

**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 Nos. 20, 157, 1699 & 2484

**NOTICE OF FILING OF PROPOSED ORDER APPROVING STIPULATION
BETWEEN THE DEBTORS AND TERM LOAN AGENT REGARDING DEBTORS'
CONTINUED USE OF CASH COLLATERAL**

PLEASE TAKE NOTICE that, on March 2, 2016, Sports Authority Holdings, Inc. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) filed the *Debtors’ Motion for Interim and Final Orders (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Granting Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Authorizing the Use of Cash Collateral and Providing Adequate Protection to Prepetition Secured Parties and Modifying the Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and Local Rule 4001-2 [D.I. 20]* (the “DIP Motion”) with the United States Bankruptcy Court for the District of Delaware (the “Court”).

PLEASE TAKE FURTHER NOTICE that, on March 3, 2016, the Court entered that certain *Interim Order (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Granting Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Authorizing the Use of Cash Collateral and Providing Adequate Protection to Prepetition Secured Parties and Modifying the Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and Local Rule 4001-2 [D.I. 157]*, thereby approving the DIP Motion on an interim basis.

PLEASE TAKE FURTHER NOTICE that, on May 3, 2016, the Court entered that certain *Final Order (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Granting Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Authorizing the Use of Cash Collateral and Providing Adequate Protection to Prepetition Secured Parties and Modifying the Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364 [D.I. 1699]* (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.



“Final DIP Order”).²

PLEASE TAKE FURTHER NOTICE that, pursuant to paragraph 33 of the Final DIP Order, the Debtors have requested that the Prepetition Term Loan Agent and Prepetition Term Loan Lenders, in addition to other parties required under the Final DIP Order, consent to the continued use of Cash Collateral.

PLEASE TAKE FURTHER NOTICE that, on July 12, 2016, the Prepetition Term Loan Agent and the Debtors entered into that certain *Settlement Agreement*, dated as of July 12, 2016 (the “Settlement Agreement”), pursuant to which, among other things and if approved, the Prepetition Term Loan Agent, on its own behalf and on behalf of the Prepetition Term Loan Lenders, agreed to the consensual continued use of Cash Collateral subject to the terms and conditions set forth therein.

PLEASE TAKE FURTHER NOTICE that, on July 12, 2016, the Debtors filed the *Debtors’ Motion for an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019 Approving the Settlement Agreement Between the Debtors and Wilmington Savings Fund Society, FSB, as the Term Loan Agent* [D.I. 2484] (the “Settlement Motion”), thereby seeking approval of the Settlement Agreement. A hearing is scheduled for the Court’s consideration of the Settlement Motion on August 2, 2016 at 10:30 a.m. (ET).

PLEASE TAKE FURTHER NOTICE that, in connection with the Settlement Agreement, and pending consideration of the Settlement Motion, the Debtors and the Prepetition Term Loan Lender have entered a stipulation regarding the Debtors’ continued use of Cash Collateral (the “Stipulation”). The Debtors intend to present a form of order, in substantially the form attached hereto as Exhibit A (the “Proposed Order”), approving the Stipulation at the hearing scheduled for July 15, 2016 at 11:30 a.m. (ET). The Stipulation is attached to the Proposed Order as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that the Proposed Order and Stipulation remain subject to further review, comment, and revision from parties to the Stipulation.

[Remainder of Page Intentionally Left Blank]

² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Final DIP Order.

Dated: July 14, 2016
Wilmington, Delaware

/s/ Andrew L. Magaziner
Michael R. Nestor (No. 3526)
Kenneth J. Enos (No. 4544)
Andrew L. Magaziner (No. 5426)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
mnestor@ycst.com
kenos@ycst.com
amagaziner@ycst.com

-and-

Robert A. Klyman (CA No. 142723)
Matthew J. Williams (NY No. 3019106)
Jeremy L. Graves (CO No. 45522)
Sabina Jacobs (CA No. 274829)
GIBSON, DUNN & CRUTCHER LLP
333 South Grand Avenue
Los Angeles, CA 90071-1512
Telephone: (213) 229-7000
Facsimile: (213) 229-7520
rklyman@gibsondunn.com
mjwilliams@gibsondunn.com
jgraves@gibsondunn.com
sjacobs@gibsondunn.com

*Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

PROPOSED ORDER

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

-----	X	
In re:	:	Chapter 11
	:	
SPORTS AUTHORITY HOLDINGS, INC., <i>et al.</i> , ¹	:	Case No. 16-10527 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	
	:	
-----	X	

**ORDER APPROVING STIPULATION
BETWEEN DEBTORS AND TERM LOAN AGENT
REGARDING DEBTORS’ CONTINUED USE OF CASH COLLATERAL**

Upon consideration of the *Stipulation Between Debtors and Term Loan Agent Regarding Debtors’ Continued Use of Cash Collateral* (the “**Stipulation**”),² attached hereto as Exhibit 1; and after due deliberation; and sufficient cause appearing;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Stipulation is hereby **APPROVED**.
2. The Debtors are hereby authorized to continue to use the Cash Collateral subject in all respects to the terms and conditions set forth in the Stipulation, including, without limitation, compliance with the Approved Budget (as defined in the Stipulation).
3. This Order shall be effective immediately upon its entry. Any applicable stay (including, without limitation, under Bankruptcy Rule 6004(h)) is hereby waived and shall not apply to this Order.

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 Stipulation.

4. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and enforcement of this Order and the Stipulation.

Dated: July __, 2016
Wilmington, Delaware

MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

(Stipulation)

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

-----	X	
In re:	:	Chapter 11
	:	
SPORTS AUTHORITY HOLDINGS, INC., <i>et al.</i> , ³	:	Case No. 16-10527 (MFW)
	:	
Debtors.	:	Jointly Administered
	:	
	:	
-----	X	

**STIPULATION BETWEEN DEBTORS AND TERM LOAN AGENT
REGARDING DEBTORS’ CONTINUED USE OF CASH COLLATERAL**

Sports Authority Holdings, Inc., on behalf of itself and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the “*Debtors*”), and Wilmington Savings Fund Society, FSB, as successor administrative and collateral agent (the “*Prepetition Term Loan Agent*”) under that certain Amended and Restated Credit Agreement, dated as of November 16, 2010, by and among The Sports Authority, Inc., as borrower, Slap Shot Holdings Corp., TSA Stores, Inc., and TSA Gift Card, Inc., as guarantors, the Prepetition Term Loan Agent, and the lenders from time to time party thereto, hereby enter into this stipulation (the “*Stipulation*”) and agree as follows:

RECITALS

A. On March 2, 2016 (the “*Petition Date*”) the Debtors commenced voluntary bankruptcy cases (the “*Chapter 11 Cases*”) under chapter 11 of title 11 of the United States Code (as amended, the “*Bankruptcy Code*”) in the United States Bankruptcy Court for the District of Delaware (the “*Court*”). The Debtors continue to operate their business and manage their

³ 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

properties as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108. No trustee or examiner has been appointed in the Chapter 11 Cases.

B. On March 10, 2016, the Official Committee of Unsecured Creditors (the “*Committee*”) was appointed in the Chapter 11 Cases by the Office of the United States Trustee.

C. On the Petition Date, the Debtors filed the *Debtors’ Motion for Interim and Final Orders (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Granting Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Authorizing the Use of Cash Collateral and Providing Adequate Protection to Prepetition Secured Parties and Modifying the Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and Local Rule 4001-2* [Docket No. 20] (the “*DIP Financing Motion*”).

D. On March 3, 2016, the Court held the “first day” hearing on, among other things, the DIP Financing Motion. Thereafter, the Court entered its *Interim Order (I) Authorizing Debtors to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Granting Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Authorizing the Use of Cash Collateral and Providing Adequate Protection to Prepetition Secured Parties and Modifying the Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and Local Rule 4001-2* [Docket No. 157].

E. On April 26, 2016, the Court held the final hearing on the DIP Financing Motion. Thereafter, the Court entered its *Final Order (I) Authorizing Debtors to Obtain*

for the above-captioned Debtors is located at 1050 West Hampden Avenue, Englewood, Colorado 80110.

*Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Granting Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Authorizing the Use of Cash Collateral and Providing Adequate Protection to Prepetition Secured Parties and Modifying the Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, and 364; and (IV) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c) and Local Rule 4001-2 [Docket No. 1699] (the “**Final DIP Order**”).⁴*

F. Pursuant to the Final DIP Order, the Prepetition Term Loan Agent and Prepetition Term Loan Lenders were granted Adequate Protection Liens and Adequate Protection Superpriority Claims on the terms and subject to the conditions and limitations set forth in the Final DIP Order.

G. The Debtors anticipate paying in full in cash all DIP Obligations of the Debtors on or before July 15, 2016, upon which all DIP Commitments will be deemed irrevocably terminated.

H. Pursuant to Paragraph 33 of the Final DIP Order, the Debtors have requested that the Prepetition Term Loan Agent, the Prepetition Term Loan Lenders, the Prepetition ABL Agent, and the FILO Agent consent to the continued use of Cash Collateral.

I. The Prepetition Term Loan Agent and the Prepetition Term Loan Lenders have entered into that *Settlement Agreement*, dated as of July 12, 2016 (the “**Settlement Agreement**”), pursuant to which, among other things, the Prepetition Term Loan Agent, on its own behalf and on behalf of the Prepetition Term Loan Lenders, has agreed to consent to the continued use of Cash Collateral subject to the terms and conditions of the Settlement Agreement, if

⁴ Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Final DIP Order.

approved. On July 12, 2016, the Debtors filed a motion for approval of the Settlement Agreement [Docket No. 2484], and a hearing on the Debtors request for approval of the Settlement Agreement is scheduled for August 2, 2016 at 10:30 a.m. ET.

J. The Debtors require use of Cash Collateral from the date of termination of the DIP Obligations through the entry of an order approving the Settlement Agreement (e.g. through August 5, 2016), after which the use of Cash Collateral will be governed by the Settlement Agreement or further agreement of the Debtors and the Prepetition Term Loan Agent, or further order of the Court subject to notice to the Committee and an opportunity to object. The Prepetition Term Loan Agent and Prepetition Term Loan Lenders are willing to consent to such continued use of Cash Collateral, subject to the terms and conditions of this Stipulation.

K. Absent authority to use Cash Collateral the Debtors will not have sufficient available sources of working capital to preserve the value of their assets. The Debtors have an immediate need to obtain authorization to continue to use Cash Collateral in order to, among other things, continue the orderly liquidation of the Debtors' assets, and preserve and maximize the value of the assets of the Debtors' bankruptcy estates (as defined under section 541 of the Bankruptcy Code, the "*Chapter 11 Estates*") in order to maximize the recovery to all creditors of the Chapter 11 Estates.

L. The Debtors and the Prepetition Term Loan Agent and certain of the Prepetition Term Loan Lenders have agreed to a budget governing the Debtors' financial projections through August 5, 2016, which includes (i) individual line items for ongoing operating costs, professional fees, and other case administration costs for the Debtors and these Chapter 11 Cases, and (ii) the anticipated uses of Cash Collateral through August 5, 2016, in form and substance acceptable to the Prepetition Term Loan Agent and a majority in amount of the

Prepetition Term Loan Lenders (a copy of which is annexed hereto as Exhibit A; the “*Approved Budget*”), that the Debtors represent is achievable.

M. The Prepetition Term Loan Agent and Prepetition Term Loan Lenders are relying upon the Debtors’ compliance with the Approved Budget in providing their consent to the use of Cash Collateral in accordance with this Stipulation.

NOW, THEREFORE, in consideration of the mutual covenants contain herein, and other goods and valuable consideration, it is hereby stipulated and agreed by and between the Debtors and the Prepetition Term Loan Agent as follows:

1. **Continuing Effect of Final DIP Order.** Notwithstanding anything to the contrary contained in this Stipulation, except to the extent specifically set forth herein, the terms of the Final DIP Order shall remain in full force and effect (including but not limited to any obligation of the Debtors to pay or fund any fees, expenses or other amounts owed to the Prepetition ABL Agent, the Prepetition ABL Lenders, the Filo Agent, or the Prepetition FILO Lenders under the Final DIP Order, notwithstanding any Cash Collateral Termination Notice), and no provision thereof shall be, or be deemed to be, amended, modified, supplemented or waived by the entry into this Stipulation, any provision contained herein, or any Order approving the same, it being the intent of the Debtors, the Prepetition Term Loan Agent, the Prepetition ABL Agent, and the FILO Agent to enter into this Stipulation solely to permit the Debtors’ continued use of Cash Collateral through a hearing on the approval of the Settlement Agreement on the terms and conditions set forth herein on a prospective basis.

