

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-10527 (MFW)

(Joint Administration Requested)

Hearing Date: March 29, 2016 at 1:00 p.m. (ET)

Objection Deadline: March 16, 2016 at 4:00 p.m. (ET)

DEBTORS' FIRST OMNIBUS MOTION FOR ORDER, PURSUANT TO SECTIONS 105(a), 365(a), AND 554 OF THE BANKRUPTCY CODE, AND BANKRUPTCY RULE 6004, AUTHORIZING (A) REJECTION OF CERTAIN UNEXPIRED LEASES AND SUBLEASES OF NON-RESIDENTIAL REAL PROPERTY *NUNC PRO TUNC* TO THE PETITION DATE, AND (B) ABANDONMENT OF ANY REMAINING PROPERTY LOCATED AT STORE LOCATIONS COVERED BY SUCH LEASES AND SUBLEASES

LANDLORDS AND SUBLESSEES RECEIVING THIS MOTION SHOULD LOCATE THEIR RESPECTIVE NAMES AND LEASES OR SUBLEASES IN THE SCHEDULES OF LEASES AND SUBLEASES TO BE REJECTED, ATTACHED TO THE PROPOSED ORDER AS SCHEDULE 1A, SCHEDULE 1B, AND SCHEDULE 1C.

Sports Authority Holdings, Inc. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) hereby move this Court (this “Motion”) for entry of an order, substantially in the form annexed hereto as Exhibit A (the “Proposed Order”), pursuant to sections 105(a), 365(a), and 554 of title 11 of the United States Code (the “Bankruptcy Code”), and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), (a) authorizing the Debtors to reject certain unexpired leases and subleases, including any amendments or modifications thereto, in connection with

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.



certain store locations that are either vacant or that the Debtors have determined, in their business judgment, are unprofitable and should therefore be rejected, and (b) authorizing the Debtors to abandon any remaining property located at any such store locations. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Jeremy Aguilar in Support of the Debtors' First Omnibus Motion for Order Authorizing (A) Rejection of Certain Unexpired Leases and Subleases of Non-Residential Real Property Nunc Pro Tunc to the Petition Date, and (B) Abandonment of Any Remaining Property Located at Store Locations Covered by Such Leases and Subleases* (the "Declaration"), which was filed with the Court concurrently herewith. In further support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b), and pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105(a), 365(a), and 554 of the Bankruptcy Code, and Bankruptcy Rules 6003 and 6004.

BACKGROUND

A. General Background

2. On the date hereof (the "Petition Date"), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are continuing to manage their financial affairs as debtors in possession.

3. Contemporaneously herewith, the Debtors filed a motion seeking joint administration of their chapter 11 cases (collectively, the "Chapter 11 Cases") pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No trustee, examiner, or official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

4. Information regarding the Debtors' history and business operations, capital structure and primary secured indebtedness, and the events leading up to the commencement of these Chapter 11 Cases, can be found in the *Declaration of Jeremy Aguilar in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (the "First Day Declaration"), which was filed with the Court concurrently herewith.

B. Rejection of Leases at Vacant Store Locations

5. Prior to the Petition Date, the Debtors initiated various cost savings and efficiency initiatives, and in conjunction therewith, evaluated their portfolio of store locations to determine which of these are profitable and which are either underperforming or unprofitable. Based on this evaluation, the Debtors identified approximately eleven (11) store locations that are significantly underperforming and generated substantial losses for the Debtors. In an early effort to right-size their footprint, the Debtors vacated these stores (the "Vacant Stores") to reduce their

expenses.² The Vacant Stores are currently subject to certain unexpired long-term leases set forth on Schedule 1A to the Proposed Order (the “Vacant Leases”).³

6. The Debtors have evaluated their options with respect to the Vacant Leases. Although the Debtors attempted to market the Vacant Leases with the assistance of a real estate advisor, their efforts have not resulted in any third-party offers for any of these leases. Given the above-market terms of the Vacant Leases, the Debtors have concluded, in consultation with their advisors, that the Vacant Leases are not marketable and it is therefore unlikely that the Debtors will be able to monetize them.

7. The Debtors remit approximately \$5.59 million in annual occupancy costs on account of all Vacant Leases, as described on Schedule 1A. Under the circumstances, the Debtors have determined in their business judgment, and in consultation with their advisors, that it would be in their best interest to seek the Court’s approval to reject the Vacant Leases, effective as of the Petition Date, and thereby avoid incurring additional expenses for properties that are of little or no value to the Debtors.

8. Accordingly, on or before March 2, 2016, the Debtors provided written notice to each of the applicable landlords associated with the Vacant Stores (the “Vacant Store Landlords”) (a) notifying them of the Debtors’ intent to unequivocally surrender their interest in and possession of the Vacant Stores and to reject the Vacant Leases, effective as of the Petition Date, and (b) enclosing with such notices the keys to the respective Vacant Stores.

² Schedule 1A includes a certain lease that the Debtors terminated prior to the Petition Date pursuant to the terms of such lease. Because the landlord has challenged the effectiveness of the Debtors’ termination of such lease, the Debtors seek to reject this lease pursuant to this Motion out of an abundance of caution.

