

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

In re:	§	
	§	Chapter 11
	§	
DRF LOGISTICS, LLC, et al.,	§	Case No. 24-90447 (CML)
	§	
Debtors.¹	§	(Jointly Administered)
	§	Re: Docket No. 147

**DECLARATION OF ERIC KAUP IN SUPPORT OF MOTION OF DEBTORS
FOR AUTHORITY TO ASSUME AMENDED SHARED SERVICES AGREEMENT**

I, Eric Kaup, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the Chief Restructuring Officer (“CRO”) of DRF Logistics, LLC (“DRF Logistics”) and DRF, LLC (together, the “Debtors”). I submit this declaration (the “Declaration”) in support of the *Motion of Debtors for Authority to Assume Amended Shared Services Agreement*, dated August 23, 2024 (Docket No. 147) (the “Motion”).²

2. In August 2024, I was appointed as CRO. Prior to that, beginning in July 2024, I provided strategic consulting services for the Debtors in connection with my role as Executive Vice President, Chief Commercial Officer & Special Counsel (“CCO”) of Hilco Global, LLC (“Hilco Global”), including evaluating the Debtors’ contemplated wind-down and asset dispositions. Since first commencing work for the Debtors, I personally have been involved with the Debtors’ business and operations. Accordingly, I have acquired significant knowledge of the

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: DRF Logistics, LLC (6861) and DRF, LLC (7236). The Debtors’ mailing address is 7171 Southwest Parkway, Bldg. 300, Suite 400, Austin, TX 78735.

² Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Motion.

Debtors, their business, and the circumstances that led to the commencement of these chapter 11 cases, as well as the Debtors' financial affairs, capital structure, operations, and related matters.

3. I have held the position of CCO at Hilco Global since January 2024. During my more than 20 years of experience at Hilco Global, I have led or otherwise been actively involved in engagements for winding down entities in industries such as transportation, manufacturing, retail, and consumer (among others). Prior to my appointment as CCO, I served as Executive Vice President and General Counsel from March 2007–January 2024, and as Executive Vice President and Assistant General Counsel at Hilco Global from January 2004–March 2007. Prior to joining Hilco Global, I was an associate at Skadden, Arps, Slate, Meagher & Flom LLP in its restructuring practice where I participated in many of the nation's then-largest chapter 11 filings, including Safety-Kleen Corporation, Outboard Marine Corporation, Polaroid Corporation, and National Steel Corporation. I received a Bachelor of Arts in Economics and Political Science from Yale University and a Juris Doctor from the Ohio State University Moritz College of Law.

4. Except as otherwise indicated, all statements in this Declaration are based on my personal knowledge of the Debtors' operations and finances, my discussions with other members of the Debtors' senior management, the Debtors' advisors, and members of the Hilco team, and my review of relevant documents or my opinion based upon my experience and knowledge of the Debtors' operations. If called to testify, I could and would testify to each of the facts set forth herein based on such personal knowledge, discussions, review of documents, or opinion.

5. I am not being specifically compensated for this testimony. I am over the age of 18 and authorized to submit this Declaration on behalf of the Debtors. The Debtors have authorized me to submit this Declaration.

Shared Services Agreement

6. On the Petition Date, the Debtors and PBI entered in that certain *Shared Services Agreement*, dated August 8, 2024 (as amended, supplemented, or otherwise modified from time to time, the “**Shared Services Agreement**”). Pursuant to the Shared Services Agreement, I understand PBI agreed to continue to provide certain corporate and operational services (the “**PB Shared Services**”) to the Debtors, which were historically provided and necessary to the Debtors’ operations and wind-down. Additionally, pursuant to the Shared Services Agreement, the Debtors agreed to provide Pitney Bowes with certain services (the “**DRF Shared Services**” and, together with the PB Shared Services, the “**Shared Services**”) related to the disposition of certain equipment used by the Debtors in the operation of their business.

7. I also understand that, on August 22, 2024, the Debtors and PBI executed the August 22 Amendment to the Shared Services Agreement, which (i) modified one of the termination provisions related to the deadline for the Court to approve the assumption of the Shared Services Agreement to align with the corresponding milestone in the DIP Note and (ii) modified one of the schedules to the Shared Services Agreement to include contract fulfillment services that PBI and the Debtors respectively provide in the ordinary course of business for certain customers as Shared Services under Expedited Contracts, which services were intended to be included on, but were inadvertently omitted from, the schedules to the original Shared Services Agreement.

8. On August 23, 2024, the Debtors filed the Shared Services Agreement as an exhibit to the Motion. Three days later, the United States Trustee appointed an official committee of unsecured creditors in these chapter 11 cases (the “**Committee**”). The Committee

reviewed the Shared Services Agreement and conferred with the Debtors regarding certain comments and questions related to the Shared Services Agreement. The Debtors also received from PBI comments and an amendment to Schedule 1(a) of the Shared Services Agreement, reflecting additional Expedited Contracts inadvertently omitted from the schedules to the amended Shared Services Agreement. The Debtors conferred with the Committee and PBI on these points and filed an amended and restated Shared Services Agreement contemporaneously with this Declaration. I understand that these changes reflect an agreement between the Debtors, the Committee, and PBI on the Shared Services Agreement and relief requested in the Motion.

9. Based on my knowledge of the Debtors' business and operations, the Debtors' access to the PB Shared Services has been essential to a smooth transition into chapter 11. As such, the Debtors rely on the PB Shared Services to operate their business and will continue to rely on the Shared Services as they conduct an orderly wind-down of their estates. Among other things, I understand the Shared Services Agreement gives the Debtors continued access to use of employees, procurement of insurance coverage, the sharing of joint information and technology systems, and services to ensure customer demands are fulfilled.

10. Moreover, based on my discussions with the Debtors' senior management team and members of the Hilco team, as well as my knowledge of the Debtors' business, I believe the Shared Services Fees are fair and reasonable under the circumstances. The Shared Services Fees were negotiated at arm's length and in good faith, and I understand many of the Shared Services Fees are based on either actual costs or estimates consistent with historic amounts and market costs. Additionally, as part of the Debtors' discussions with the Committee and PBI regarding the amended and restated Shared Services Agreement, I understand PBI has agreed to remove the 3% administrative fee previously included in the Shared Services Agreement. I

understand that the Debtors will have sufficient liquidity from the proceeds of their DIP Financing to perform their obligations under the Shared Services Agreement. Accordingly, I believe payment of the Shared Services Fees is a proper exercise of the Debtors' business judgement.

11. I further understand that, under the Shared Services Agreement, the Debtors have an opportunity to provide and receive value in exchange for performing the DRF Shared Services. This could result in additional value to the estates, which the Debtors will use to fund administration of these chapter 11 cases and, eventually, distributions to creditors under the Plan.

12. In my opinion, the Debtors would likely not be able to find replacements for the PB Shared Services for the costs provided under the Shared Services Agreement. Accordingly, I believe that allowing the Debtors to assume the Shared Services Agreement is essential to promoting the efficient wind-down of the Debtors' estates by providing continuity for the Debtors' customers and employees and maximizing value for all parties in interest.

13. In light of the foregoing, I believe assumption of the Shared Services Agreement is in the best interests of the Debtors' estates and creditors.

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

Dated: September 20, 2024
Breckenridge, Colorado

/s/ Eric Kaup
Name: Eric Kaup
Title: Chief Restructuring Officer
Company: DRF Logistics, LLC and DRF, LLC

Certificate of Service

I hereby certify that on September 20, 2024, a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Clifford W. Carlson

Clifford W. Carlson