

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

In re:	)	
	)	Chapter 11
	)	
ANAGRAM HOLDINGS, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90901 (MI)
	)	
Debtors.	)	(Joint Administration Requested)
	)	(Emergency Hearing Requested)

**DEBTORS' EMERGENCY MOTION FOR ENTRY OF INTERIM AND FINAL  
ORDERS (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE PREPETITION  
INSURANCE COVERAGE AND SATISFY PREPETITION OBLIGATIONS RELATED  
THERE TO, (B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE  
INSURANCE POLICIES, AND (C) MAINTAIN THEIR SURETY BOND PROGRAM,  
AND (II) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 3:30 p.m. (prevailing Central Time) on November 9, 2023.

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

A hearing will be conducted on this matter on November 9, 2023 at 3:30 p.m. (prevailing Central Time) in Courtroom 404, 4th floor, 515 Rusk Street, Houston, Texas 77002.

Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Isgur's conference room number is 954554. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Isgur's home page. The meeting code is "JudgeIsgur." Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Isgur's home page. Select the case name, complete the required fields and click "submit" to complete your appearance.

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors' service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. For the avoidance of doubt, the Debtors' chapter 11 cases are not proposed to be consolidated with the Party City debtors which emerged from chapter 11 cases in this Court on October 12, 2023. *See In re Party City Holdco Inc., et. al.*, Case No. 23-90005 (MI) (Bankr. S.D. Tex). Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.



239090123110800000000011

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

**Relief Requested**

1. The Debtors seek entry of interim and final orders, substantially in the form attached hereto as **Exhibit A** (the “Interim Order”) and **Exhibit B** (the “Final Order”), respectively, (a) authorizing, but not directing, the Debtors to (i) continue prepetition insurance coverage and satisfy prepetition obligations related thereto in the ordinary course of business,<sup>2</sup> (ii) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, and (iii) continue their Surety Bond Program (as defined herein) on an uninterrupted basis and satisfy prepetition obligations related thereto in the ordinary course of business, and (b) granting related relief.

2. In addition, the Debtors request that the Court (as defined herein) schedule a final hearing to consider approval of this motion on a final basis.

**Jurisdiction and Venue**

3. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the *Amended Standing Order of Reference from the United States District Court for the Southern District of Texas*, dated May 24, 2012 (the “Amended Standing Order”). This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b). The Debtors confirm their consent to the entry of a final order by the Court.

4. Venue is proper pursuant to 28 U.S.C. § 1408.

---

<sup>2</sup> Nothing herein shall be deemed an admission of any payments due or past due under or related to any of the Insurance Policies (as defined herein).

5. The statutory bases for the relief requested herein are sections 105(a) and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rules 1075-1 and 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

### **Background**

6. On the date hereof (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their property as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors have filed a motion requesting procedural consolidation and joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) substantially contemporaneously herewith. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases, and no committees have been appointed or designated.

7. A detailed description of the Debtors and their businesses, including the facts and circumstances giving rise to the Debtors’ chapter 11 cases, is set forth in the *Declaration of Adrian Frankum in Support of Debtors’ Chapter 11 Petitions and First Day Motions* (the “First Day Declaration”), filed substantially contemporaneously herewith and incorporated herein by reference.<sup>3</sup>

### **Insurance Policies and Related Payment Obligations**

8. As discussed in the First Day Declaration, the Debtors are wholly owned subsidiaries of Party City Holdings Inc. (together with certain of its affiliates, “Party City”), which emerged from chapter 11 cases in this Court on October 12, 2023 (Case No. 23-90005 (MI)). Party

---

<sup>3</sup> Capitalized terms used but not defined in this motion have the meanings ascribed to them in the First Day Declaration.

City maintains an insurance program (the “Insurance Program”) consisting of approximately 60 insurance policies with various third-party insurance carriers (collectively, the “Insurance Carriers”). These policies provide coverage for, among other things, losses related to property damage, operation of vehicles, crime, business interruption, cyber liability, directors’ and officers’ liability, flooding, miscellaneous professional liability, errors and omissions, employee benefits liability, workers’ compensation, and various other property-related and general liabilities. Most of the insurance policies have one-year policy periods and renew annually in either September or December. Certain insurance policies include several layers of excess liability coverage. The Debtors are named as insured parties and receive coverage under these policies (such policies naming the Debtors as insured parties, collectively, the “Insurance Policies”). A schedule of the Insurance Policies is attached as **Schedule A** to each of the Interim Order and the Final Order.<sup>4</sup>

9. As discussed in the First Day Declaration, pursuant that certain Services Agreement, dated as of July 30, 2020 (the “Services Agreement”), between Party City, as service provider, and Anagram International, Inc., as service recipient, Party City passes through to the Debtors the costs associated with the Debtors’ share of the Insurance Program, including premium obligations (the “Premiums”) and claims.<sup>5</sup>

---

<sup>4</sup> The descriptions of the Insurance Policies set forth in this motion constitute a summary only. The actual terms of the Insurance Policies and related agreements will govern in the event of any inconsistency with the descriptions in this motion. The Debtors request authority to honor and renew their reimbursement obligations pursuant to the Services Agreement (as defined herein) with respect to the Insurance Policies regardless of whether the Debtors have inadvertently failed to include a particular Insurance Policy on **Schedule A**, and any such omitted Insurance Policy is hereby included in the defined term “Insurance Policies” as used herein and in the Order. Moreover, and in addition to the Insurance Policies listed on **Schedule A**, the Debtors maintain numerous insurance policies with respect to, among other things, employee health, disability, and life insurance benefits. These programs are described, and relief is requested with respect to such programs, in the *Debtors’ Emergency Motion for Entry of an Order (I) Authorizing the Debtors to (A) Pay Prepetition Wages, Salaries, Other Compensation, and Reimbursable Expenses and (B) Continue Employee Benefits Programs and (II) Granting Related Relief* (the “Wages Motion”), filed contemporaneously herewith.

