

The Container Store[®]

Where Space Comes FromSM

Letter from our Chief Executive Officer, Melissa Reiff

To our prospective shareholders,

I am honored and proud to be writing you this letter as we recently celebrated the 40th anniversary of The Container Store.

Since 1978, we have set out to become the leading retailer of storage and organization products and solutions. We offer our customers a collection of creative, multifunctional, customizable storage and organization products that help them *accomplish their projects, maximize their space and make the most of their home*. Through a high-service, differentiated shopping experience delivered by expert and knowledgeable salespeople, our vision is to be a beloved brand and the first choice for customized organization solutions and services.

What We Stand For

How to define The Container Store culture? It's a people-first culture, one of mutual respect and kindness. It's an environment where we set a positive example, motivate, inspire, and put cause before self; a work place where we want everyone to feel safe, secure and warm.

I'm very proud of our company culture, and how we treat each other and all stakeholders - always striving to "do the right thing." This sets the tone for each day in how we respond to each other, our customers, our vendors, our communities and our shareholders.

We work smart to collaborate appropriately and transparently, and to clearly communicate not only what is necessary to all employees, but we strive to always communicate much MORE than just what is necessary. As NOTHING makes a group of people - a team - feel more valued, empowered and confident, than knowing and understanding the FULL picture of the direction our business is heading, and the importance of their contribution and accountability. It's important that we do this on a consistent basis - as things are ever changing and we must adapt accordingly.

Our Foundation Principles

To achieve all of this, our business is structured around some very basic and fundamental values and business philosophies regarding our employees, customers, vendors, our communities, and our shareholders - we call them our Foundation Principles™.

By understanding and supporting these principles and philosophical guidelines, we can behave as a unit, all working in the same direction toward the same goals. And retail is far too situational to attempt to achieve a concerted effort through inflexible rules and policies. We must be “Gumby” – flexible to always do “what is right” and courageous enough to go outside the “typical” ways to help our customers, shareholders, vendors and fellow co-workers.

We practice our seven Foundation Principles every day. They are always top of mind – not merely words written on a plaque. We live and breathe them - we are dedicated to them and feel passionately that they provide our foundation for success.

1 1 GREAT PERSON = 3 GOOD PEOPLE™

“1 Equals 3” is our hiring philosophy. One great person equals three good people in terms of business productivity. We strive to hire great people who understand and embrace this philosophy.

2 COMMUNICATION IS LEADERSHIP™

We believe that Communication IS Leadership—they are one and the same. The Container Store knows the importance of practicing every day - consistent, reliable, predictable, effective, thoughtful, compassionate and yes, even courteous communication.

3 FILL THE OTHER GUY'S BASKET TO THE BRIM. MAKING MONEY THEN BECOMES AN EASY PROPOSITION.™

This is our business philosophy. The Container Store has been successful in creatively crafting mutually beneficial relationships with our vendors.

4 THE BEST SELECTION, SERVICE, & PRICE™

It's hard for most retailers to offer the best selection and exceptional service. To add competitive pricing to that equation is generally unheard of, but we work hard to achieve all three simultaneously.

5 INTUITION DOES NOT COME TO AN UNPREPARED MIND. YOU NEED TO TRAIN BEFORE IT HAPPENS."

This is our training philosophy and demonstrates how committed we are in providing our employees with the knowledge and expertise they need to provide the best possible service to our customers. In order to successfully anticipate the needs of our customers, we encourage our employees to use their intuition coupled with the enormous training they receive on our products and solutions.

6 MAN IN THE DESERT SELLING"

This is our selling philosophy and we use it to illustrate how we astonish our customers by exceeding their expectations. When a customer visits our store looking for shoe storage, for example, we equate that to a "Man in the Desert," an experience where the customer is in desperate need of a complete solution (not just a drink of water).

7 AIR OF EXCITEMENT"

"Air of Excitement" is our employees' smiling faces and genuine concern for our customers needs. It's the bright, visual, innovative and conversation-provoking products and solutions that we offer. It's our clean, well-organized stores and web site. It's the music we play in our stores that is pleasant and resonates with our customers.

What's Next

We have specific plans for our success! We have clearly defined six strategic initiatives to improve our productivity and profitability. Each of our six initiatives is led by an executive sponsor, with an initiative lead and a working team. And we have identified four pillars – our strongest differentiators - that support our vision and purpose.

Our Vision to be a beloved brand and the first choice for customized organization solutions and services.

Our Purpose to help our customers accomplish projects, maximize their space, and make the most of their home.

Pillar #1: To Own Custom Closets - We are working to improve the customer experience, with enhanced in-store and online merchandising, digital tool improvements, and product innovation.

Pillar #2: Deliver on “Accomplishing Projects” across all customer touchpoints.

- a. For our existing customers and new customers, we are updating our marketing efforts to better communicate our brand purpose of Accomplishing Projects and Maximizing Space.
- b. We are updating our visual merchandising to make it easier and clearer to our customers **exactly** how to accomplish their projects.

Pillar #3: Leverage digital and data insights to enable omni-channel growth.

We are developing digital content and tools to support our brand position online and in-store, driving more traffic to our website, and optimizing for conversion.

Pillar #4: To close the gap on value for the money.

We carry an unparalleled assortment of high-quality products and solutions with competitive pricing. We are working on our price and value perception gap with new pricing, signage, promotion and offer strategies.

The Journey Continues

It's a Brand New Day at The Container Store! We are evolving, improving and growing. We are making necessary and positive changes and our people-first culture will always be at the center of what we do, allowing us to drive tangible results for all stakeholders.

I'm excited about the work we have ahead of us—whether it's in the stores that are yet to be built, or in the products of the future that will continue to help our customers accomplish all their storage and organization projects. We'll continue to create boundless opportunities for our employees and they will be enriched by working around other inspiring, fantastic colleagues. We will also partner closely with our vendors - building our businesses together.

The future is bright for The Container Store and we hope you'll join in discovering “Where Space Comes From” – The Container Store!



Melissa Reiff
Chief Executive Officer

This communication is not an offer to sell securities