³ Schedule 1A also includes a certain store location, and its associated lease, where the Debtors have not yet received possession of the subject premises because, pursuant to the terms of such lease, delivery is not scheduled to occur until April 2016. The Debtors seek to reject this lease, and given that they do not have possession thereof, the Debtors respectfully submit that no delivery on the part of the Debtors except notice, in accordance with this Motion and an order granting the relief requested therein, is required to effect rejection of such lease.

C. Rejection of Leases and Subleases at Unprofitable Stores

9. The Debtors' evaluation also revealed certain store locations that consistently generate losses for the Debtors. Specifically, the Debtors identified approximately seven (7) locations (the "Unprofitable Stores" and collectively with the Vacant Stores, the "Rejected Stores") that are subject to certain above-market leases (the "Overleases") with the Debtors' respective landlords (the "Overlandlords" and collectively with the Vacant Store Landlords, the "Landlords") but which the Debtors sublease to certain sublessees (the "Sublessees") pursuant to certain subleases (the "Subleases" and collectively with the Overleases, the "Unprofitable Leases" and collectively with the Vacant Leases, the "Rejected Leases"). The Debtors have concluded that the costs of renting and maintaining the Unprofitable Stores exceed the revenues that such locations generated for the Debtors. The Overleases and the Subleases are set forth on Schedule 1B and Schedule 1C, respectively, annexed to the Proposed Order.

10. The Debtors remit approximately \$3.97 million in annual occupancy costs on account of all Overleases, as described on Schedule 1B, and garner approximately \$2.40 million in annual income on account of all Subleases, as described on Schedule 1C. Because the Debtors do not operate their own retail stores at any of the Unprofitable Stores, there is no possibility for them to improve their revenue streams and stop losing money on account thereof.

11. Given the above-market terms of the Overleases and the overall losses the Debtors have been consistently incurring on account of the Unprofitable Stores, the Debtors have concluded, in consultation with their advisors, that neither the Overleases nor the Subleases are marketable and therefore unlikely to generate any value for the Debtors. Therefore, under the circumstances, the Debtors have determined, in their business judgment, and in consultation with their advisors, that it would be in their best interest to seek the Court's approval to reject the Unprofitable Leases, effective as of the Petition Date. Such rejection would allow the Debtors to

avoid the accrual of unnecessary administrative expenses, with no foreseeable benefits for the Debtors and their estates.

12. Accordingly, on or before March 2, 2016, the Debtors provided written notices to each of the Overlandlords and Sublessees. The Debtors notified the Overlandlords of their intent to unequivocally surrender their interest in and possession of the respective Unprofitable Stores and to reject the respective Overleases, effective as of the Petition Date. Similarly, the Debtors notified the Sublessees of the Debtors' intent to unequivocally surrender their interest in and possession of the respective Unprofitable Stores to the Overlandlords and to reject the Subleases as a result thereof, effective as of the Petition Date. In each of the notices to the Overlandlords and the Sublessees, the Debtors indicated that the respective Sublessee should either (a) surrender possession of and deliver the keys to the respective Unprofitable Store to the applicable Overlandlord on the Petition Date, or (b) retain possession of such Unprofitable Store pursuant to terms that are mutually agreed upon by and among such Overlandlord and such Sublessee, but not in any event pursuant to the Sublease.

D. Abandonment of Any Remaining Property at Stores Subject to the Rejected Leases

13. The Debtors will retain and/or liquidate all removable personal property, which the Debtors are permitted to remove and retain in accordance with the Vacant Leases and the Overleases located at the Rejected Stores. However, the Debtors may determine, in their business judgment, that certain remaining personal property, including, but not limited to, any furniture, fixtures, and equipment (collectively, the "Remaining Property") will be difficult or expensive to remove and/or expensive to store, such that the economic benefits of removing and/or storing some or all of the Remaining Property will be exceeded by the attendant costs thereof.

14. Accordingly, the Debtors request the Court's approval to abandon any Remaining Property at the Rejected Stores as of the Petition Date for the benefit of their estates and creditors.

RELIEF REQUESTED

15. By this Motion, the Debtors request entry of an order authorizing and approving (a) the Debtors' rejection of the Rejected Leases effective as of the Petition Date, and (b) abandonment by the Debtors of any Remaining Property at any Rejected Stores as of the date of the Debtors provided notice of their intention to reject the respective Rejected Stores to the respective Landlords.

BASIS FOR RELIEF REQUESTED

A. Rejection of the Rejected Leases is Authorized by Section 365(a) of the Bankruptcy Code

16. Section 365(a) of the Bankruptcy Code provides that a trustee or debtor in possession, "subject to the court's approval may . . . reject any executory contract or unexpired lease of the debtor." 11 U.S.C. § 365(a); *see also In re Univ. Med. Ctr.*, 973 F.2d 1065, 1075 (3d Cir. 1992). "This provision allows a trustee to relieve the bankruptcy estate of burdensome agreements which have not been completely performed." *Stewart Title Guar. Co. v. Old Republic Nat'l Title Ins. Co.*, 83 F.3d 735, 741 (5th Cir. 1996) (quoting *Phoenix Exploration, Inc. v. Yaquinto (In re Murexco Petroleum, Inc.)*, 15 F.3d 60, 62 (5th Cir. 1994)).

17. The decision to assume or reject an executory contract or unexpired lease is a matter within the "business judgment" of the trustee. *See NLRB v. Bildisco & Bildisco (In re Bildisco)*, 682 F.2d 72, 79 (3d Cir. 1982) ("The usual test for rejection of an executory contract is simply whether rejection would benefit the estate, the 'business judgment' test."); *Delightful Music Ltd. v. Taylor (In re Taylor)*, 913 F.2d 102, 107 (3d Cir. 1990); *see also Computer Sales*

Int'l, Inc. v. Fed. Mogul (In re Fed. Mogul Global, Inc.), 293 B.R. 124, 126 (D. Del. 2003); *In re HQ Global Holdings*, 290 B.R. 507, 511 (Bankr. D. Del. 2003). The business judgment standard mandates that a court approve a trustee's business decision unless the decision is the product of bad faith, whim, or caprice. *See NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984); *In re Fed. Mogul Global, Inc.*, 293 B.R. at 126 (court should approve a debtor's decision to reject a contract unless the decision is the product of bad faith or a gross abuse of discretion); *In re Trans World Airlines, Inc.*, 261 B.R. 103, 121 (Bankr. D. Del. 2001); *Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981) ("[C]ourt approval under Section 365(a), if required, except in extraordinary situations, should be granted as a matter of course.").

18. Rejection of an executory contract or unexpired lease is appropriate where rejection of the contract or lease would benefit the estate. *See Sharon Steel Corp. v. Nat'l Fuel Gas Distribution Corp.*, 872 F.2d 36, 39 (3d Cir. 1989). The standard for rejection is satisfied when a trustee or debtor has made a business determination that rejection will benefit the estate. *See Commercial Fin., Ltd. v. Hawaii Dimensions, Inc. (In re Hawaii Dimensions, Inc.)*, 47 B.R. 425, 427 (D. Haw. 1985) ("Under the business judgment test, a court should approve a debtor's proposed rejection if such rejection will benefit the estate."). Thus, if the trustee's or debtor's business judgment has been reasonably exercised, a court should approve the assumption or rejection of an executory contract or an unexpired lease. *See, e.g., Bildisco & Bildisco*, 465 U.S. at 523; *In re Fed. Mogul Global, Inc.*, 293 B.R. at 126.

19. A court may permit such retroactive rejection to avoid unduly exposing a debtor's estate to unwarranted postpetition administrative or other expenses. *See Bildisco & Bildisco*, 465 U.S. at 523 (stating that rejection relates back to the petition date); *Thinking Machs. V. Mellon Fin. Servs. Corp. (In re Thinking Machs. Corp.)*, 67 F.3d 1021, 1028 (1st Cir. 1995) ("In the

section 365 context . . . bankruptcy courts may enter retroactive orders of approval, and should do so when the balance of equities preponderates in favor of such remediation.”); *Stonebriar Mall Ltd. P’ship v. CCI Wireless, LLC (In re CCI Wireless, LLC)*, 297 B.R. 133, 140 (D. Col. 2003) (holding that a bankruptcy court “has authority under section 365(d)(3) to set the effective date of rejection at least as early as the filing date of the motion to reject”); *In re Amber’s Stores*, 193 B.R. 819, 827 (N.D. Tex. 1996); *Constant Ltd. P’ship v. Jamesway Corp. (In re Jamesway Corp.)*, 179 B.R. 33, 37-38 (S.D.N.Y. 1995) (affirming bankruptcy court’s retroactive approval of lease rejection).

20. Courts in this jurisdiction have previously considered the question of retroactive rejection of unexpired leases. See *In re Namco Cybertainment, Inc.*, Case No. 98-00173 (PJW) (Bankr. D. Del. Feb. 6, 1998). In *Namco*, the court permitted retroactive rejection on the conditions that (a) the vehicles (and the keys thereto) subject to a lease were surrendered with an unequivocal statement of abandonment to the landlord or lessor, (b) the motion was filed and served on the landlord or lessor, (c) the official committee consented to the relief requested in the motion, and (d) the debtor acknowledged that it would not have the right to withdraw the motion prior to the hearing.

21. When a lease is deemed rejected pursuant to section 365(d)(4) of the Bankruptcy Code, any subleases associated with the subject property must also be deemed rejected because the rights of the sublessee are extinguished if and when the rights of a debtor are extinguished with respect to such property. In *Chatlos Systems, Inc. v. Kaplan*, 147 B.R. 96, 100 (D. Del. 1992), *aff’d sub nom In re TIE Commc’ns, Inc.*, 998 F.2d 1005 (3d Cir. 1993), the District Court of the District of Delaware held that “when a lease is deemed rejected pursuant to § 365(d)(4),

any subleases under that primary lease must also be deemed rejected since the sublessee's rights in the property extinguish with those of the sublessor."

22. Here, for the reasons described in this Motion, the Debtors seek to reject the Rejected Leases, pursuant to section 365(a) of the Bankruptcy Code, to avoid the incurrence of any additional, unnecessary expenses related to the Rejected Leases and the maintenance of the respective Rejected Stores. The Debtors have already ceased operating and vacated the Vacant Stores, such that maintaining the Vacant Leases will generate only losses. Similarly, the Debtors have concluded that the Unprofitable Stores likewise generate only losses because the cost of maintaining such stores, which includes the above-market Overleases, outweighs any revenues the Debtors have from the associated Subleases.

23. The Debtors believe that, absent rejection, the Rejected Leases will continue to burden the Debtors' estates with substantial administrative expenses at a critical time when the Debtors are making concerted efforts to maximize liquidity and preserve the going concern value of the Debtors' business. After thorough evaluation and analysis, the Debtors have determined, in the exercise of their sound business judgment, that there is no net benefit that is likely to be realized from the Debtors' continued efforts to retain and market the Rejected Leases, and that there is little if any likelihood that the Debtors will be able to realize value from the Rejected Leases. Accordingly, the Debtors have concluded that rejection of the Rejected Leases is in the best interest of the Debtors' estates, their creditors, and other parties in interest.

24. In accordance with the case law in this jurisdiction, the Debtors believe that rejection of the Overleases will terminate the Debtors' obligations under the Subleases. Out of an abundance of caution, however, the Debtors seek an order providing that each Sublease associated with an Unprofitable Store is deemed rejected in conjunction with, and effective as of

the effective date of rejection of the related Overlease associated with the respective Unprofitable Store, such that the Debtors' estates are released from further obligations and liabilities under such Sublease.

25. The Debtors submit that they have fulfilled the requirements for rejection of all Rejected Leases by providing adequate notice of their intent to reject such leases to the applicable Landlords and Sublessees set forth on Schedule 1A, Schedule 1B, and Schedule 1C, respectively, annexed to the Proposed Order.

B. Abandonment of Any Remaining Property Located at the Rejected Stores is Authorized by Section 554(a) of the Bankruptcy Code

26. Section 554(a) of the Bankruptcy Code provides that “[a]fter notice and a hearing, the [debtor] may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a); *see also Hanover Ins. Co. v. Tyco Indus., Inc.*, 500 F.2d 654, 657 (3d Cir. 1974) (“[A trustee] may abandon his claim to any asset, including a cause of action, he deems less valuable than the cost of asserting that claim.”). *See, e.g., In re Contract Research Solutions, Inc.*, Case No. 12-11004, 2013 WL 1910286, at *4 (Bankr. D. Del. May 1, 2013) (“[A debtor] need only demonstrate that [it] has exercised sound business judgment in making the determination to abandon.”). The right to abandon property is virtually unfettered, unless (a) abandonment of the property will contravene laws designed to protect public health and safety or (b) the property poses an imminent threat to the public’s welfare. *See In re Midlantic Nat’l Bank*, 474 U.S. 494, 501 (1986). Neither of these limitations is relevant under the instant facts.

27. The Debtors submit that any Remaining Property that will be left at any of the Rejected Stores is either of inconsequential value to the Debtors’ estates, or that the costs to the Debtors of retrieving, marketing, and reselling the Remaining Property will exceed the

recoveries, if any, that the Debtors and their estates could reasonably obtain in exchange for such property.

28. Accordingly, the Debtors have determined, in the exercise of their sound business judgment, that abandonment of any Remaining Property will be in the best interest of the Debtors, their estates, and their creditors.

REQUEST FOR WAIVER OF STAY

29. To implement the foregoing, the Debtors seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), any “order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” The Debtors submit that the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h).

30. To implement the foregoing immediately, the Debtors also respectfully request a waiver of the notice requirements of Bankruptcy Rule 6004(a) to the extent that they are deemed applicable.

DEBTORS’ RESERVATION OF RIGHTS

31. The Debtors may have claims against any Landlords and/or Sublessees arising under, or independently of, the Rejected Leases. The Debtors do not waive such claims by the filing of this Motion or by the rejection of the Rejected Leases.

32. The Debtors are diligently reviewing and evaluating their remaining unexpired leases and subleases of nonresidential real property, and reserve the right to identify additional leases and subleases in the future. This Motion should not be construed as a determination that any leases or subleases not listed herein are to be assumed or rejected.

33. Nothing contained herein is intended or should be construed as an admission of the validity of any claim against the Debtors; a waiver of the Debtors' rights to dispute any claim; or an approval, assumption, or rejection of any agreement, contract, lease, or sublease under section 365 of the Bankruptcy Code except as expressly set forth herein.