<sup>5</sup> Pursuant to the *Debtors’ Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms and Books and Records, and (D) Continue to Perform Intercompany Transactions and (II) Granting Related Relief*, filed substantially contemporaneously herewith, the

10. Pursuant to the Services Agreement, Party City charges the Debtors for the Premiums paid on a monthly basis in arrears. Invoiced amounts are payable by the Debtors within sixty (60) calendar days of receipt of the applicable invoice (the “Insurance Reimbursement Payments”).

11. The Debtors reimbursed Party City for approximately \$1.1 million in Premiums paid in the past 12 months. As of the Petition Date, the Debtors estimate that they owe approximately \$93,000 to Party City on account of outstanding Premiums and administrative fees related to the Insurance Policies. To ensure uninterrupted coverage under the Insurance Policies, the Debtors seek authority to pay such prepetition amounts and to continue reimbursing Party City for any Premiums and fees paid on the Debtors’ behalf under the Insurance Policies in accordance with the Services Agreement. Further, the Debtors seek authority to renew, amend, supplement, discontinue and/or extend the Insurance Policies (including, in each case, through Party City) on a postpetition basis during these chapter 11 cases and without the need for further Court approval, subject to the Bankruptcy Code and applicable law. Further, to the extent that the Debtors deem it beneficial to obtain their own insurance policies and transition from the current Insurance Policies maintained by Party City, the Debtors seek authority to purchase new insurance policies, and to execute other agreements in connection therewith and pay any insurance premiums and other amounts and perform other obligations pursuant thereto or in connection therewith. The Debtors believe that obtaining their own insurance policies will have a positive impact on the value of the estate by stabilizing the Debtors’ businesses and further establishing the Debtors as a standalone company.

---

Debtors have also requested authority to continue entering into Intercompany Transactions (as defined therein) arising from the Services Agreement.

12. Continuation and renewal of the Insurance Policies and entry into new insurance policies, either directly or through Party City as necessary, is essential to preserving the value of the Debtors' businesses, properties, and assets. Moreover, coverage provided under the Insurance Policies is required by regulations, laws, and contracts that govern the Debtors' commercial activities, including the Bankruptcy Code and the operating guidelines issued by the United States Trustee for Region 7 (the "U.S. Trustee Guidelines"). Accordingly, the Debtors seek authorization, but not direction, to maintain the existing Insurance Policies, pay any prepetition obligations related thereto (including pursuant to the Services Agreement), and renew, supplement, or enter into new insurance policies in the ordinary course of business, including, in each case, either directly or indirectly through Party City in accordance with the Services Agreement, on a postpetition basis consistent with historical practice.<sup>6</sup>

### **Surety Bonds and Related Relief**

13. In the ordinary course of business, certain third parties require the Debtors to maintain various surety bonds to secure the Debtors' payment and/or performance of obligations (the "Surety Bond Program"). Currently, the Debtors have two outstanding surety bonds (the "Surety Bonds"), one issued by UPS Supply Chain, dated as of January 27, 2023, and another issued by Traderisk (together with UPS Supply Chain, the "Sureties"), dated as of December 15, 2021. The beneficiaries of the Surety Bonds are certain of the Debtors' freight forwarders.

14. In the ordinary course of business, the Debtors make premium payments (the "Surety Premiums") on account of the Surety Bonds on or about the annual renewal date of each Surety Bond. Surety Premiums are paid directly to the Sureties. The Debtors pay approximately \$500 per year in Surety Premiums to UPS Supply Chain and such Surety Bond

---

<sup>6</sup> For avoidance of doubt, the Debtors are not seeking authorization to satisfy any non-Debtor obligations related to the Insurance Policies.

expires on December 1, 2023. In 2021, the Debtors paid Traderisk \$921 for a three-year bond that expires on December 14, 2024.

15. The Debtors must be able to provide financial assurance to third parties to continue their operations during the chapter 11 process. This, in turn, requires the Debtors to maintain the existing Surety Bond Program, including paying the Surety Premiums and providing collateral, renewing, or potentially acquiring additional bonding capacity as needed in the ordinary course of business, and executing other agreements, such as letters of credit, as needed, in connection with the Surety Bond Program. Failing to provide, maintain, or timely replace their Surety Bonds may prevent the Debtors from undertaking essential functions related to their operations, such as shipping and receiving goods or timely delivering goods to their customers.

16. As of the Petition Date, the Debtors do not believe that they owe any amounts on account of the Surety Bonds. Out of an abundance of caution, however, the Debtors seek authority to honor any prepetition amounts owed to the Sureties, and to obtain any new letters of credit as may be requested in the ordinary course of business by the Sureties, to ensure the uninterrupted continuation of their Surety Bond Program.

### **Basis for Relief**

#### **I. Maintaining Insurance Coverage Is Required by the Bankruptcy Code, U.S. Trustee Guidelines, and Other Applicable Law**

17. In many instances, the coverage provided under the Insurance Policies is required by the regulations, laws, and contracts that govern the Debtors' commercial activities. For example, section 1112(b)(4)(C) of the Bankruptcy Code provides that "failure to maintain appropriate insurance that poses a risk to the estate or to the public" is "cause" for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). The U.S. Trustee Guidelines provide that, unless the United States Trustee otherwise directs or a debtor obtains a

waiver from the Court, a debtor must maintain casualty insurance, workers' compensation insurance, and general liability insurance along with any other insurance customary in the debtor's business. U.S. Trustee Guidelines § III(B). In addition, Bankruptcy Local Rule 4002-1 requires debtors to maintain insurance coverage "to prevent the depletion of assets of the business during the proceedings."

18. The Insurance Program provides comprehensive protection for the Debtors' businesses, properties, and assets. Accordingly, the Debtors believe the relief requested is necessary to ensure that the Debtors comply with their obligations under the Bankruptcy Code, U.S. Trustee Guidelines, the Bankruptcy Local Rules, and other applicable law.

