I understand that Section 1129(d) of the Bankruptcy Code "prohibits the bankruptcy court, on request from a governmental unit, from confirming a plan if the principal purpose of the plan is the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933."

48. I believe the Plan complies with this requirement because the principal purpose of the Plan is not to avoid taxes or Section 5 of the Securities Act. Rather, the Debtors filed the Plan to accomplish their objective of efficiently effectuating a financial restructuring that positions both the Debtors and the Non-Debtor Affiliates for future stability and success while limiting the operational impact of such restructuring on the Company's business.

The Releases, Exculpation, And Injunction Provisions In The Plan Are Appropriate

49. Article IX of the Plan sets forth certain release, exculpation, and injunction provisions, as permitted by Section 1129(b) of the Bankruptcy Code, including (a) a "debtor release" pursuant to Article IX.B of the Plan (the "***Debtor Release***"); (b) a "third-party release" by certain Holders of Claims and Interests pursuant to Article IX.C of the Plan (the "***Third-Party Release***"); (c) an "exculpation" of certain parties from liability pursuant to Article IX.D of the Plan (the "***Exculpation***"); and (d) an "injunction" implementing the provisions of Article IX of the Plan pursuant to Article IX.E of the Plan (the "***Injunction Provision***"). Based on my knowledge of the Debtors' restructuring efforts and information provided to me by the Debtors and their counsel, I believe that the Debtor Release, the Third-Party Release, the Exculpation, and the Injunction Provision in the Plan are the product of good-faith, arm's-length negotiations by sophisticated entities that were represented by able counsel and financial advisors, were a material inducement for parties to support the comprehensive restructuring embodied in the Plan, are

supported by the Debtors and key constituents, are integral to the Debtors' reorganization, are consistent with the scope of releases, exculpations, and injunctions approved by this Court in other complex chapter 11 cases, are appropriate based on the facts and circumstances of the Chapter 11 Cases and the Plan, and should be approved.

I. The Debtor Release Should Be Approved

50. I believe the Debtor Release is both fair and equitable and in the best interest of the Estates. It is my understanding the Debtor Release set forth in Article IX.B of the Plan constitutes an essential and critical provision of the Plan and formed an integral part of the agreement among all parties in interest embodied in the Plan, as demonstrated by, among other things, the terms of the Transaction Support Agreement, the DIP Facilities Documents, the DIP & Exit ABL Commitment Letter, and the other Definitive Documents. Most importantly, I am unaware of any Claims being released that might reasonably be expected to yield value for the Debtors' Estates.

51. It is my view that the Debtor Release appropriately offers protection to parties that directly or constructively participated in the Debtors' restructuring efforts. The Plan, including the Debtor Release, was negotiated by sophisticated entities that were represented by able counsel and financial advisors. The Released Parties include the Consenting Stakeholders, each Prepetition Agent; each DIP Agent; each DIP Term Lender; the DIP ABL Lender; each Exit Facility Agent; each lender under the Exit Facilities; other supporting parties; and the Company's directors and officers. In addition, many of the parties receiving the Debtor Release, including a number of officers, directors, and Estate professionals, have served the Debtors during the Chapter 11 Cases and have worked tirelessly to maximize value for the benefit of all stakeholders. Certain of the Released Parties, including the Debtors' directors and officers, also have indemnification rights arising under the Debtors' existing corporate governance documents, and the Reorganized

Debtors will be assuming all associated liabilities, which I believe further reinforces the importance of the Debtor Release.

52. This view is informed by the results of the investigation conducted by Hunton Andrews Kurth, LLP ("***Hunton***").[5] Specifically, in light of the Debtors' recognition that such a release would likely be a component of the Restructuring Transactions being contemplated during the negotiation of the Transaction Support Agreement, on December 4, 2024, the Board constituted a two-member independent special sub-committee of the Restructuring Committee (the "***Investigation Subcommittee***").[6] The Investigation Subcommittee directed and oversaw Hunton's efforts leading an investigation into (a) potential claims or causes of action belonging to the Debtors against those of the Released Parties that were viewed as the most likely targets of potentially viable and/or valuable claims (the "***Identified Potential Targets***") and (b) prepetition transactions entered into by the Debtors that may give rise to potential claims or causes of action against the Identified Potential Targets.

53. I participated in the investigation as follows: Hunton interviewed me, after which Hunton also provided me with an overview of the other interviews conducted of executive officers of the Debtors and members of the Board. Hunton and the Investigation Subcommittee apprised me of developments and progress of the investigation and addressed all of my questions during and regarding the investigation. FTI, under my supervision, provided Hunton with requested documents and access to data rooms. I participated in meetings of the Investigation Subcommittee and Hunton to discuss the findings of the investigation, and I reviewed Hunton's investigation findings which Hunton presented to the Investigation Subcommittee and the Board.