2. **Authorization for Continued Use of Cash Collateral.** Pursuant to the terms and conditions of this Stipulation, and in accordance with and as may be limited by the Approved Budget, the Debtors are authorized to use Cash Collateral during their Chapter 11 Cases

and terminating upon the occurrence of a Termination (as defined below). The Debtors shall be authorized to continue to use the Cash Collateral to pay their fees, costs, and expenses in the ordinary course, subject in all respects to the Approved Budget. As set forth below, the Debtors' right to use Cash Collateral as agreed to in this Stipulation shall terminate upon the earlier of the Termination Date (as defined below) or five (5) days following the service of a Cash Collateral Termination Notice (as defined below) after the occurrence of a Termination Event (as defined below).

3. **No Waiver of Rights under Section 507(b).** Nothing herein shall impair or modify the rights of the Prepetition Term Loan Agent or the Prepetition Term Loan Lenders, under the Final DIP Order, Bankruptcy Code Section 507(b), or otherwise, in the event that the Adequate Protection provided to the Prepetition Term Loan Agent and the Prepetition Term Loan Lenders under the Final DIP Order is insufficient to compensate for the Diminution in Value of the interest of the Prepetition Term Loan Agent or Prepetition Term Loan Lenders in the Prepetition Collateral (including, for the avoidance of doubt, as a result of the Debtors' continued use of Cash Collateral pursuant to this Stipulation) during the Chapter 11 Cases or any Successor Case.

4. **Effect of Settlement Agreement Effective Date.** Notwithstanding anything herein to the contrary, upon the Effective Date (as defined in the Settlement Agreement) (the "*Settlement Agreement Effective Date*"), the Debtors' use of Cash Collateral, and the Prepetition Term Loan Agent's and the Prepetition Term Loan Lenders' consent thereto, shall be governed by the Settlement Agreement, if approved, or further agreement of the Debtors and the Prepetition Term Loan Agent subject to notice to the Committee and an opportunity to object.

5. **Funding of the Carve Out Account.** In accordance with Paragraph 32 of the Final DIP Order, the Debtors have or shall fund the Carve Out Account (as defined in the Final

DIP Order), including but not limited to the Carve Out Cap (as defined in the Final DIP Order), pursuant to Paragraph 32 of the Final DIP Order. The fees, disbursements, costs and expenses of the Case Professionals shall be paid from the Carve Out Account to the extent authorized pursuant to the Final DIP Order, this Order subject to the Approved Budget, or any subsequent order of this Court. Nothing in this Stipulation or any order approving this Stipulation shall affect the validity, priority or enforceability of any and all rights, remedies, benefits and protections provided under the Final DIP Order to the Debtors or Case Professionals with respect to the funding of the Carve Out Account, or the payment of proceeds from the Carve Out Account pursuant to the Final DIP Order. Any Liens of the Prepetition Term Loan Agent and the Prepetition Term Loan Lenders against and right in or to the Carve Out Account (including but not limited to any Adequate Protection Liens and Allowed Prepetition Term Loan Agent Adequate Protection Superiority Claims) will attach to the funds on deposit in the Carve Out Account solely to the extent such funds are not required for the payment of Case Professionals pursuant to the Final DIP Order and Settlement Agreement.

6. **Termination of Cash Collateral Use.** The Debtors' right to use Cash Collateral pursuant to this Stipulation (and any Order approving this Stipulation) shall terminate upon the earliest to occur of (a) 5:00 p.m. (prevailing Eastern time) on August 5, 2016 (the "***Termination Date***"); and (b) any of the following (each, a "***Termination Event***") that has not been waived in writing by the Prepetition Term Loan Agent:

- (i) the use of Cash Collateral in a manner not authorized by this Stipulation and the Approved Budget, or the Debtors' failure to perform, in any material respect, any of the terms, conditions or covenants, or their obligations, under this Stipulation or the Final DIP Order (except to the extent that such terms, conditions or covenants of the Final DIP Order are specifically modified by this Stipulation), including, without limitation, the failure by the Debtors to comply with the Approved Budget as required herein;