## **II. Payments to Maintain the Insurance Program and the Surety Bond Program Are Warranted and Should Be Authorized**

19. The Debtors believe that payments required to maintain the Insurance Program and the Surety Bond Program fall within the ordinary course of business and are therefore authorized pursuant to section 363(c)(1) of the Bankruptcy Code. To the extent any such actions do not constitute ordinary course transactions, however, the Debtors request that the Court authorize, but not direct, the Debtors to continue payments to maintain the Insurance Program and the Surety Bond Program.

20. Section 363(b)(1) of the Bankruptcy Code empowers the Court to allow a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate . . . ." 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor's request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g., Inst'l Creditors of Cont'l Air Lines, Inc. v. Cont'l Air Lines, Inc. (In re Cont'l Air Lines, Inc.)* 780 F.2d 1223, 1226 (5th Cir. 1986) ("[F]or the debtor-in-possession or trustee to satisfy its fiduciary duty



to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”). Courts emphasize that the business judgment rule is not an onerous standard and that it “is flexible and encourages discretion.” *In re ASARCO, L.L.C.*, 650 F.3d 593, 601 (5th Cir. 2011). As long as a transaction “appears to enhance a debtor’s estate, court approval of a debtor-in-possession’s decision to [enter into the transaction] should only be withheld if the debtor’s judgment is clearly erroneous, too speculative, or contrary to the Bankruptcy Code.” *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1309 (5th Cir. 1985) (citation and internal quotation marks omitted).

21. The Debtors submit that the relief requested in this motion represents a sound exercise of the Debtors’ business judgment. Maintaining coverage under the Insurance Program is essential to the Debtors’ operations as the Debtors could be exposed to significant liability if such coverage were allowed to lapse or terminate. Such exposure could be detrimental to the success of these chapter 11 cases. Moreover, failure to timely pay insurance premiums could expose the Debtors to potential penalties and other costs associated with reestablishing lapsed policies or obtaining new insurance coverage.

22. Similarly, to continue their operations during these chapter 11 cases, the Debtors must be able to provide financial assurances to the freight forwarders or other vendors upon which their supply chain depends. Failing to provide, maintain, or timely replace their Surety Bonds may prevent the Debtors from undertaking essential functions related to their operations, such as shipping and receiving goods or timely delivering goods to their customers. Based on the Debtors’ current circumstances, it is not likely that the Debtors will be able to renew, or obtain replacement of, existing bonds on terms more favorable than those offered by the Sureties. Moreover, the process of establishing a new Surety Bond Program would be burdensome to the Debtors, and it

is possible that the Debtors may not be able to replace the Surety Bonds in time to avoid defaults or other consequences of the applicable obligations.

### **III. Section 105 of the Bankruptcy Code and the Doctrine of Necessity Support Payment of Any Prepetition Obligations With Respect to the Insurance Program and the Surety Bond Program**

23. To the extent the Debtors have any prepetition obligations related to the Insurance Program, any other insurance program or the Surety Bond Program, payment of such obligations should be authorized pursuant to section 105(a) of the Bankruptcy Code and under the “doctrine of necessity.” Section 105(a) of the Bankruptcy Code authorizes the Court “to issue any order . . . necessary or appropriate to carry out the provisions” of the Bankruptcy Code. 11 U.S.C. § 105(a). The doctrine of necessity is a well-settled doctrine that permits a bankruptcy court to authorize the payment of certain prepetition claims prior to the completion of the reorganization process where the payment of such claims is necessary to the reorganization. *See In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002) (recognizing the “doctrine of necessity”); *see also In re CEIRoofing, Inc.*, 315 B.R. 50, 56, 60-61 (Bankr. N.D. Tex. 2004) (holding that payment of certain prepetition claims under the doctrine of necessity is “based on both common sense and the express provisions of the Bankruptcy Code”); *In re Mirant Corp.*, 296 B.R. 427, 429 (Bankr. N.D. Tex. 2004) (authorizing the debtors to pay certain prepetition claims because “the court d[id] not wish Debtors’ businesses seriously damaged”); *In re Equalnet Commc’ns Corp.*, 258 B.R. 368, 369 (Bankr. S.D. Tex. 2000).

24. For the reasons stated herein, and in light of the risks to the Debtors’ operations and the critical need for the Debtors to protect their assets through maintenance of the Insurance Program and the Surety Bond Program and implementation of any new insurance policies, payment of any prepetition obligations related to the Insurance Program, any new insurance policies and the Surety Bond Program is proper and justified under section 105(a) of the

Bankruptcy Code as necessary to the Debtors' achievement of their chapter 11 objectives.

**IV. The Court Should Authorize the Debtors' Financial Institutions to Honor and Process the Debtors' Payments**

25. The Debtors have sufficient funds to pay the amounts described herein in the ordinary course of business by virtue of expected cash flows from ongoing business operations, anticipated access to cash collateral, and proceeds of the DIP Notes Facility and the DIP ABL Facility. Additionally, under the Debtors' existing cash management system, the Debtors can readily identify checks or wire transfer requests as relating to an authorized payment in respect of the relief requested herein. Accordingly, the Debtors believe that checks or wire transfer requests, other than those relating to authorized payments, will not be honored inadvertently. Therefore, the Debtors respectfully request that the Court authorize and direct all applicable financial institutions, when requested by the Debtors, to receive, process, honor, and pay any and all checks or wire transfer requests in respect of the relief requested in this motion.

**Emergency Consideration**

26. Pursuant to Bankruptcy Rule 6003, which empowers a court to grant relief within the first 21 days after the commencement of a chapter 11 case "to the extent that relief is necessary to avoid immediate and irreparable harm," and Bankruptcy Local Rule 9013-1(i), the Debtors respectfully request emergency consideration of this motion. An immediate and orderly transition into chapter 11 is critical to the viability of the Debtors' operations. Failure to obtain the requested relief during the first 21 days of these chapter 11 cases would imperil the Debtors' restructuring. The Debtors have satisfied the "immediate and irreparable harm" standard of Bankruptcy Rule 6003 and, therefore, respectfully request that the Court approve the relief requested in this motion on an emergency basis.

**Waiver of Bankruptcy Rules 6004(a) and 6004(h)**

27. The Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

**Reservation of Rights**

28. Nothing contained herein is intended to be or should be construed as: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in this motion or any order granting the relief requested by this motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens. If the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' or any other party in interest's rights to subsequently dispute such claim.

**Notice**

29. The Debtors will provide notice of this motion to the following parties or their respective counsel: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) counsel to the ABL Agent and to the agent under the DIP ABL Facility; (d) counsel to the Ad Hoc Group; (e) counsel to the First Lien Notes Trustee; (f) counsel to the Second Lien Notes Trustee; (g) counsel to the PC Noteholder Group; (h) counsel to the trustee under the DIP Notes Facility; (i) the United States Attorney's Office for the Southern District of Texas; (j) the Internal Revenue Service; (k) the United States Securities and Exchange Commission; (l) the state attorneys general for states in which the Debtors conduct business; (m) other regulatory agencies having a regulatory or statutory interest in these cases; (n) counsel to Party City; (o) the Insurance Carriers; (p) the Sureties; (q) counsel to Barings, LLC, Arnold & Porter Kaye Scholer LLP, 70 West Madison Street Suite 4200, Chicago, IL 60602-4231, Attn: Tyler Nurnberg (Tyler.Nurnberg@arnoldporter.com) and Alex Hevia (alexander.hevia@arnoldporter.com); and (r) any party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

*[Remainder of page intentionally left blank]*

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein and such other relief as the Court deems appropriate under the circumstances.

November 8, 2023

Respectfully submitted,

By: /s/ Tom A. Howley

**HOWLEY LAW PLLC**

Tom A. Howley (Texas Bar No. 24010115)

Eric Terry (Texas Bar No. 00794729)

Pennzoil Place – South Tower

711 Louisiana St., Suite 1850

Houston, Texas 77002

Telephone: (713) 333-9125

Email: [tom@howley-law.com](mailto:tom@howley-law.com)

[eric@howley-law.com](mailto:eric@howley-law.com)

- and -

**SIMPSON THACHER & BARTLETT LLP**

Sunny Singh (*pro hac vice* pending)

Nicholas E. Baker (*pro hac vice* pending)

Moshe A. Fink (*pro hac vice* pending)

Ashley M. Gherlone (*pro hac vice* pending)

425 Lexington Avenue

New York, NY 10017

Tel: (212) 455-2000

Fax: (212) 455-2502

Email: [Sunny.Singh@stblaw.com](mailto:Sunny.Singh@stblaw.com)

[NBaker@stblaw.com](mailto:NBaker@stblaw.com)

[Moshe.Fink@stblaw.com](mailto:Moshe.Fink@stblaw.com)

[Ashley.Gherlone@stblaw.com](mailto:Ashley.Gherlone@stblaw.com)

*Proposed Counsel to the Debtors and the Debtors  
in Possession*

**Certificate of Accuracy**

I certify that the facts and circumstances described in the above pleading giving rise to the emergency request for relief are true and correct to the best of my knowledge, information, and belief. This statement is made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Tom A. Howley

Tom A. Howley

**Certificate of Service**

I certify that on November 8, 2023, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Tom A. Howley

Tom A. Howley

**Exhibit A**

**Interim Order**



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

---

In re:	)	
	)	Chapter 11
	)	
ANAGRAM HOLDINGS, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90901 (MI)
	)	
Debtors.	)	(Jointly Administered)
	)	

---

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS  
TO (A) CONTINUE PREPETITION INSURANCE COVERAGE  
AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO,  
(B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE  
POLICIES, AND (C) MAINTAIN THEIR SURETY BOND PROGRAM, AND  
(II) GRANTING RELATED RELIEF**

---

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”) (a) authorizing, but not directing, the Debtors to (i) continue prepetition insurance coverage and satisfy prepetition obligations related thereto in the ordinary course of business, (ii) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, in each case under clause (i) and (ii) above, including either directly or indirectly through Party City, and (iii) continue their Surety Bond Program on an uninterrupted basis and satisfy prepetition obligations related thereto in the ordinary course of business, and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. For the avoidance of doubt, the Debtors’ chapter 11 cases are not proposed to be consolidated with the Party City debtors which emerged from chapter 11 cases in this Court on October 12, 2023. *See In re Party City Holdco Inc., et. al.*, Case No. 23-90005 (MI) (Bankr. S.D. Tex). Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.

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

jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Amended Standing Order; 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 venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT:

1. The final hearing on the Motion shall be on [\_\_\_], 2023, at [\_\_\_]:[\_\_\_].m., prevailing Central Time. Any objections or responses to entry of a final order on the Motion shall be filed on or before 4:00 p.m., prevailing Central Time, on [\_\_\_], 2023. If no objections to entry of the final order on the Motion are timely received, the Court may enter such final order without need for the final hearing.

2. The Debtors are authorized, but not directed, to continue, renew, amend, supplement, discontinue and/or extend (including, in each case, through Party City) on a postpetition basis during these chapter 11 cases and without the need for further Court approval the Insurance Policies and Insurance Program, including, without limitation, the Insurance Policies identified on **Schedule A**, and any related agreements, in each case, in the ordinary course of business; *provided* that the Debtors will, on a confidential basis, notify the U.S. Trustee, any

statutory committee appointed in these cases, and the advisors to the Ad Hoc Group if the Debtors increase or decrease existing coverage, change carriers, enter into any premium financing agreements, or purchase additional coverage. The Debtors are authorized, but not directed, to pay any outstanding prepetition amounts relating thereto, including Insurance Reimbursement Payments, Premiums and administrative fees, in an aggregate amount not to exceed \$110,000.

3. The Debtors are authorized, but not directed, to purchase new insurance policies, execute other agreements in connection therewith and pay any insurance premiums or other amounts and perform other obligations pursuant thereto or in connection therewith.