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[5] In connection with the Company's contingency planning efforts, the Company engaged Hunton AK as co-counsel on November 26, 2024.

[6] The Investigation Subcommittee members are Karen Stuckey and Charles Tyson.

54. Based on my participation in the meeting of the Investigation Subcommittee held on January 15, 2025, I understand that the Investigation Subcommittee determined, based in part on its own review of the factual record as well as the findings and recommendations of Hunton, that (i) the pursuit of claims against the Identified Potential Targets, is unlikely to yield value for the Debtors' Estates even if such claims may be viable; and (ii) the benefits of pursuing such claims are outweighed by the benefits afforded by the Plan. On January 17, 2025, the Investigation Subcommittee conveyed Hunton's findings to the Board and explained that, based upon its investigation, the Debtor Release contemplated by the Plan was reasonable and should be approved by the Board as an essential and critical provision of the Plan.

55. This conclusion was informed by: (i) Hunton's review and analysis of the Debtors' public filings and documents and non-public information made available to Hunton by FTI and the Debtors; (ii) interviews conducted by Hunton of executive officers and members of the Debtors' Board; and (iii) research and analysis conducted by Hunton of factual and legal issues (identified by Hunton through document review and interviews) that had the potential to bear on any potential claims arguably held by the Debtors and their Estates against the Identified Potential Targets.

II. The Third-Party Release Should Be Approved

56. Article IX.C of the Plan provides for a customary, consensual third-party release with respect to specified types of Claims or Causes of Action, which is integral to the Plan and given in exchange for consideration. The Third-Party Release is a core consideration among the parties to the Transaction Support Agreement, instrumental in the development of the Plan, and crucial in facilitating and gaining support for the Plan and the Chapter 11 Cases by the Released Parties, including the concessions resulting in substantial de-leveraging of the Debtors' business. It is my reasoned assessment that the beneficiaries of the Third-Party Release made valuable and

significant contributions to the proposed reorganization of the Debtors, including as described above with respect to the Debtor Release. Such contributions include, among other things, (a) compromising Claims and accepting impaired recoveries, (b) participating in raising new money debt (and providing backstop commitments with respect to those investments), (c) permitting the use of encumbered assets and cash collateral during the Chapter 11 Cases, (d) negotiating and supporting the Plan, and (e) in the case of the Debtors' directors, officers, and employees, their immense efforts on behalf of the Debtors both prior to and throughout the Chapter 11 Cases. Further, the Third-Party Release is narrowly tailored to reflect the arm's-length, good-faith negotiations that resulted in the Plan, confirmation of which is in the best interest of the Debtors and their Estates. Finally, the Releasing Parties were provided with notice of the Third-Party Release, the terms thereof, and the opportunity to opt out.

III. The Exculpation Provision Should Be Approved

57. The Exculpation in Article IX.D of the Plan exculpates each of the Debtors for any liability that may arise out of or relate to, among other things, any postpetition act taken or omitted to be taken in connection with the restructuring of the Debtors, the approval of the Disclosure Statement, or confirmation or consummation of the Plan.

58. I support the Exculpation provision because the Debtors played an integral role in the formulation, negotiation, prosecution, and implementation of the Plan, and such contributions represent good and valuable consideration to each of the Debtors, the Estates, and the Debtors' creditors. Their conduct and decision making in connection with those efforts is deserving of protection from second-guessing. The Exculpation is thus critical to the Plan and should be approved. Further, the Exculpation is narrowly tailored to the Debtors, excludes acts of willful misconduct, actual fraud, and gross negligence, and relates only to acts or omissions in connection with or arising out of the administration of the Chapter 11 Cases.

59. Further, the Debtors are not aware of any Claims against the Debtors that would be subject to the Exculpation under the Plan.

IV. The Injunction Provision Should Be Approved

60. Article IX.E of the Plan implements the Plan's discharge, release, and exculpation provisions, in part, by permanently enjoining all Persons from commencing or maintaining any action against the Debtors or the Reorganized Debtors on account of or in connection with or with respect to any Claims or Interests discharged, released, exculpated, or settled under the Plan. Thus, the Injunction Provision is a key provision of the Plan.

61. The Plan also provides for a "gatekeeping" provision to implement the Plan's exculpation and release provisions. Specifically, Article IX.E of the Plan provides that, for any Person or Entity to commence or pursue a Claim or Cause of Action of any kind against the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties that relates to or is reasonably likely to relate to any act or omission in connection with, relating to, or arising out of Claims or Causes of Action subject to the Debtor Release, the Third-Party Release, or Exculpation, the Court must (a) first determine, after notice and a hearing, that such Claim or Cause of Action represents a colorable Claim of any kind and (b) specifically authorize a Person or Entity to bring such Claim or Cause of Action Covered Claim against any of the Debtors, the Reorganized Debtors, the Exculpated Parties, or the Released Parties (the "***Gatekeeping Provision***"). It is my understanding that the Gatekeeping Provision is limited to parties that have performed valuable services in connection with the Debtors' restructuring, including negotiating and supporting the Transaction Support Agreement, the Plan, the DIP Facilities, and the Exit Facilities, among other aspects of the Restructuring Transactions.

62. Based on my involvement with the Debtors' restructuring efforts and related negotiations, I believe the Debtors and the parties to the Transaction Support Agreement would

not have agreed to the Plan without the inclusion of the Injunction Provision and the Gatekeeping Provision, because they are integral components of the Plan and, in the case of the Injunction Provision, preserve and enforce the release, discharge, and exculpation provisions in the Plan—the inclusion of which were a condition to entering into the Transaction Support Agreement. I, therefore, believe that the Injunction Provision should be approved.

The Financial Projections

63. The Financial Projections reflect the consolidated projections of The Container Store Group, Inc. and all of its direct and indirect Debtor and non-Debtor subsidiaries (collectively, the "***Company***"), consistent with the Company's regular financial reporting practices, and cover the fiscal years ending March 2025 through March 2029 (the "***Projection Period***"). The Financial Projections reflect management's view of the business going forward taking into consideration the following factors: (a) current and projected market conditions in which the Debtors operate; (b) no material changes to existing operations as a result of the Plan; (c) the Debtors' emergence from chapter 11 on or around January 31, 2025 (the "***Projected Emergence Date***").[7] The Financial Projections do not consider any potential impact of the application of "fresh start" accounting under Accounting Standards Codification 852, "Reorganizations," that may potentially apply upon the Effective Date. The Financial Projections do not account for any tax obligations as a result of consummating the Plan. These amounts could vary significantly pending final tax analysis of the transaction. The Financial Projections also assume that all debt facilities existing at the Effective Date remain in place through the Projection Period, at the same rate.

[7] While January 31, 2025 was used as the Projected Emergence Date at the time of preparation of the Financial Projections, I understand that the current projected Effective Date is on or around January 27, 2025.

64. The Financial Projections were prepared by the Debtors' management, with support from FTI, and consist of the following unaudited projected financial information: (a) consolidated statements of operations for each fiscal year of the Projection Period; (b) projected consolidated balance sheets for each fiscal year of the Projection Period; and (c) projected consolidated statement of cash flows for each fiscal year of the Projection Period.

65. The Financial Projections are subject to a variety of risks and uncertainties and are predicated upon a set of assumptions developed by the Debtors that may be affected by a series of internal and external factors as more fully described in Article IX of the Disclosure Statement.

66. The Financial Projections reflect modest revenue growth in the business. Specifically, consolidated revenue is projected to be approximately $780 million for the fiscal year ending March 2025, with year-over-year growth of 4.7%, 7.1%, 5.6%, and 9.5% for the fiscal years ending March 2026, 2027, 2028 and 2029, respectively. Earnings before interest, taxes, depreciation and amortization adjusted for stock-based compensation expenses ("***Adjusted EBITDA***") is projected to grow from $26 million for the fiscal year ending March 2025, to $85 million for the fiscal year ending March 2029, reflecting a compounded annual growth rate of approximately 34.8% over the same period.

67. Based upon FTI's analysis of the Financial Projections, and my own examination of the assumptions underlying the Debtors' related business strategies, subject to the risks identified in the Financial Projections, I believe that the business strategies and assumptions embodied in the Financial Projections are reasonable and appropriate to provide a foundation for the Plan. The Financial Projections demonstrate that the Debtors will be able to generate sufficient liquidity to service their debt and other obligations throughout the Projection Period.

The Plan Is Feasible and Satisfies Section 1129(a)(11) of the Bankruptcy Code

68. I understand that Section 1129(a)(11) of the Bankruptcy Code requires a court to determine that a chapter 11 plan is feasible, and that the confirmation of such plan is not likely to be followed by the liquidation or further financial reorganization of the debtor. I am familiar with the material provisions of the Plan and the transactions embodied therein. In conjunction with preparing the Financial Projections, I, with the support of the FTI team, assisted the Debtors with formulating a multi-year business plan covering the period from the Projected Emergence Date through fiscal year 2028.

69. On the Projected Emergence Date, the Debtors are projected to have substantial cash and cash equivalents sufficient to make required distributions and payments due pursuant to the Plan on the Effective Date—including payment of certain Claims and expenses, such as (*inter alia*) Other Secured Claims, General Unsecured Claims, interest on account of ABL Claims, Professional Fee Claims, United States Trustee statutory fees, and Restructuring Fees and Expenses—and, together with availability under the Exit Facilities, to provide go-forward liquidity for working capital and general corporate purposes. Further, following the Projected Emergence Date, the Reorganized Debtors are expected to generate positive cash flow each year during the Projection Period for a cumulative increase in cash of $87 million in the aggregate over such Projection Period.

70. As a result of the foregoing deleveraging, improved capital structure, and expected cash flow generation as reflected in the Financial Projections, the Reorganized Debtors are anticipated to have sufficient liquidity to pay interest and scheduled amortization on their outstanding indebtedness and to fund capital expenditures relating to ongoing business operations as contemplated through the Projection Period. Moreover, I believe that, after taking into account the Restructuring Transactions contemplated by the Plan, including the Exit Facilities, the

Reorganized Debtors, on a consolidated basis, (a) will not be left with unreasonably small capital to operate their businesses as a result of the Plan or any transactions contemplated by the Plan and (b) will be able to generate sufficient cash flow and possess sufficient liquidity to meet the necessary distributions required under the Plan and to sustain their operations going forward throughout the Projection Period.

71. It is my view that the Plan will (a) leave the Debtors' business intact and substantially de-levered, (b) provide the Debtors with access to new post-emergence term and revolving loan facilities, and (c) leave general unsecured creditors unimpaired.

72. Based upon the foregoing and my overall work with the Debtors both prior to and during the Chapter 11 Cases, and based on the facts and circumstances known to me at this time, I believe that the Plan is feasible (as I understand that term's meaning in the context of Bankruptcy Code Section 1129(a)(11)) and will maximize value for those stakeholders receiving distributions under the Plan. Although the Debtors' businesses operate in a competitive industry and market, and although it is impossible to predict with certainty the precise future profitability of the Debtors' businesses or industries and markets in which the Debtors operate, in my opinion, as informed by my knowledge of the Debtors' business and financial projections, the confirmation of the Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successors to the Debtors during the Projection Period. In forming my opinions, I considered, among other factors, the capital structure of the Reorganized Debtors, the earning power of the business, macroeconomic conditions, the anticipation of competent management and adherence to the business plan underlying the Financial Projections, and the reasonableness of the assumptions in the Financial Projections.

The Plan Is in the Best Interests of All Creditors and Interest
Holders as Required by Section 1129(A)(7) of the Bankruptcy Code

73. I am advised that to satisfy the "best interests" test under Section 1129(a)(7) of the Bankruptcy Code, a debtor must demonstrate that each holder of a claim or interest in such impaired class either (a) has accepted or is deemed to have accepted the plan or (b) will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of such plan, that is not less than the amount such holder would receive or retain if the debtors were liquidated under chapter 7 of the Bankruptcy Code. To the best of my knowledge, information and belief, insofar as I have been able to ascertain after reasonable inquiry and analysis, the Plan satisfies the "best interests" test under Section 1129(a)(7) of the Bankruptcy Code.

74. To demonstrate the Plan's compliance with Section 1129(a)(7) of the Bankruptcy Code, the Debtors, with the assistance of FTI and other professionals, prepared the Liquidation Analysis, which is attached to the Disclosure Statement as Exhibit D. The Liquidation Analysis contains various estimates, assumptions, and qualifications, all of which are incorporated herein by reference. I believe that the information used by the Debtors in the Liquidation Analysis is information that debtors typically rely upon in conducting analyses of this type.

75. Based on my involvement in the preparation of the Liquidation Analysis and my experience and expertise, I believe that the methodology used to prepare the Liquidation Analysis is appropriate and represents the best judgment of FTI and the Debtors' management with respect to the results of a hypothetical chapter 7 liquidation, and that the assumptions and conclusions set forth therein are fair and reasonable under the circumstances.

76. In formulating the Liquidation Analysis, it was assumed that, upon conversion of the Chapter 11 Cases to cases under chapter 7 on or around December 22, 2024 (the "***Conversion***

Date"), a trustee (the "***Chapter 7 Trustee***") would be appointed to manage the Debtors' affairs and conduct the liquidation of all of their assets and conversion of those assets to cash.