- (ii) the failure of the Debtors to obtain entry of an interim order of the Court, in form and substance acceptable to the Prepetition Term Loan Agent, approving this Stipulation on or before July 15, 2016, which order shall not have been vacated, reversed, modified, amended, or stayed;
- (iii) the failure of the Debtors to obtain entry of a final order of the Court, in form and substance acceptable to the Prepetition Term Loan Agent, approving this Stipulation on or before August 2, 2016, which order shall not have been vacated, reversed, modified, amended, or stayed;
- (iv) the modification or termination of the exclusivity period for the Debtors to file a plan of reorganization or liquidation in the Chapter 11 Cases, or the filing of any plan of reorganization or liquidation by or on behalf of any Debtor to which each of the Prepetition Term Loan Agent and a majority in amount of the Prepetition Term Loan Lenders has not consented in writing;
- (v) the effective date of a chapter 11 plan in any of the Chapter 11 Cases that is confirmed pursuant to an order of the Bankruptcy Court;
- (vi) the entry of an order (a) dismissing any of the Chapter 11 Cases, (b) converting any Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, or (c) appointing a Chapter 11 trustee or examiner with expanded powers in any of the Chapter 11 Cases;
- (vii) any stay, reversal, vacatur, rescission, amendment, or other modification of the terms of this Stipulation, the interim or final order approving this Stipulation (as applicable) or the Final DIP Order that is not consented to in writing by the Prepetition Term Loan Agent and a majority in amount of the Prepetition Term Loan Lenders, each in their respective discretions;
- (viii) without the prior written consent of the Prepetition Term Loan Agent and a majority in amount of the Prepetition Term Loan Lenders, the granting by the Court of a motion for relief from the automatic stay in favor of any party, other than the Prepetition Term Loan Agent, with respect to any material portion of the Prepetition Collateral or DIP Collateral (including, without limitation, any Cash Collateral) exceeding a value in excess of \$250,000;
- (ix) without the prior written consent of the Prepetition Term Loan Agent and a majority in amount of the Prepetition Term Loan Lenders, the granting of a motion seeking to grant a third party a security interest or lien upon all or part of any property of the Debtors that has a priority that is senior to, or equal with, the Prepetition Term Loan Agent's Prepetition Liens or Adequate Protection Liens in all or any portion of such property;
- (x) the filing of a motion by any Debtor seeking, or the entry of an order in respect of any Debtor or any other party in interest permitting, recovery

from any portion of the Prepetition Collateral or the DIP Collateral (or from any of the Prepetition Term Loan Agent or Prepetition Term Loan Lenders directly) any costs or expenses of preserving or disposing of the Prepetition Collateral or DIP Collateral under Bankruptcy Code Section 506(c) (or otherwise);

- (xi) the commencement of any action by any Debtor or the Committee against the Prepetition Agents, DIP Agent, any Prepetition Lenders, or any DIP Lenders, except any action to enforce the terms of this Stipulation or the Settlement Agreement; or
- (xii) any representation or warranty made by the Debtors in any pleading, certificate, report, or financial statement delivered to the Prepetition Term Loan Agent in the Chapter 11 Cases proving to have been false in any material respect as of the time when made or given.

7. Upon the occurrence of a Termination Event, (i) the Debtors' right to use Cash Collateral shall cease upon (5) days' written notice (a "***Cash Collateral Termination Notice***") (which may be delivered by electronic mail) provided to the (a) the United States Trustee, (b) the Debtors and the Debtors' counsel, and (c) counsel for the Committee (collectively, the "***Carve Out Notice Parties***") by the Prepetition Term Loan Agent and/or a majority in amount of the Prepetition Term Loan Lenders; provided, however, that the Debtors' may continue to use Cash Collateral (i) to pay or fund those accrued and unpaid expenses that, if not paid, could under applicable law reasonably be expected to result in personal liability for the Debtors' directors or officers (which such expenses shall include but not be limited to sales taxes, trust fund taxes, or other employment-related taxes), (ii) as otherwise agreed to in writing by the Prepetition Term Loan Agent, and (iii) to pay or fund any fees, expenses or other amounts owed to the Prepetition ABL Agent, the Prepetition ABL Lenders, the Filo Agent, or the Prepetition FILO Lenders under the Final DIP Order, and the Debtors may transfer any such amounts to a separate account to be used in accordance with the Approved Budget and the Wind Down Budget. Notwithstanding anything herein to the contrary, the Prepetition Term Loan Agent does not consent to the use of its

Cash Collateral to fund the payment of any liabilities under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101-2109 or similar state or local law statutes (“WARN Act Liabilities”), including, without limitation any WARN Act Liabilities in respect of fiduciary liabilities of any person and personal liability for the Debtors' directors or officers, but shall negotiate in good faith with the Debtors, which also shall negotiate in good faith, regarding payment of WARN Act Liabilities up to a negotiated cap; provided, further, that the Debtors understand, acknowledge and agree that no provision of this Stipulation shall be construed as imposing on the Prepetition Term Loan Agent or any Prepetition Term Loan Lenders any requirement to fund WARN Act Liabilities if good faith negotiations do not produce an agreement between the Prepetition Term Loan Agent and the Debtors on or before August 2, 2016.

8. Following the giving of a Cash Collateral Termination Notice, the Debtors and the Committee shall be entitled to an emergency hearing before this Court, including for the purpose of contesting whether a Termination Event has occurred. If the Debtors or the Committee do not contest the occurrence of a Termination Event, or if the Debtors or the Committee do timely contest the occurrence of a Termination Event and unless this Court, after notice and hearing prior to the expiry of the five (5) day notice period, stays the enforcement thereof, the automatic stay set forth in Bankruptcy Code section 362, to the extent applicable, shall be deemed terminated without the necessity of any further action by the Court solely to the extent necessary to terminate the Debtors' use of Cash Collateral pursuant to this Stipulation.

9. The occurrence of the Termination Date or any Termination Event shall not affect the validity, priority or enforceability of any and all rights, remedies, benefits and protections provided to the Prepetition Term Loan Agent and Prepetition Term Loan Parties under this Stipulation or any Order approving this Stipulation, which rights, remedies, benefits and

protections shall survive such occurrence of the Termination Date or any Termination Event. Nothing in this Stipulation shall authorize the disposition of any assets of the Debtors or their Chapter 11 Estates outside the ordinary course of business, or any Debtor's use of Cash Collateral or other proceeds resulting therefrom, except as permitted in this Stipulation and in accordance with the Approved Budget or the Wind Down Budget (as applicable).

10. Nothing in this Stipulation shall alter the requirements under Paragraph 32 of the Final DIP Order requiring that, upon a DIP Maturity Event, so long as all DIP Obligations have been paid in full in cash, the Debtors are required to fund the Carve Out Account (as defined in the Final DIP Order) pursuant to Paragraph 32 of the Final DIP Order, including but not limited to the Carve Out Cap.

11. Upon the occurrence of the Termination Date or five (5) days after a Cash Collateral Termination Notice is provided following a Termination Event (in either case, a "**Termination**"), the Debtors shall transfer to the Carve Out Account an amount of Cash Collateral equal to the following:

- (i) all accrued and unpaid fees, disbursements, costs and expenses, incurred by the Case Professionals through the date on which a Termination first occurs (less any prepetition retainers received by such Case Professionals and not previously applied to fees and expenses), solely to the extent such fees and expenses are in compliance with the Approved Budget or the Wind Down Budget (as applicable),⁵ less any amounts on account of such fees, disbursements, costs and expenses that are already in the Carve Out Account pursuant to the Settlement Agreement; and
- (ii) all accrued and unpaid fees, disbursements, costs and expenses incurred by the Case Professionals from and after a Termination, to the extent allowed at any time by the Court, in an aggregate amount not to exceed \$250,000, which amount shall be reduced on a dollar-for-dollar basis by any payments

⁵ To the extent that a particular Case Professional is over budget during any measurement period, it shall be entitled to offset such budget overage with any amounts such Case Professional is under budget in prior or subsequent periods prior to a Termination.

of fees or expenses of the Case Professionals made after a Termination in respect of fees and expenses incurred after a Termination.

12. The Carve Out Account shall be available only to satisfy obligations benefitting from the Carve Out (as defined in the Final DIP Order), except that Paragraph 28(b) of the Final DIP Order shall be replaced by subparagraphs 11(i) and (ii) hereto. All funds on deposit in the Carve Out Account in excess of amounts necessary to pay the allowed fees of the Case Professionals, however funded and from whatever source derived, shall at all times continue to constitute Cash Collateral and shall continue to be subject to the liens and security interests of the Prepetition Term Loan Agent. Once the Carve Out Account has been funded as set forth herein, neither the Prepetition Term Loan Agent nor any of the Prepetition Term Loan Lenders shall have any further liability for or responsibility with respect to the Carve Out, including any application or disbursement of funds in the Carve Out Account.

13. For the avoidance of doubt, nothing in this Stipulation or the Approved Budget, including, without limitation, the inclusion of line items in the Approved Budget for Case Professionals, shall be construed as consent to the allowance of any particular professional fees or expenses of the Debtors, of any Committee, or of any other person, or shall affect the right of the Prepetition Term Loan Agent or the Prepetition Term Loan Lenders to object to the allowance and payment of any such fees and expenses. Further, the payment and allowance of the fees and expenses of the Prepetition Term Loan Agent, Prepetition Term Loan Lenders, the ABL Agent, and Filo Agent, and any objections thereto, are governed by the Final DIP Order.

14. **No Waiver of Remedies.** The delay in or the failure of the Prepetition Term Loan Agent or any of the Prepetition Term Loan Lenders to seek relief or otherwise exercise their rights and remedies shall not constitute a waiver of any of the Prepetition Term Loan Agents' or the Prepetition Term Loan Lenders' rights and remedies. Notwithstanding anything herein, the

entry of this Stipulation is without prejudice to, and does not constitute a waiver of, expressly or implicitly or otherwise impair the rights and remedies of the Prepetition Term Loan Agent or the Prepetition Term Loan Lenders under the Bankruptcy Code or under applicable non-bankruptcy law, including without limitation, the rights of the Prepetition Term Loan Agent to (i) request conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, dismissal of the Chapter 11 Cases, or the appointment of a trustee in the Chapter 11 Cases; (ii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a Plan; or (iii) subject to section 362 of the Bankruptcy Code, exercise any of the rights, claims, or privileges (whether legal, equitable, or otherwise) that the Prepetition Term Loan Agent may have.

15. **Binding Effect.** The provisions of this Stipulation shall be binding upon and inure to the benefit of the Prepetition Term Loan Agent and the Debtors, and each of their respective successors and assigns (including any trustee or other fiduciary hereinafter appointed as a legal representative of the Debtors or with respect to the property of the estates of the Debtors), whether in the Chapter 11 Cases, in any Successor Case, or upon dismissal of any of the Chapter 11 Case or any Successor Case.

16. **No Third Party Rights.** Except as explicitly provided for herein, this Stipulation does not create any rights for the benefit of any third party, creditor, equity holder, or any direct, indirect or incidental beneficiary, other than the Debtors, the Prepetition Term Loan Agent, and the Prepetition Term Loan Lenders.

[Signatures appear on following page.]

AGREED TO BY AND BETWEEN:

**WILMINGTON SAVINGS FUND SOCIETY, FSB,
AS TERM LOAN AGENT**

Robert J. Dehney (No. 3578)
Daniel B. Butz (No. 4227)
MORRIS, NICHOLS, ARSHT & TUNNELL LLP
1201 N. Market St., 16th Floor
P.O. Box 1347
Wilmington, DE 19899-1347
Telephone: 302-658-9200

Dated: July 14, 2016

/s/ Bennett S. Silverberg
Robert J. Stark
Bennett S. Silverberg
BROWN RUDNICK LLP
Seven Times Square
New York, NY 10036
Telephone: 212-209-4800
rstark@brownrudnick.com
bsilverberg@brownrudnick.com

Michael R. Nestor (No. 3526)
Andrew L. Magaziner (No. 5426)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600

