

**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. 12

INTERIM ORDER (A) AUTHORIZING THE DEBTORS TO PAY, IN THE ORDINARY COURSE OF BUSINESS, CLAIMS FOR GOODS ORDERED PREPETITION AND DELIVERED POSTPETITION; (B) AUTHORIZING THE DEBTORS TO PAY CERTAIN PREPETITION CLAIMS OF SHIPPERS, LIEN CLAIMANTS, AND IMPORT CLAIMANTS; AND (C) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS

Upon the Debtors' *Motion for Entry of Interim and Final Orders (A) Authorizing the Debtors to Pay, in the Ordinary Course of Business, Claims for Goods Ordered Prepetition and Delivered Postpetition; (B) Authorizing the Debtors to Pay Certain Prepetition Claims of Shippers, Lien Claimants, and Import Claimants; and (C) Authorizing Financial Institutions to Honor and Process Related Checks and Transfers* (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. §§ 157 and 1334(b), 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 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

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 and not defined herein shall have the meanings ascribed to them in the Motion.



found that due and sufficient notice of the Motion has been given under the particular circumstances and that no other or further notice of the Motion need be given; and the Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and upon consideration of the First Day Declaration; and a hearing having been held to consider the relief requested in the Motion; and upon the record of the hearing and all of the proceedings had before the Court; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and 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 on an interim basis as set forth herein.
2. A final hearing (the "Final Hearing") on the Motion shall be held on March 29, 2016 at 1:00 p.m. (prevailing Eastern Time). Any objections or responses to the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time) on March 22, 2016 and served on the parties required by Local Rule 2002-1(b).
3. All undisputed obligations relating to the Outstanding Orders are granted administrative expense priority status pursuant to section 503(b)(1)(A) of the Bankruptcy Code.
4. The Debtors are authorized, but not directed, to pay all undisputed amounts relating to Outstanding Orders in the ordinary course of business consistent with the parties' customary practices in effect prior to the Petition Date.
5. Subject to paragraph 6 hereof, the Debtors are authorized, but not directed, in their sole discretion and business judgment, to pay the prepetition amounts owed on account of

Distribution Charges in an aggregate amount not to exceed \$6,250,000 for all Distribution Charges, without prejudice to their ability to seek additional payments at the Final Hearing or any other time subsequent thereto, with (i) the aggregate amount paid on account of Shipping Charges not to exceed \$2,200,000; (ii) the aggregate amount paid on account of Lien Claims not to exceed \$1,287,000; and (iii) the aggregate amount paid on account of Import Charges not to exceed \$760,000; *provided, however*, that any such payment shall not be deemed (a) an admission by the Debtors of the extent, validity, perfection, or possible avoidance of any related liens, claims or payments, or (b) a waiver of the Debtors' rights regarding the extent, validity, perfection, or avoidance of any related liens, claims, or payments. The Debtors' right to challenge the extent, validity, perfection, or avoidance of such liens, claims, or payments is hereby expressly reserved.

6. The Debtors are authorized, in their sole discretion, to pay the Possessory Claimants on the following terms and conditions:

(a) The Debtors, in their sole discretion, shall determine which parties, if any, are entitled to payment under this Order;

(b) If a Possessory Claimant accepts payment under this Order, such party is deemed to have agreed to (i) release any liens it may have on the Debtors' goods or property; *provided, however*, that should such party fail promptly to release such lien and/or interest upon payment by the Debtors, any such lien and/or interest shall be deemed released and expunged, without necessity of further action, and this Order, together with proof of payment, shall be all that is required to evidence such release and expungement, and (ii) subject to subparagraph (d) below, continue to provide goods or services to the Debtors on Customary Trade Terms during the pendency of the Chapter 11 Cases. "Customary Trade Terms" means (i) the most favorable trade terms and conditions, including credit terms, in effect between the Possessory Claimant and the Debtors during the one-year period preceding the Petition Date³ or (ii) such other trade terms as the Debtors and the Possessory Claimant may mutually agree upon;

³ In the event the relationship between the party accepting payment under the Order and the Debtors does not extend to one year preceding the Petition Date, the Customary Trade Terms shall mean the terms that the party generally extends to its customers or such terms as are acceptable to the Debtors in the reasonable exercise of their business judgment.