NOTICE

34. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) holders of the 50 largest unsecured claims on a consolidated basis against the Debtors; (c) Riemer & Braunstein LLP (attn: Donald Rothman) as counsel for (i) Bank of America, N.A., in its capacity as Administrative Agent and Collateral Agent under the Second Amended and Restated Credit Agreement, dated as of May 17, 2012, and (ii) certain DIP Lenders under the Debtors' proposed postpetition financing facility; (d) Brown Rudnick LLP (attn: Robert Stark and Bennett Silverberg) as counsel for (i) Wilmington Savings Fund Society, FSB as Administrative Agent and Collateral Agent under the Amended and Restated Credit Agreement, dated as of May 3, 2006 and amended and restated as of November 16, 2010 and (ii) certain Term Lenders under the Amended and Restated Credit Agreement, dated as of May 3, 2006 and amended and restated as of November 16, 2010; (e) Choate, Hall & Stewart LLP (attn: Kevin Simard) as counsel for (i) Wells Fargo Bank, National Association, in its capacity as FILO Agent under the Second Amendment to Second Amended and Restated Credit Agreement, dated as of November 3, 2015, and (ii) certain DIP Lenders under the Debtors' proposed postpetition financing facility; (f) O'Melveny & Meyers LLP (attn: John Rapisardi) as counsel for certain holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (g) all holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (h) the Landlords (via overnight mail); (i) the

Sublesses (via overnight mail); and (j) all parties that have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

WHEREFORE, the Debtors respectfully submit that, in light of the foregoing facts and circumstances, rejection of the Rejected Leases, effective as of the Petition Date, and abandonment of any Remaining Property at the Rejected Stores, is necessary, prudent, and in the best interest of the Debtors, their estates, their creditors, and all other parties in interests, and respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: March 2, 2016
Wilmington, Delaware

/s/ Andrew L. Magaziner
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Kenneth J. Enos (No. 4544)
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*Proposed Counsel to the Debtors and
Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-10527 (MFW)

(Joint Administration Requested)

Hearing Date: March 29, 2016 at 1:00 p.m. (ET)

Objection Deadline: March 16, 2016 at 4:00 p.m. (ET)

NOTICE OF MOTION

TO: (A) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (B) HOLDERS OF THE 50 LARGEST UNSECURED CLAIMS ON A CONSOLIDATED BASIS AGAINST THE DEBTORS; (C) RIEMER & BRAUNSTEIN LLP (ATTN: DONALD ROTHMAN) AS COUNSEL FOR (I) BANK OF AMERICA, N.A., IN ITS CAPACITY AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT UNDER THE SECOND AMENDED AND RESTATED CREDIT AGREEMENT, DATED AS OF MAY 17, 2012, AND (II) CERTAIN DIP LENDERS UNDER THE DEBTORS' PROPOSED POSTPETITION FINANCING FACILITY; (D) BROWN RUDNICK LLP (ATTN: ROBERT STARK AND BENNETT SILVERBERG) AS COUNSEL FOR (I) WILMINGTON SAVINGS FUND SOCIETY, FSB AS ADMINISTRATIVE AGENT AND COLLATERAL AGENT UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT, DATED AS OF MAY 3, 2006 AND AMENDED AND RESTATED AS OF NOVEMBER 16, 2010 AND (II) CERTAIN TERM LENDERS UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT, DATED AS OF MAY 3, 2006 AND AMENDED AND RESTATED AS OF NOVEMBER 16, 2010; (E) CHOATE, HALL & STEWART LLP (ATTN: KEVIN SIMARD) AS COUNSEL FOR (I) WELLS FARGO BANK, NATIONAL ASSOCIATION, IN ITS CAPACITY AS FILO AGENT UNDER THE SECOND AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT, DATED AS OF NOVEMBER 3, 2015, AND (II) CERTAIN DIP LENDERS UNDER THE DEBTORS' PROPOSED POSTPETITION FINANCING FACILITY; (F) O'MELVENY & MEYERS LLP (ATTN: JOHN RAPISARDI) AS COUNSEL FOR CERTAIN HOLDERS OF 11.5% SENIOR SUBORDINATED NOTES DUE FEBRUARY 19, 2018 UNDER THE SECURITIES PURCHASE AGREEMENT, DATED AS OF MAY 3, 2006; (G) ALL HOLDERS OF 11.5% SENIOR SUBORDINATED NOTES DUE FEBRUARY 19, 2018 UNDER THE SECURITIES PURCHASE AGREEMENT, DATED AS OF MAY 3, 2006; (H) THE LANDLORDS

¹

The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.

(VIA OVERNIGHT MAIL); (I) THE SUBLEASES (VIA OVERNIGHT MAIL); AND (J) ALL PARTIES THAT HAVE FILED A NOTICE OF APPEARANCE AND REQUEST FOR SERVICE OF PAPERS PURSUANT TO BANKRUPTCY RULE 2002.