Dated: July 14, 2016

/s/ Matthew J. Williams
Robert A. Klyman
Matthew J. Williams
GIBSON, DUNN & CRUTCHER LLP
333 South Grand Avenue
Los Angeles, CA 90071-1512
Telephone: (213) 229-7000
rklyman@gibsondunn.com
mjwilliams@gibsondunn.com

Exhibit A

Approved Budget

Cash Flow Budget

(\$ in 000's)

4-5-4 Month Week Ending Fiscal Week # Store Count Forecast/Actual	Jul 7/16/16 20 0 Forecast	Jul 7/23/16 21 0 Forecast	Jul 7/30/16 22 0 Forecast	Aug 8/6/16 23 0 Forecast
SALES ASSUMPTIONS				
1) Retail Store Sales Comp				
2) e-Commerce Sales Comp				
I. CASH FLOW				
Cash Receipts				
3) Sales Tax Receipts	2,722	2,833	2,777	-
4) e-Commerce	372	-	-	-
5) Other	-	4,500	-	-
6) Inventory Auction Proceeds	-	-	-	-
7) All Other Post-Sale Proceeds	-	16,476	2,800	19,600
8) Total Cash Receipts	3,093	23,809	5,577	19,600
Cash Disbursements				
<u>Operating</u>				
9) Merchandise Payments	-	-	-	-
10) PBS Escrow Funding	-	-	-	-
11) Payroll, Payroll Taxes, and Benefits	-	-	-	-
12) Rent and Occupancy	-	-	-	-
13) Utilities	(197)	(234)	(150)	-
14) Freight	(55)	(155)	(155)	(155)
15) Capital Expenditures	-	-	-	-
16) Sales Tax Payments	(13,581)	(2,805)	(6,705)	(4,017)
17) Other Operating Expenses	(250)	(365)	(250)	(250)
18) Total Operating Cash Disbursements	(14,083)	(3,559)	(7,260)	(4,422)
<u>Financing</u>				
19) Revolver Interest	-	-	-	-
20) DIP Interest	-	-	-	-
21) Other Interest and Fees	-	-	-	-
22) Principal Paydown	-	-	-	-
23) Lender DIP Fee	-	-	-	-
24) Professional Fees / Retainers	(22,608)	(995)	-	-
25) Total Financing Cash Disbursements	(22,608)	(995)	-	-
<u>Bankruptcy Related Payments</u>				
26) Wind Down Costs	(1,114)	(933)	(1,227)	(792)
27) Agency Fee on GOB	-	-	-	-
28) Net PBS Activity	366	144	656	(3,187)
29) Stub Rent [a]	-	-	-	-
30) 503(b)9	-	-	-	-
31) Gift Card Reimbursement	-	-	-	-
32) Total Bankruptcy Cash Disbursements	(749)	(788)	(571)	(3,979)
<u>Distributions to Creditors</u>				
33) Distributions to Term Loan Lenders	-	-	-	-
34) Distributions to UCC (excl 503(b)9)	-	-	-	-
Total Distributions to Creditors	-	-	-	-
35) Total Cash Disbursements	(37,440)	(5,342)	(7,831)	(8,401)
36) Liquidator Net Cash Payment Over (Under)	3,485	2,485	1,485	-
37) Net Cash Flow Before Borrowings	(30,862)	20,951	(770)	11,199
38) Starting Est. Consolidated Book Available Cash	56,815	15,953	36,904	36,135
39) Add: Net Cash Flow Before Borrowings	(30,862)	20,951	(770)	11,199
40) Add: Funding of New Money DIP	-	-	-	-
41) Revolver and FILO Principal Borrowings / (Paydowns)	(10,000)	-	-	-
42) Ending Est. Consolidated Book Available Cash	15,953	36,904	36,135	47,334
43) Add: Est. Outstanding Checks	10,766	4,515	6,822	4,917
44) Ending Est. Consolidated Bank Available Cash	26,719	41,420	42,957	52,251
45) Less: Estimated Liquidator cash incl. in consolidated cash	6,970	3,485	(0)	(0)
46) Ending Estimated SA Bank Available Cash	33,689	44,905	42,957	52,251

Notes:

[a] The Stub Rent Escrow Account will be proportionally funded and increased if/when landlords elect to participate in the proposed Stub Rent Settlement