77. The Liquidation Analysis assumes the Chapter 7 Trustee would manage the Debtors' estates to maximize recovery to creditors as expeditiously as possible and would appoint professionals to assist in the liquidation and wind down of the Debtors' estates. The Chapter 7 Trustee would oversee inventory liquidation (assumed to be approximately $147 million as of the Conversion Date that would be sold through orderly going-out-of business sales covering all existing stores) and the collection of outstanding accounts receivables in addition to attempting to sell or otherwise monetize other assets owned by the Debtors to one or more buyers. Specifically, during the first four (4) month period, the Debtors would complete going-out-of-business sales for all remaining store inventory, furniture, fixtures, and equipment. At the end of this period, the Debtors would reject all operating leases immediately and return the spaces to landlords in broom-swept condition. During the remaining two (2) months, the Debtors would primarily focus on monetizing other assets such as intellectual property and other remaining personal property and equipment, as well as various administrative activities. The Liquidation Analysis assumes the chapter 7 case is to be funded by cash on hand and liquidation of assets.

78. To estimate what members of each Class of Claims and Interests under the Plan would receive if the Debtors were to liquidate under chapter 7, FTI assisted the Debtors in determining the net proceeds from the monetization of the Debtors' assets. The net proceeds available for distribution in a hypothetical liquidation scenario reflects proceeds available to creditors after reductions for liquidation expenses likely to be incurred in a chapter 7 case, including wind-down costs, compensation of the Chapter 7 Trustee, and fees for professionals retained by the Chapter 7 Trustee.

79. The Liquidation Analysis presents "Low," "Mid" and "High" estimates of Liquidation Proceeds, thus representing a range of the Debtors' assumptions relating to the assets in the estates and recoverable by the Debtors. Recoveries to creditors are presented on an undiscounted basis, and the Debtors have estimated an amount of Allowed Claims for each Class of claimants.

80. Proceeds generated by the Chapter 7 Trustee with respect to assets encumbered by prepetition liens would first go to pay the costs of disposing of such assets, including wind-down costs, with the balance of the proceeds used to satisfy the Secured Claims of the applicable lienholders as well as carve-out expenses as outlined in the DIP Orders. Assets not encumbered by prepetition liens are made available to satisfy Administrative Claims, other priority Claims, and General Unsecured Claims in strict order of priority pursuant to Section 726 of the Bankruptcy Code. Based on my experience, the methodology used to prepare the Liquidation Analysis and the assumptions and conclusions set forth therein are fair and reasonable under the circumstances and represent a reasonable exercise of the Debtors' business judgment with respect to such matters.

81. The Debtors' estimated creditor recoveries under the Plan are based upon the total enterprise value of the Reorganized Debtors as estimated by the Debtors' investment banker, Houlihan Lokey, Inc. (and as reflected in the Disclosure Statement). The Debtors' estimated recovery values by Class and the classification and treatment of claims are set forth in the "Summary of the Expected Recoveries" section beginning on page 5 of the Disclosure Statement.

82. Based on the foregoing, that the Liquidation Analysis shows that no Holder of a Claim or Interest would receive or retain an amount under the Plan on account of its Claim or Interest, as of the Effective Date, that is *less than* the amount that such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Indeed, on an

aggregate basis, Class 2 (Prepetition ABL Loan Claims) recoveries under the Liquidation Analysis would be reduced and range from 41.4% to 95.2% as compared to 100% recovery under the Plan.[8] Additionally, Class 3 (Prepetition Term Loan Claims) recoveries under the Liquidation Analysis would be reduced and range from 0% to 4.4% as compared to the expected recovery of 4.5% to 17.6% under the Plan. Finally, Class 4 (General Unsecured Claims) receive zero recovery in a chapter 7 liquidation as compared to 100% recovery under the Plan. Accordingly, with respect to individual recoveries at every Debtor, each class of Claim and Interest Holders will not receive less under the Plan than what they would receive in a liquidation. Therefore, I believe that the Plan complies with Section 1129(a)(7) of the Bankruptcy Code.

83. In summary, the Liquidation Analysis indicates that, if these Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code, the value of distributions would be significantly lower overall than what creditors stand to receive under the Plan.

[*Remainder of page intentionally left blank*]

[8] The Prepetition ABL Facility was paid off in full, but was replaced by an equivalent amount under the DIP ABL Credit Agreement. Therefore, this does not impact the treatment of other creditors.

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

Dated: January 23, 2025
Houston, Texas

/s/ Chad E. Coben
Chad E. Coben
Chief Restructuring Officer