PLEASE TAKE NOTICE that Sports Authority Holdings, Inc. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) have filed the attached **Debtors’ First Omnibus Motion for Order, Pursuant to Sections 105(a), 365(a), and 554 of the Bankruptcy Code, and Bankruptcy Rule 6004, Authorizing (A) Rejection of Certain Unexpired Leases and Subleases of Non-Residential Real Property *Nunc Pro Tunc* to the Petition Date, and (B) Abandonment of Any Remaining Property Located at Store Locations Covered by Such Leases and Subleases** (the “Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that any objections to the relief requested in the Motion must be filed on or before **March 16, 2016 at 4:00 p.m. (ET)** (the “Objection Deadline”) with the United States Bankruptcy Court for the District of Delaware, 3rd Floor, 824 N. Market Street, Wilmington, Delaware 19801. At the same time, you must serve a copy of any objection upon the undersigned proposed counsel to the Debtors so as to be received on or before the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING TO CONSIDER THE MOTION WILL BE HELD ON **MARCH 29, 2016 AT 1:00 P.M. (ET)** BEFORE THE HONORABLE MARY F. WALRATH, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM #4, WILMINGTON, DELAWARE 19801.

PLEASE TAKE FURTHER NOTICE THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR A HEARING.

[Signature Page Follows]

Dated: March 2, 2016
Wilmington, Delaware

/s/ Andrew L. Magaziner
Michael R. Nestor (No. 3526)
Kenneth J. Enos (No. 4544)
Andrew L. Magaziner (No. 5426)
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-and-

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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

PROPOSED ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

SPORTS AUTHORITY HOLDINGS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 16-10527 (MFW)

(Jointly Administered)

Ref. Docket No. ____

**ORDER, PURSUANT TO SECTIONS 105(a), 365(a), AND 554 OF THE
BANKRUPTCY CODE, AND BANKRUPTCY RULE 6004, AUTHORIZING
(A) REJECTION OF CERTAIN UNEXPIRED LEASES AND SUBLEASES OF
NON-RESIDENTIAL REAL PROPERTY *NUNC PRO TUNC* TO THE PETITION
DATE; AND (B) ABANDONMENT OF ANY REMAINING PROPERTY LOCATED AT
THE STORE LOCATIONS COVERED BY SUCH LEASES AND SUBLEASES**

Upon the *Debtors' First Omnibus Motion for Order, Pursuant to Sections 105(a), 365(a), and 554 of the Bankruptcy Code, and Bankruptcy Rule 6004, Authorizing (A) Rejection of Certain Unexpired Leases and Subleases of Non-Residential Real Property Nunc Pro Tunc to the Petition Date, and (B) Abandonment of Any Remaining Property Located at Store Locations Covered by Such Leases and Subleases* (the "Motion")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and the Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and the Court having found that venue of these cases and the

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Sports Authority Holdings, Inc. (9008); Slap Shot Holdings, Corp. (8209); The Sports Authority, Inc. (2802); TSA Stores, Inc. (1120); TSA Gift Card, Inc. (1918); TSA Ponce, Inc. (4817); and TSA Caribe, Inc. (5664). The headquarters for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.

² All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and the Court having found that it may enter a final order consistent with Article III of the United States Constitution; and the Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and the Court having considered the First Day Declaration; and upon the record of the hearing and all of the proceedings had before the Court; and the Court having found that the relief sought in the Motion is in the best interest of the Debtors, their estates, their creditors, and other parties in interest; and the Court having found that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Debtors are authorized to reject the Rejected Leases *nunc pro tunc* to the Petition Date, and, to the extent not already terminated, the Rejected Leases set forth on Schedule 1A, Schedule 1B, and Schedule 1C hereto are hereby rejected effective as of the Petition Date.
3. The Debtors are authorized to abandon any Remaining Property located at the Rejected Stores free and clear of all liens, claims, encumbrances, interests, and rights of third parties. Once such property is abandoned, the applicable Landlords are authorized to dispose of the Remaining Property, without further notice or any liability to the Debtors or any third parties and without waiving any claims against the Debtors. The automatic stay is modified to the extent necessary to allow such dispositions.

4. Within three (3) business days after entry of this Order, the Debtors shall serve this Order and the schedules attached hereto on all Landlords and Sublessees.

5. The Landlords and Sublessees shall have until the date fixed by this Court pursuant to Bankruptcy Rule 3003(c)(3) to file any claim for damages arising from the rejection of the Rejected Leases.

6. The Debtors do not waive any claims they may have against any Landlords or Sublessees, whether or not such claims arise under, are related to the rejection of, or are independent of the Rejected Leases.

7. Nothing herein shall prejudice the rights of the Debtors to argue that any of the Rejected Leases were terminated prior to the Petition Date, or that any claim for damages arising from the rejection of the Rejected Leases is limited to the remedies available under any applicable termination provision of such lease, sublease, or contract, as applicable, or that any such claim is an obligation of a third party, and not that of the Debtors or their estates.

8. Nothing in the Motion or this Order shall be deemed or construed as an approval of an assumption of any lease, sublease, or contract pursuant to section 365 of the Bankruptcy Code, and all such rights are reserved.

9. To the extent that Bankruptcy Rule 6004(h) is applicable, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

10. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

11. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: _____, 2016
Wilmington, Delaware

MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

SCHEDULE 1A**VACANT LEASES TO BE REJECTED**

Landlord	Property Location and Store No.	Address for Notice	Term Expires	Estimated Annual Occupancy Cost
2323 East Capitol LLC	The Shops at Market Fair Shopping Center Oshkosh, WI 54902 (Store No. 061)	c/o Alexander & Bishop Attn: J. Peter Jungbacker 300 North Main St. Suite 300 Oshkosh, WI 54901 With a copy to: J. Thomas McDermott Steinhilber, Swanson, Mares, Marone & McDermott 107 Church Ave. Oshkosh, WI 54901	Expired ¹	\$158,625.00 ²
ARC SRTULOK001, LLC	5207 E. 41st St. South Tulsa, OK 74135 (Store No. 874)	c/o Lincoln Property Company 6500 Greenville Ave. Suite 770 Dallas, TX 75206 With a copy to: American Realty Capital Retail Operating Partnership, LP d/b/a ARC SRTULOK001, LLC 106 York Rd. Jenkintown, PA 19046	1/31/18	\$571,039.56

¹ The Debtors terminated this lease prior to the Petition Date pursuant to the terms thereof. Because the landlord has challenged the effectiveness of the Debtors' termination of such lease, the Debtors seek to reject this lease pursuant to the Motion out of an abundance of caution.

² The amount listed is based on base rent due under this lease. However, because the Debtors believe that this lease was terminated prior to the Petition Date, the Debtors believe that there is no any actual occupancy cost associated with this lease.

Landlord	Property Location and Store No.	Address for Notice	Term Expires	Estimated Annual Occupancy Cost
Corridor Marketplace, LLC	3335 Corridor Marketplace Laurel, MD 20724 (Store No. 869)	400 Mall Blvd. Suite M Savannah, GA 31408	8/31/16	\$601,818.00
DN – Reynoldsburg, LLC	The Shoppes at East Broad Reynoldsburg, OH 43068 (Store No. 742)	4835 Munson St. NW Canton, OH 44718 With a copy to: Gary L. Lieberman, Esq. 30195 Chagrin Blvd. Suite 300 Pepper Pike, OH 44124	[_____] ³	\$315,000.00
Dominion Square-Culpeper, LLC	705 Dominion Square Culpeper, VA 22701 (Store No. 876)	c/o Aston Properties, Inc. Attn: Leasing Department 610 East Morehead St. Suite 100 Charlotte, NC 28202 With a copy to: c/o Aston Properties, Inc. Attn: Property Management Department 610 East Morehead St. Suite 100 Charlotte, NC 28202	1/31/24	\$120,372.79
Gart Properties LLC	1060 Broadway Denver, CO 80203 (Store No. 804b)	Attn: Thomas A. Gart 299 Milwaukee St. Suite 500 Denver, CO 80206 With a copy to: c/o Berenbaum, Weinshienk & Eason P.C. Attn: Kenneth S. Kramer 370 Seventeenth St. Republic Plaza – 48 th Fl. Denver, CO 80202	12/31/17	\$228,235.74

³ The Debtors have not yet received possession of the premises subject to this lease because, pursuant to the terms of such lease, delivery is not scheduled to occur until April 2016. The Debtors seek to reject this lease, and given that they do not have possession thereof, the Debtors respectfully submit that no delivery on the part of the Debtors except notice, in accordance with this Motion and an order granting the relief requested therein, is required to effect rejection of such lease

Landlord	Property Location and Store No.	Address for Notice	Term Expires	Estimated Annual Occupancy Cost
GRE Vista Ridge, L.P.	2325 S. Stemmons Freeway Lewisville, TX 75067 (Store No. 871)	c/o P.O'B. Montgomery & Company Attn: Jason Maddox, Vice President 12700 Hillcrest Rd. Suite 158 Dallas, TX 75230	1/31/17	\$691,049.19
Inland Commercial Real Estate Services LLC	800 Cog Circle Crystal Lake, IL 60014 (Store No. 877)	Bldg. #51309 Attn: Director of Property Management 2901 Butterfield Rd. Oak Brook, IL 60523	1/31/17	\$755,962.49
Inland Western Concord King's Grant II, L.L.C.	8094 Concord Mills Blvd. Concord, NC 28027 (Store No. 873)	c/o RPAI US Management LLC Attn: President of Property Management 2021 Spring Rd. Suite 200 Oak Brook, IL 60523 With copies to: Retail Properties of America, Inc. Attn: Vice President & Director of Leasing 2021 Spring Rd. Suite 200 Oak Brook, IL 60523 -and- RPAI HOLDCO Management LLC Attn: Vice President of Collections 2021 Spring Rd. Suite 200 Oak Brook, IL 60523	1/31/18	\$588,266.16
RLET Properties Burlington Village LLC	2251 Ken Pratt Blvd. Longmont, CO 80501 (Store No. 878)	PO Box 490 Niwot, CO 80544 With a copy to: 263 Second Ave. Suite 101 Niwot, CO 80544	1/31/17	\$587,396.07

Landlord	Property Location and Store No.	Address for Notice	Term Expires	Estimated Annual Occupancy Cost
Rooney Ranch, LLC	10805 N. Oracle Rd Suite 101 Oro Valley, AZ 85737 (Store No. 872)	c/o Barclay Group 2390 East Camelback Rd. Suite 200 Phoenix, AZ 85016	1/31/18	\$973,387.73

SCHEDULE 1B**OVERLEASES TO BE REJECTED**

Landlord	Property Location and Store No.	Address for Notice	Term Expires	Annual Occupancy Cost
1001 Lincoln, LLC	1001 Lincoln St. Denver, CO 80203 (Store No. 804Csub)	c/o Gart Properties LLC, as managing agent Attn: Thomas A. Gart 299 Milwaukee St. Suite 500 Denver, CO 80206 With a copy to: c/o Berenbaum, Weinshienk & Eason P.C. Attn: Kenneth S. Kramer 370 Seventeenth St. Republic Plaza – 48 th Fl. Denver, CO 80202	12/31/17	\$394,505.64
Asherian Properties Southlake II Shopping Center, LLC	1360 Mt. Zion Road Morrow, GA 30260 (Store No. 826sub)	c/o Stafford Properties, Inc. 3050 Peachtree Rd., NW Suite 540 Atlanta, GA 30305	8/31/17	\$405,734.22
Favaloro, John T., Jr.	4329 Veteran's Memorial Blvd. New Orleans, LA 70006 (Store No. 852sub)	428 Topaz St. New Orleans, LA 70124	8/31/17	\$225,112.21
Lombard Group Texas, LLC	166 Gateway St. Beaumont, TX 77701 (Store No. 819sub)	Attn: John Lombard PO Box 7014 Prospect, CT 06712	1/31/17	\$219,186.24
National Retail Properties, Inc.	931 Route 1 South Iselin, NJ 08830 (Store No. 875sub)	Attn: President 450 South Orange Ave. Suite 900 Orlando, FL 32801	1/31/23	\$1,263,626.09
National Retail Properties, Inc.	6760 Winchester Rd Memphis, TN 38115 (Store No. 812sub)	Attn: President 450 South Orange Ave. Suite 900 Orlando, FL 32801	10/31/2018	\$589,502.54
The Rockola Corp.	105 Pace Blvd. Warwick, RI 02886 (Store No. 834sub)	Attn: Thomas Herriford, President/CEO 550 Warrenville Rd. Suite 460 Lisle, IL 60532	11/30/18	\$869,486.12

SCHEDULE 1C**SUBLEASES TO BE REJECTED**

Sublessee	Property Location and Store No.	Address for Notice	Term Expires	Annual Income
Aaron Rents, Inc.	6760 Winchester Rd Memphis, TN 38115 (Store No. 812sub)	Attn: Sr. Vice President, Real Estate 309 East Paces Ferry Rd. Atlanta, GA 30305 With a copy to: Attn: Sr. Legal Counsel, Real Estate 309 East Paces Ferry Rd. Atlanta, GA 30305	10/31/18	\$181,020.00
Atlantic Fitness, LLC	105 Pace Blvd. Warwick, RI 02886 (Store No. 834sub)	Attn: Steven R. Eddleston 26 MacKenzie Lane Wakefield, MA 01880	11/30/18	\$318,093.96
Crest Furniture, Inc.	931 Route 1 South Iselin, NJ 08830 (Store No. 875sub)	Attn: Simon Kaplan 30 Tower Rd Dayton, NJ 08810 With a copy to: Dresher & Cheslow, P.A. 610 Bridge Plaza Dr. Manalapan, NJ 07726	1/31/23	\$1,045,806.37
DDK, Inc. d/b/a D&K Suit City	1360 Mt. Zion Rd Morrow, GA 30260 (Store No. 826sub)	Attn: Elie Karam 4570 Memorial Dr. Decatur, GA 30032	8/30/17	\$146,229.96
Department of Corrections	1001 Lincoln St. Denver, CO 80203 (Store No. 804Csub)	c/o State of Colorado Division of Adult Parole and Community Corrections Attn: James Ramsey 2862 South Circle Dr. Colorado Springs, CO 80906 With a copy to: c/o Real Estate Programs 1313 Sherman St. Suite 319 Denver, CO 80203	12/30/17	\$328,023.79

Sublessee	Property Location and Store No.	Address for Notice	Term Expires	Annual Income
Goodwill Industries of Southeast Texas, Inc.	166 Gateway St. Beaumont, TX 77701 (Store No. 819sub)	Attn: President/CEO 460 Wall St. Beaumont, TX 77701 With a copy to: Attn: President/CEO 425 South 4 th St. Beaumont, TX 77701	1/30/17	\$159,300.00
Goodwill Industries of Southeastern Louisiana, Inc.	4329 Veteran's Memorial Blvd. New Orleans, LA 70006 (Store No. 852sub)	Attn: William L. Jessee, President 3400 Tulane Ave. Suite 1000 New Orleans, LA 70119 With a copy to: c/o Hand, Holmes, Pilie & Matthews, LLC Attn: Malcolm D. Meyer 110 Veterans Blvd. Suite 525 New Orleans, LA 70005	8/31/17	\$225,061.09