4. Nothing herein shall prejudice the Debtors' ability to seek a further order from this Court authorizing the Debtors to exceed the aggregate amounts as set forth herein during the interim period.

5. The Debtors are authorized, but not directed, to maintain the Surety Bond Program without interruption, including, without limitation, payment of the Surety Premiums and any prepetition or postpetition obligations related to the Surety Bond Program, in each case, in the ordinary course of business.

6. The Debtors are authorized, but not directed, to renew, amend, supplement, and/or extend the Surety Bonds, or to purchase new Surety Bonds, and to execute other agreements, such as letters of credit, in connection with the Surety Bond Program, in each case, in the ordinary course of business.

7. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Interim Order shall create any rights in favor of, or enhance the status of any claim held by, any person to whom any obligations under the Insurance Policies are owed.

8. The Debtors are not authorized by this Interim Order to take any action with respect

to a Surety Bond that would have the effect of transforming a prepetition undersecured or unsecured surety bond to a postpetition or secured obligation. Such relief may be sought by separate motion.

9. Except as expressly set forth herein, to the extent any surety bond or any related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, neither this Interim Order nor any payments made in accordance with this Interim Order shall constitute the assumption or postpetition reaffirmation of any such surety bond or related agreement under section 365 of the Bankruptcy Code.

10. The banks and financial institutions on which checks were drawn or electronic fund transfer requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic fund transfer requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic fund transfer requests as approved by this Interim Order.

11. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

12. The Debtors shall maintain a matrix/schedule of payments made pursuant to this Interim Order that includes the following information: (a) the names of the payees; (b) the date of payment; (c) the amount of payment; (d) the category or type of payment; and (e) the Debtor or Debtors that made the payment. The Debtors shall provide, on a confidential basis, a copy of such matrix/schedule to the advisors to the U.S. Trustee, any statutory committee appointed in these

cases, and the advisors to the Ad Hoc Group by the last day of each calendar month.

13. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in the Motion or this Interim Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

14. Notwithstanding the relief granted in the Motion or this Interim Order, any payment made or to be made by the Debtors pursuant to the authority granted herein, and any relief or authorization granted herein, shall be subject to and in compliance with each interim and final order entered by the Court in respect of the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens And Superpriority Administrative Expense Claims, (II) Granting*

*Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief*, filed substantially contemporaneously herewith (collectively, such interim and final orders, the “DIP Order”), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Order, the DIP Notes Documents (as defined in the DIP Order), or the DIP ABL Agreement (as defined in the DIP Order). To the extent there is any inconsistency between the terms of the DIP Order and the terms of this Interim Order or any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

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

16. Notice of the Motion as provided therein is hereby deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

17. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order are immediately effective and enforceable upon its entry.

18. The Debtors are authorized, but not directed, to take all actions necessary to effectuate the relief granted in this Interim Order in accordance with the Motion.

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

Houston, Texas

Dated: \_\_\_\_\_, 2023

---

UNITED STATES BANKRUPTCY JUDGE

**Schedule A**  
**Insurance Policies<sup>1</sup>**

Type of Insurance	Carrier	Policy Number	Policy Term Date
General Liability	Travelers	T2NJEXGL-824K2766-TIL-22	12/1/22 - 12/1/23
Auto Liability	Travelers	TJCAP-824K2754-TIL-22	12/1/22 - 12/1/23
Workers' Compensation (Other States)	Travelers	UB-0R661932-22-51-K	12/1/22 - 12/1/23
Workers' Compensation (AZ, MA, WI)	Travelers	UB-0R641030-22-51-R	12/1/22 - 12/1/23
Umbrella	Travelers	CUP-2W226283-22-NF	12/1/22 - 12/1/23
Excess Liability	Navigators	NY22RXSZ09WEPIV	12/1/22 - 12/1/23
Excess Liability	Allianz	USL003107223	12/1/22 - 12/1/23
Excess Liability	AXA XL	US00064480LI22A	12/1/22 - 12/1/23
Excess Liability	Liberty Mutual	ECO (23) 64062528	12/1/22 - 12/1/23
Excess Liability	Steadfast	IPR 379 2420-03	12/1/22 - 12/1/23
Foreign Liability	Chubb	CXC D37914563 009	12/1/22 - 12/1/23
Punitive Damages Wrap (Umbrella)	Travelers	PDW-2W226283-22-NF	12/1/22 - 12/1/23
Punitive Damages Wrap	Magna Carta	MCNA209681	12/1/22 - 12/1/23
Punitive Damages Wrap	Allianz	GBL003391222	12/1/22 - 12/1/23
Punitive Damages Wrap	AXA XL	BM00038448LI22A	12/1/22 - 12/1/23
Punitive Damages Wrap	Magna Carta	MCLI209648	12/1/22 - 12/1/23
Punitive Damages Wrap	Hanseatic	HIPD205430	12/1/22 - 12/1/23
International Package	Chubb	CXC D37914563 009	12/1/22 - 12/1/23
Franchisors Errors & Omissions	CNA	652055472	12/1/22 - 12/1/23
Business Travel Accident	AIG	MTA 0009156527	12/1/22 - 12/1/23
Excess Earthquake (CA)	North Shore	NSM42288	12/1/22 - 12/1/23
Inland Marine (Trailers)	CNA	6079731565	12/1/22 - 12/1/23
Inland Marine (Forklifts)	Chubb	0670-40-02 EUC	12/1/22 - 12/1/23
Ocean Cargo	Travelers	CUP-2W226283-22-NF	2/26/23 - 2/26/24
Terrorism (Active Assailant)	Lloyds	B080114970L22	12/1/22 - 12/1/23
Terrorism	Lloyds	B080116554L22	12/1/22 - 12/1/23
Strikes, Riots, Civil Commotion	Lloyds	B0621MPART000323	12/1/22 - 12/1/23
Global Property	Zurich	PPR-0920886-01	12/1/22 - 12/1/23
Global Property	Lex London	B080118709U22	12/1/22 - 12/1/23
Global Property	Beazley	W2D8C0220301	12/1/22 - 12/1/23
Global Property	Allianz	USP00140022	12/1/22 - 12/1/23
Property	Starr	SLSTPTY11712822	12/1/22 - 12/1/23
Excess Property	Westfield	XAR-00004FN-01	12/1/22 - 12/1/23
Excess Property	ARK2	B080122646U22	12/1/22 - 12/1/23
Excess Property	Zurich	PPR-0920886-01	12/1/22 - 12/1/23
Excess Property	Fidelis	B080122647U22	12/1/22 - 12/1/23
Excess Property	CORE	O84815220CSP	12/1/22 - 12/1/23
Excess Property	Markel	MLKV1XPR000505	12/1/22 - 12/1/23
Excess Property	RSUI	LHD928391	12/1/22 - 12/1/23

<sup>1</sup> The Debtors request authority to honor existing Insurance Policies and renew Insurance Policies, as applicable, regardless of whether the Debtors inadvertently failed to include a particular Insurance Policy on this exhibit.

Type of Insurance	Carrier	Policy Number	Policy Term Date
Excess Property	Axis	EAF659176-22	12/1/22 - 12/1/23
Excess Property	Aspen	PX00Q5K22A	12/1/22 - 12/1/23
Excess Property	Partner Re	B080122647U22	12/1/22 - 12/1/23
Excess Property	Starr	22SLCFM11587901	12/1/22 - 12/1/23
Excess Property	Hallmark	73PRX22B09D	12/1/22 - 12/1/23
Excess Property	Munich Re	78-A3-XP-0000875-01	12/1/22 - 12/1/23
Excess Property	Mitsui	EXP001002	12/1/22 - 12/1/23
Excess Property	Atrium	B080122645U22	12/1/22 - 12/1/23
Crime	Beazley	V25943220501	12/31/22 - 12/1/23
Primary Cyber Liability	Beazley Ins Co	W35B78230101	9/16/23 - 9/16/24
Excess Cyber Liability	Axa XL	MTE9032511 08	9/16/23 - 9/16/24
Excess Cyber Liability	Arch Insurance Company	NPL0067050-02	9/16/23 - 9/16/24
Excess Cyber Liability	Steadfast Insurance Company	SPR 3305134 - 01	9/16/23 - 9/16/24
Excess Cyber Liability	Crum & Forster Specialty Insurance Co.	XEO 00 001 01 16	9/16/23 - 9/16/24
Excess Cyber Liability	AXIS Surplus Insurance Company	P-001-001263034-01	9/16/23 - 9/16/24
EPL	Chubb	8264-0322	10/12/23-10/12/24
Excess EPL	AIG	01-588-54-48	10/12/23-10/12/24
Fiduciary	Chubb	8264-0322	10/12/23-10/12/24
D&O Primary	Chubb	8264-0322	10/12/23-10/12/24
D&O 1 <sup>st</sup> Excess	AIG	01-588-54-48	10/12/23-10/12/24
D&O Excess ABC	Zurich	DOC 5690289-00	10/12/23-10/12/24
D&O Lead Side-A	Berkley	BPRO8099529	10/12/23-10/12/24
D&O Excess Side-A	Berkshire	47-EMC-331550-01	10/12/23-10/12/24
Excess – Arch Essential Lead Side A DIC	Arch Insurance	ABL1000146-00	10/12/23-10/12/24
D&O Excess	QBE Insurance	130005785	10/12/23-10/12/24
D&O Excess Side-A	Axa XL	ELU193195-23	10/12/23-10/12/24



**Exhibit B**

**Final Order**

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

---

In re:	)	
	)	Chapter 11
	)	
ANAGRAM HOLDINGS, LLC, <i>et al.</i> , <sup>1</sup>	)	Case No. 23-90901 (MI)
	)	
Debtors.	)	(Jointly Administered)
	)	

---

**FINAL ORDER (I) AUTHORIZING THE DEBTORS  
TO (A) CONTINUE PREPETITION INSURANCE COVERAGE  
AND SATISFY PREPETITION OBLIGATIONS RELATED THERETO,  
(B) RENEW, AMEND, SUPPLEMENT, EXTEND, OR PURCHASE INSURANCE  
POLICIES, AND (C) MAINTAIN THEIR SURETY BOND PROGRAM, AND  
(II) GRANTING RELATED RELIEF**

---

Upon the motion (the “Motion”)<sup>2</sup> of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of a final order (this “Final Order”) (a) authorizing, but not directing, the Debtors to (i) continue prepetition insurance coverage and satisfy prepetition obligations related thereto in the ordinary course of business, (ii) renew, amend, supplement, extend, or purchase insurance coverage in the ordinary course of business on a postpetition basis, in each case under clause (i) and (ii) above, including either directly or indirectly through Party City, and (iii) continue their Surety Bond Program on an uninterrupted basis and satisfy prepetition obligations related thereto in the ordinary course of business, and (b) granting related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Anagram Holdings, LLC (8535); Anagram International, Inc. (2523) and Anagram International Holdings, Inc. (5837). The location of the Debtors’ service address for purposes of these chapter 11 cases is: 7700 Anagram Drive, Eden Prairie, MN 55344. For the avoidance of doubt, the Debtors’ chapter 11 cases are not proposed to be consolidated with the Party City debtors which emerged from chapter 11 cases in this Court on October 12, 2023. *See In re Party City Holdco Inc., et. al.*, Case No. 23-90005 (MI) (Bankr. S.D. Tex). Any reference herein to the Debtors does not include the debtor-entities that were administered in the Party City chapter 11 cases.

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

jurisdiction over this matter pursuant to 28 U.S.C. § 1334 and the Amended Standing Order; 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 Motion in this district is proper pursuant to 28 U.S.C. § 1408; and this Court having found that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before this Court; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before this Court; and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT:**

1. The Debtors are authorized, but not directed, to continue, renew, amend, supplement, discontinue and/or extend (including, in each case, through Party City) on a postpetition basis during these chapter 11 cases and without the need for further Court approval the Insurance Policies and the Insurance Program, including, without limitation, the Insurance Policies identified on **Schedule A** and any related agreements, in each case, in the ordinary course of business; *provided* that the Debtors will, on a confidential basis, notify the U.S. Trustee, any statutory committee appointed in these cases, and the advisors to the Ad Hoc Group if the Debtors increase or decrease existing coverage, change carriers, enter into any premium financing agreements, or purchase additional coverage. The Debtors are authorized, but not directed, to pay any prepetition or postpetition obligations relating thereto, including the Insurance Reimbursement

Payments, Premiums and administrative fees.

2. The Debtors are authorized, but not directed, to purchase new insurance policies, execute other agreements in connection therewith and pay any insurance premiums or other amounts and perform other obligations pursuant thereto or in connection therewith.

3. The Debtors are authorized, but not directed, to maintain the Surety Bond Program without interruption, including, without limitation, payment of the Surety Premiums and any prepetition or postpetition obligations related to the Surety Bond Program, in each case, in the ordinary course of business.

4. The Debtors are authorized, but not directed, to renew, amend, supplement, and/or extend the Surety Bonds or to purchase new Surety Bonds, and to execute other agreements, such as letters of credit, in connection with the Surety Bond Program, in each case, in the ordinary course of business.

5. Notwithstanding the relief granted herein or any actions taken hereunder, nothing contained in this Final Order shall create any rights in favor of, or enhance the status of any claim held by, any person to whom any obligations under the Insurance Policies are owed.

6. The Debtors are not authorized by this Final Order to take any action with respect to a Surety Bond that would have the effect of transforming a prepetition undersecured or unsecured surety bond to a postpetition or secured obligation. Such relief may be sought by separate motion.

7. Except as expressly set forth herein, to the extent any surety bond or any related agreement is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, neither this Final Order nor any payments made in accordance with this Final Order shall constitute the assumption or postpetition reaffirmation of any such surety bond or related

agreement under section 365 of the Bankruptcy Code.

8. The banks and financial institutions on which checks were drawn or electronic fund transfer requests made in payment of the prepetition obligations approved herein are authorized to receive, process, honor, and pay all such checks and electronic fund transfer requests when presented for payment, and all such banks and financial institutions are authorized to rely on the Debtors' designation of any particular check or electronic fund transfer requests as approved by this Final Order.

9. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests that are dishonored as a consequence of these chapter 11 cases with respect to prepetition amounts owed in connection with the relief granted herein.

10. The Debtors shall maintain a matrix/schedule of payments made pursuant to this Final Order that includes the following information: (a) the names of the payees; (b) the date of payment; (c) the amount of payment; (d) the category or type of payment; and (e) the Debtor or Debtors that made the payment. The Debtors shall provide, on a confidential basis, a copy of such matrix/schedule to the U.S. Trustee, any statutory committee appointed in these cases, and the advisors to the Ad Hoc Group by the last day of each calendar month.

11. Notwithstanding the relief granted herein and any actions taken pursuant to such relief, nothing in the Motion or this Final Order shall be deemed: (a) an admission as to the amount of, basis for, or validity of any claim against a Debtor under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim on any grounds; (c) a promise or requirement to pay any claim; (d) an implication or admission that any particular claim is of a type specified or defined in the Motion

or any order granting the relief requested by the Motion or a finding that any particular claim is an administrative expense claim or other priority claim; (e) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (f) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (g) a waiver or limitation of the Debtors', or any other party in interest's, rights under the Bankruptcy Code or any other applicable law; or (h) a concession by the Debtors that any liens (contractual, common law, statutory, or otherwise) that may be satisfied pursuant to the relief requested in this motion are valid, and the rights of all parties in interest are expressly reserved to contest the extent, validity, or perfection or seek avoidance of all such liens.

12. Notwithstanding the relief granted in the Motion or this Final Order, any payment made or to be made by the Debtors pursuant to the authority granted herein, and any relief or authorization granted herein, shall be subject to and in compliance with each interim and final order entered by the Court in respect of the *Debtors' Emergency Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Financing, (B) Use Cash Collateral, and (C) Grant Liens And Superpriority Administrative Expense Claims, (II) Granting Adequate Protection to Certain Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling a Final Hearing, and (V) Granting Related Relief*, filed substantially contemporaneously herewith (collectively, such interim and final orders, the "DIP Order"), including compliance with any budget or cash flow forecast in connection therewith and any other terms and conditions thereof. Nothing herein is intended to modify, alter, or waive, in any way, any terms, provisions, requirements, or restrictions of the DIP Order, the DIP Notes Documents (as defined in the DIP Order), or the DIP ABL Agreement (as defined in the DIP Order). To the

extent there is any inconsistency between the terms of the DIP Order and the terms of this Final Order or any action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

13. Notice of the Motion as provided therein is hereby deemed good and sufficient notice of such Motion, and the requirements of Bankruptcy Rule 6004(a) and the Bankruptcy Local Rules are satisfied by such notice.

14. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order are immediately effective and enforceable upon its entry.

15. The Debtors are authorized, but not directed, to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

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

Houston, Texas

Dated: \_\_\_\_\_, 2023

---

UNITED STATES BANKRUPTCY JUDGE

**Schedule A**  
**Insurance Policies<sup>1</sup>**

Type of Insurance	Carrier	Policy Number	Policy Term Date
General Liability	Travelers	T2NJEXGL-824K2766-TIL-22	12/1/22 - 12/1/23
Auto Liability	Travelers	TJCAP-824K2754-TIL-22	12/1/22 - 12/1/23
Workers' Compensation (Other States)	Travelers	UB-0R661932-22-51-K	12/1/22 - 12/1/23
Workers' Compensation (AZ, MA, WI)	Travelers	UB-0R641030-22-51-R	12/1/22 - 12/1/23
Umbrella	Travelers	CUP-2W226283-22-NF	12/1/22 - 12/1/23
Excess Liability	Navigators	NY22RXSZ09WEPIV	12/1/22 - 12/1/23
Excess Liability	Allianz	USL003107223	12/1/22 - 12/1/23
Excess Liability	AXA XL	US00064480LI22A	12/1/22 - 12/1/23
Excess Liability	Liberty Mutual	ECO (23) 64062528	12/1/22 - 12/1/23
Excess Liability	Steadfast	IPR 379 2420-03	12/1/22 - 12/1/23
Foreign Liability	Chubb	CXC D37914563 009	12/1/22 - 12/1/23
Punitive Damages Wrap (Umbrella)	Travelers	PDW-2W226283-22-NF	12/1/22 - 12/1/23
Punitive Damages Wrap	Magna Carta	MCNA209681	12/1/22 - 12/1/23
Punitive Damages Wrap	Allianz	GBL003391222	12/1/22 - 12/1/23
Punitive Damages Wrap	AXA XL	BM00038448LI22A	12/1/22 - 12/1/23
Punitive Damages Wrap	Magna Carta	MCLI209648	12/1/22 - 12/1/23
Punitive Damages Wrap	Hanseatic	HIPD205430	12/1/22 - 12/1/23
International Package	Chubb	CXC D37914563 009	12/1/22 - 12/1/23
Franchisors Errors & Omissions	CNA	652055472	12/1/22 - 12/1/23
Business Travel Accident	AIG	MTA 0009156527	12/1/22 - 12/1/23
Excess Earthquake (CA)	North Shore	NSM42288	12/1/22 - 12/1/23
Inland Marine (Trailers)	CNA	6079731565	12/1/22 - 12/1/23
Inland Marine (Forklifts)	Chubb	0670-40-02 EUC	12/1/22 - 12/1/23
Ocean Cargo	Travelers	CUP-2W226283-22-NF	2/26/23 – 2/26/24
Terrorism (Active Assailant)	Lloyds	B080114970L22	12/1/22 - 12/1/23
Terrorism	Lloyds	B080116554L22	12/1/22 - 12/1/23
Strikes, Riots, Civil Commotion	Lloyds	B0621MPART000323	12/1/22 - 12/1/23
Global Property	Zurich	PPR-0920886-01	12/1/22 - 12/1/23
Global Property	Lex London	B080118709U22	12/1/22 - 12/1/23
Global Property	Beazley	W2D8C0220301	12/1/22 - 12/1/23
Global Property	Allianz	USP00140022	12/1/22 - 12/1/23
Property	Starr	SLSTPTY11712822	12/1/22 - 12/1/23
Excess Property	Westfield	XAR-00004FN-01	12/1/22 - 12/1/23
Excess Property	Zurich	PPR-0920886-01	12/1/22 - 12/1/23
Excess Property	ARK2	B080122646U22	12/1/22 - 12/1/23
Excess Property	Fidelis	B080122647U22	12/1/22 - 12/1/23
Excess Property	CORE	O84815220CSP	12/1/22 - 12/1/23
Excess Property	Markel	MLKV1XPR000505	12/1/22 - 12/1/23
Excess Property	RSUI	LHD928391	12/1/22 - 12/1/23

<sup>1</sup> The Debtors request authority to honor existing Insurance Policies and renew Insurance Policies, as applicable, regardless of whether the Debtors inadvertently failed to include a particular Insurance Policy on this exhibit.



Type of Insurance	Carrier	Policy Number	Policy Term Date
Excess Property	Axis	EAF659176-22	12/1/22 - 12/1/23
Excess Property	Aspen	PX00Q5K22A	12/1/22 - 12/1/23
Excess Property	Partner Re	B080122647U22	12/1/22 - 12/1/23
Excess Property	Starr	22SLCFM11587901	12/1/22 - 12/1/23
Excess Property	Hallmark	73PRX22B09D	12/1/22 - 12/1/23
Excess Property	Munich Re	78-A3-XP-0000875-01	12/1/22 - 12/1/23
Excess Property	Mitsui	EXP001002	12/1/22 - 12/1/23
Excess Property	Atrium	B080122645U22	12/1/22 - 12/1/23
Crime	Beazley	V25943220501	12/31/22 - 12/1/23
Primary Cyber Liability	Beazley Ins Co	W35B78230101	9/16/23 - 9/16/24
Excess Cyber Liability	Axa XL	MTE9032511 08	9/16/23 - 9/16/24
Excess Cyber Liability	Arch Insurance Company	NPL0067050-02	9/16/23 - 9/16/24
Excess Cyber Liability	Steadfast Insurance Company	SPR 3305134 - 01	9/16/23 - 9/16/24
Excess Cyber Liability	Crum & Forster Specialty Insurance Co.	XEO 00 001 01 16	9/16/23 - 9/16/24
Excess Cyber Liability	AXIS Surplus Insurance Company	P-001-001263034-01	9/16/23 - 9/16/24
EPL	Chubb	8264-0322	10/12/23-10/12/24
Excess EPL	AIG	01-588-54-48	10/12/23-10/12/24
Fiduciary	Chubb	8264-0322	10/12/23-10/12/24
D&O Primary	Chubb	8264-0322	10/12/23-10/12/24
D&O 1 <sup>st</sup> Excess	AIG	01-588-54-48	10/12/23-10/12/24
D&O Excess ABC	Zurich	DOC 5690289-00	10/12/23-10/12/24
D&O Lead Side-A	Berkley	BPRO8099529	10/12/23-10/12/24
D&O Excess Side-A	Berkshire	47-EMC-331550-01	10/12/23-10/12/24
Excess – Arch Essential Lead Side A DIC	Arch Insurance	ABL1000146-00	10/12/23-10/12/24
D&O Excess	QBE Insurance	130005785	10/12/23-10/12/24
D&O Excess Side-A	Axa XL	ELU193195-23	10/12/23-10/12/24