(c) Subject to subparagraph (d) below, if a Possessory Claimant accepts payment under this Order and thereafter does not continue to provide goods or services to the Debtors on the Customary Trade Terms during the pendency of these Chapter 11 Cases, then any payment such Possessory Claimant receives may be deemed a voidable postpetition transfer pursuant to section 549(a) of the Bankruptcy Code and the Debtors may take any and all appropriate steps to cause the Possessory Claimant to repay any payments it received to the extent that the aggregate amount of such payments exceeds the postpetition obligations then outstanding;

(d) In the event of the assertion of a possessory lien against the Debtors' property that prevents the Debtors from accessing their property without payment of the prepetition claim giving rise to the lien, the Debtors may, in their absolute discretion, determine to pay the claim without regard to subparagraphs (b)(ii) and (c) above;

(e) Prior to making a payment to a party under this Order, the Debtors may, in their absolute discretion, settle all or part of the prepetition claims of such party for less than their face amount, without further notice or hearing; in any event, the Debtors may elect to only pay part of a prepetition claim under the authorization requested, leaving the remainder of the claim to be addressed pursuant to the provisions of the Bankruptcy Code; and

(f) If the Debtors seek to recover payments under subparagraph (c) above, nothing shall preclude a party from contesting such treatment by making a written request (a "Request") to the Debtors to schedule a hearing before this Court. If such a Request is made, the hearing on the Request will be the next scheduled hearing date not less than thirty (30) days after the Debtors received the Request, of which hearing the Debtors will provide notice to the requesting party and other interested parties in accordance with the Bankruptcy Code and the orders of this Court.

7. Each of the Banks is authorized to honor checks presented for payment and all fund transfer requests made by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Order and any other order of this Court.

8. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in respect of payments made in accordance with this Order that are dishonored or rejected.

9. The amounts that the Debtors pay pursuant to this Order shall be subject to any limitations imposed by any Order authorizing the Debtors' postpetition financing and/or use of cash collateral.

10. The Debtors shall provide periodic reports of the amounts paid pursuant to this Order to Wilmington Savings Fund Society, FSB (the "Term Loan Agent") 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.

11. Nothing herein shall change the nature or priority of the underlying claims.

12. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall create, nor is intended to create, any rights in favor of, or enhance the status of any claim held by, any person or entity.

13. The Debtors' satisfaction of any liens pursuant to this order shall not be deemed to be an admission that such liens are valid liens and the Debtors retain the right to contest the extent, validity, or perfection of such liens or to seek the avoidance of such liens.

14. Nothing contained in this Order shall be deemed to constitute an assumption or adoption of any executory contract or prepetition or postpetition agreement between the Debtors and the holder of an Outstanding Order, Possessory Claim, or claim relating to a Distribution Charge, or require the Debtors to make any of the payments authorized herein.

15. The authorization granted hereby to pay the Outstanding Orders and Distribution Charges shall not create any obligation on the part of the Debtors or their officers, directors, attorneys, or agents to pay the Outstanding Orders or Distribution Charges, and none of the foregoing persons shall have any liability on account of any decision by the Debtors not to pay an Outstanding Order or Distribution Charge, and nothing contained in this Order shall be

deemed to increase, reclassify, elevate to an administrative expense status, or otherwise affect the Outstanding Orders or Distribution Charges to the extent they are not paid.

16. Nothing in this Order shall be deemed either a grant of administrative priority expense status to, or authority to pay, any amounts that are disputed by the Debtors.

17. Nothing contained in this Order shall be construed as a waiver by the Debtors of their rights to contest any claim or invoice of an Outstanding Order Supplier, or the holder of a Possessory Claim under applicable law.

18. The Debtors shall not pay Shipper Indemnification Claims without further order of the Court.

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

20. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

21. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

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

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

Dated: March 3, 2016
Wilmington, Delaware



MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE