

**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. 19

**INTERIM ORDER AUTHORIZING DEBTORS TO
PAY CERTAIN PREPETITION CLAIMS OF CRITICAL VENDORS**

Upon the *Debtors' Motion for Interim and Final Orders Authorizing Debtors to Pay Certain Prepetition Claims of Critical Vendors* (the "Motion")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); the Court having reviewed the Motion and having heard the statements of counsel regarding the relief requested in the Motion at a hearing before the Court (the "Hearing"); 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 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 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 determined that it may enter a final order consistent with Article III of the United States Constitution; and the Court having considered 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); 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.



First Day Declaration; 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 the Court having found 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 after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein on an interim basis until such time as the Court conducts a final hearing on this matter (the "Final Hearing").

2. The Final Hearing shall take place 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. The Debtors are authorized, but not directed, in the exercise of their reasonable business judgment and after consultation with the Term Loan Agent, to pay Critical Vendor Claims in an amount not to exceed \$15 million during the interim period from the date of this Interim Order until the date that a final order is entered in this matter, unless otherwise ordered by the Court.

4. The Debtors are authorized, but not directed, in the exercise of their reasonable business judgment and after consultation with the Term Loan Agent, to effectuate RTVs with a value not to exceed \$11.4 million during the interim period from the date of this Interim Order until the date that a final order is entered in this matter, unless otherwise ordered by the Court. For the avoidance of doubt, the authority granted in this paragraph 4 does not otherwise modify or reduce the Debtors' authority to pay Critical Vendor Claims in an amount not to exceed \$15 million during the interim period, as provided in paragraph 3 hereof.

5. Subject to paragraph 3 hereof, the Debtors are authorized to pay (a) upon the entry of this Order, Critical Vendor Claims that are past-due as of the date of the entry of this Order, and (b) Critical Vendor Claims that are not past-due as of the date of the entry of this Order in the ordinary course of business when due, not on an accelerated basis; *provided, however,* that any Critical Vendor that accepts payment or RTVs pursuant to the authority granted in this Interim Order must agree to supply goods and services to the Debtors post-petition on Customary Trade Terms (as defined below) or on such other terms as are acceptable to the Debtors.

6. Any Critical Vendor that accepts payment or RTVs pursuant to the authority granted in this Interim Order shall be deemed to (a) agree to the terms and provisions of this Interim Order and (b) have waived, to the extent paid, applicable prepetition claims against the Debtors, their assets and their properties. Unless otherwise specified in a Trade Agreement, if a portion of a Critical Vendor's Claims are entitled to be treated as an administrative expense claim under section 503(b)(9) of the Bankruptcy Code, and a portion of the Critical Vendor's Claims are not entitled to such administrative expense treatment, payments made by the Debtors and goods returned under the RTV program pursuant to this Order may be applied, at the election of the Debtors, first to reduce the portion of such Critical Vendor Claims that are not entitled to section 503(b)(9) priority.

7. The Debtors may, in the exercise of their business judgment and after consultation with the Term Loan Agent, enter into a Trade Agreement with an individual Critical Vendor on the terms other than those set forth in the Motion.

8. The Debtors shall condition the payment of Critical Vendor Claims and the sending of RTVs on the agreement of the individual Critical Vendor to continue supplying goods

and services to the Debtors on terms that are as or more favorable to the Debtors as the most favorable trade terms, practices, and programs in effect between the Critical Vendor and the Debtors in the one (1) year period preceding the Petition Date (the "Customary Trade Terms"), or such other trade terms as are agreed to by the Debtors and the Critical Vendor.

9. The Debtors may, in their sole discretion, declare a Trade Agreement with an individual Critical Vendor terminated, together with the other benefits to the Critical Vendor as contained in this Interim Order, on the date the Debtors deliver notice to the Critical Vendor that the Critical Vendor (a) has not complied with the terms and provisions of the Trade Agreement or (b) has failed to continue to provide Customary Trade Terms, or such other terms agreed to by the Debtors in the Trade Agreement, to the Debtors.

10. If a Trade Agreement is terminated as set forth in paragraph 9 above or a Critical Vendor who has received payment of a prepetition claim later refuses to continue to supply goods and/or services to the Debtors on Customary Trade Terms or such other terms agreed to by the Debtors in the Trade Agreement during the pendency of these Chapter 11 Cases, the Debtors may then take any and all appropriate steps to cause such Critical Vendor to repay payments made to it on account of its pre-petition Trade Claim to the extent that such payments exceed the post-petition amounts then owing to such Critical Vendor.

11. If the Debtors fail to pay for goods or services delivered postpetition according to Customary Trade Terms or on other terms agreed to by the Debtors and the Critical Vendor, and the Debtors fail to cure such default within ten (10) days after receiving notice of such default, the Critical Vendor shall have the right to terminate the applicable Trade Agreement, in which event the Critical Vendor shall have no obligation to (a) continue to provide goods or services to

the Debtors, or (b) return to the Debtors amounts or RTV goods received from the Debtors in payment of the Critical Vendor Claims.

12. The execution of a Trade Agreement by the Debtors shall not constitute a waiver of any cause of action, including any avoidance action that may be held by the Debtors.

13. Nothing herein shall prejudice the Debtors' rights to request additional authority to pay Critical Vendor Claims in excess of \$30 million in cash (plus the RTVs described in the Motion) prior to or in connection with the Final Hearing; *provided, however*, that if the Term Loan Agent does not consent to such request, the Debtors shall file a motion seeking such request subject to notice and hearing .

14. 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.

15. 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 connection with any Critical Vendor Claims that are dishonored or rejected.

16. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any approved order regarding post-petition financing and any budget in connection therewith.

17. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be deemed or construed as: (a) an admission as to the validity of any claim or Lien against the Debtors or their estates; (b) a waiver of the Debtors' right to dispute any claim or Lien; (c) an approval or assumption of any agreement, contract, or

lease pursuant to section 365 of the Bankruptcy Code; (d) an admission of the priority status of any claim, whether under section 503(b)(9) of the Bankruptcy Code or otherwise; or (e) a modification of the Debtors' rights to seek relief under any section of the Bankruptcy Code on account of any amounts owed or paid to any Critical Vendor.

18. The Debtors shall maintain a matrix summarizing (a) the name of each Critical Vendor paid; (b) the amount paid to each Critical Vendor; (c) the type of goods or services provided by each Critical Vendor; and (d) other pertinent information. The Debtors will provide a periodic reconciliation of the foregoing matrix to the Term Loan Agent.

19. The Debtors shall not seek affirmative relief to pay any claim under section 503(b)(9) of the Bankruptcy Code without the consent of (a) Bank of America, N.A., as agent under that certain Second Amended and Restated Credit Agreement, dated as of May 17, 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "ABL Credit Agreement") by and among The Sports Authority, Inc. and TSA Stores, Inc., as borrowers, Slap Shot Holdings Corp. and TSA Gift Card, Inc., as guarantors, Bank of America, N.A., as administrative agent, and the lenders party thereto, which provides up to \$650 million in aggregate loans in the form of an asset-based revolving credit facility and matures on May 17, 2017; (b) Wells Fargo Bank, National Association, as FILO Agent under that certain Second Amendment to the ABL Credit Agreement by and among The Sports Authority, Inc. and TSA Stores, Inc. as borrowers, Slap Shot Holdings Corp. and TSA Gift Card, Inc., as guarantors, Bank of America, N.A. as administrative agent, Wells Fargo Bank, National Association, as FILO agent, the lenders under the ABL Credit Agreement, and the additional lenders party thereto, which provided for the addition to the ABL Credit Agreement of a \$95 million first-in, last-out term loan tranche; (c) the Term Loan Agent; (d) Bank of America, N.A. as

Administrative Agent and Collateral Agent (in such capacity, the “DIP Agent”) under that certain Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “DIP Credit Agreement”) by and among The Sports Authority, Inc. and TSA Stores, Inc., as borrowers, Sports Authority Holdings, Inc., Slap Shot Holdings Corp., TSA Gift Card, Inc., TSA Ponce, Inc., and TSA Caribe, Inc., as guarantors, the DIP Agent, Wells Fargo Bank, National Association as FILO Agent, the revolving lender parties thereto, and the FILO lender parties thereto; and (e) Wells Fargo Bank, National Association, as FILO Agent under the DIP Credit Agreement.

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

21. Notice of the Motion as provided therein shall be deemed good and sufficient and the requirements of Bankruptcy Rule 6004(a) and the Local Rules are satisfied by such notice.

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

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

24. This Court shall retain jurisdiction over all matters arising from or related to the interpretation, implementation and enforcement of this Interim Order.

Dated: March 3, 2016
Wilmington, Delaware



MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE