

**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)

Objection Deadline: July 26, 2016 at 4:00 p.m. (ET)

Hearing Date: August 2, 2016 at 10:30 a.m. (ET)

**DEBTORS' MOTION FOR ORDER APPROVING
EXECUTIVE INCENTIVE PROGRAM**

The Sports Authority, Inc. (“**Sports Authority**”) and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) hereby file this motion (this “**Motion**”) for entry of an order (the “**Proposed Order**”), substantially the form attached hereto as Exhibit A, pursuant to sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), approving an executive incentive and retention program for certain of the Debtors’ senior executives, the details of which are included in the schedule attached hereto as Exhibit B (the “**Executive Incentive Program**”). As set forth in greater detail below, because the Term Loan Agent² is funding all payments that will be made under the Executive Incentive Program (the “**Executive Incentive Program Payments**”), the Debtors are filing this Motion solely out of an abundance of caution and in the interest of full disclosure.

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 “Term Loan Agent” means Wilmington Savings Fund Society, FSB, in its capacity as administrative and collateral 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., as Holdings, the Term Loan Agent, and the lenders from time to time party thereto.

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 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) and 363(b) of the Bankruptcy Code.

INTRODUCTION

2. On March 2, 2016 (the “**Petition Date**”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”). Pursuant to sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are continuing to manage their financial affairs as debtors in possession. No trustee or examiner has been appointed in the Chapter 11 Cases. On March 10, 2016, the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**Committee**”).

3. 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 is set forth in the *Declaration of Jeremy Aguilar in*

Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief [Docket No. 22], which was filed on the Petition Date.

FACTS SPECIFIC TO THE RELIEF REQUESTED

4. On the Petition Date, the Debtors filed the *Debtors' Motion, Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, Fed. R. Bankr. P. 2002, 6003, 6004, 6006, 9007, 9008 and 9014 and Del. Bankr. L.R. 2002-1, 6004-1 and 9006-1, for Entry of (A) an Order (I) Approving Bid Procedures in Connection with the Sale of Substantially All of the Debtors' Assets, (II) Scheduling an Auction for and Hearing to Approve Sale of Assets, (III) Approving Notice of Respective Date, Time and Place for Auction and for Hearing on Approval of Sale, (IV) Approving Procedures for the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, (V) Approving Form and Manner of Notice Thereof, and (VI) Granting Related Relief; and (B) an Order Authorizing and Approving (I) the Sale of Substantially All of the Debtors' Assets Free and Clear of Liens, Claims, Rights, Encumbrances, and Other Interests, (II) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (III) Related Relief* [Docket No. 106] (the "**Sale Motion**").

5. On April 14, 2016, in connection with the Sale Motion, the Court entered an order [Docket No. 1186] (the "**Procedures Order**") approving, among other things, the Main Auction Bid Procedures and the Closing Store Lease Bid Procedures.³ In conjunction therewith, the Debtors scheduled the Main Auction to be held on May 16, 2016, and the Closing Store Lease Auction (together with the Main Auction, the "**Auctions**") to be held on May 4, 2016.⁴

6. Leading up to the Auctions, the Debtors solicited interest in substantially all of their assets, including their leasehold interests in nonresidential real property and their

³ Capitalized terms used in this sentence have the meanings ascribed to such terms in the Procedures Order.

⁴ The Closing Store Lease Auction was ultimately adjourned to May 16, 2016 [Docket No. 1691].

inventory and FF&E (such inventory and FF&E, the “**Retail Inventory**”). Unfortunately, the Debtors did not receive any going concern bids for their assets on an enterprise level, and at the conclusion of the Auctions, the Debtors accepted the bid submitted by a contractual joint venture composed of (i) Gordon Brothers Retail Partners, LLC, (ii) Hilco Merchant Resources, LLC, and (iii) Tiger Capital Group LLC (collectively, the “**Agent**”) for their Retail Inventory. In addition, the Debtors entered into numerous assignment agreements and lease termination agreements disposing of valuable leasehold interests, which generated significant proceeds for the estates.

7. On May 24, 2016, the Court entered that certain *Order Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, Approving Sale of Debtors’ Assets and Granting Related Relief* [Docket No. 2081] (the “**Sale Order**”) approving the agency agreement entered into by and between the Agent and the Debtors. Consistent with the relief granted thereby, the Agent will conduct “going out of business” sales at the Debtors’ remaining store locations through August 31, 2016 (or later, as provided under the Sale Order) to liquidate substantially all of the Debtors’ remaining Retail Inventory.

8. While the Agent was selling the Retail Inventory, the Debtors continued to market their current portfolio of leasehold interests in various unexpired leases of nonresidential real property (collectively, the “**Remaining Leases**”) and other valuable assets such as their intellectual property. In connection therewith, the Main Auction was adjourned to June 29, 2016, and a sale hearing on the Remaining Leases and other miscellaneous assets is scheduled to proceed on July 15, 2016 [Docket No. 1953].

9. Due to the challenges posed by the liquidation process, both in terms of logistics and employee morale, the Debtors, in consultation with the Term Loan Agent, designed the Executive Incentive Program with the goals of preserving and maximizing the value of the

Debtors' assets for the benefit of their estates, and incentivizing the Executive Incentive Program Participants to create value for creditors. The Debtors have identified four senior executives (the "**Executive Incentive Program Participants**") whose institutional knowledge and skills are essential to maximizing the value of the Debtors' estates during the Chapter 11 Cases. In addition, the Debtors will reserve a certain percentage of the Executive Incentive Program Payment pool to be awarded, in the sole discretion of the Wind-Down Committee of the Debtors' Board of Directors, to those executives whose contributions to the liquidation and wind-down process are determined to be exceptional and at a level that exceeded expectations. The current Executive Incentive Program Participants are identified on Exhibit B.⁵ In addition to maintaining most of their normal responsibilities related to the Debtors' operations and retail activity, the Executive Incentive Program Participants already have, and will continue to, assume significantly greater responsibilities as a result of the liquidation process and the Chapter 11 Cases. The Executive Incentive Program Payments are in addition to any payments previously made by the Debtors to the Executive Incentive Program Participants.

10. The Debtors have negotiated the terms of the Executive Incentive Program with the Term Loan Agent. The Term Loan Agent supports the Executive Incentive Program and has agreed to fund all Executive Incentive Program Payments in cash. Accordingly, approval of the Executive Incentive Program will not result in the disbursement of any estate funds or funds that would otherwise be available for distribution to the estates' other creditors. Nonetheless, the Debtors now seek the relief requested herein out of an abundance of caution, and at the request of the Term Loan Agent, so that, among other things, all parties in interest are

⁵ To protect the privacy of the Executive Incentive Program Participants and minimize detrimental impacts on employee morale, the names of the Executive Incentive Program Participants and target bonuses will only be provided to the Court, the U.S. Trustee, the Debtors' prepetition and post-petition secured lenders, and the Committee. The Debtors have contemporaneously filed herewith a motion requesting the Court's authorization to file an unredacted copy of the Executive Incentive Program under seal.

provided notice that the Executive Incentive Program has been established and will be implemented.

11. The Debtors believe that the Executive Incentive Program is appropriately designed to incentivize the Executive Incentive Program Participants to continue their substantial efforts in assisting with the facilitation of the liquidation process, the administration of the Chapter 11 Cases, and the wind-down of the Debtors' operations. Moreover, the Executive Incentive Program has been tailored to be a catalyst for the Executive Incentive Program Participants and compensate them for the additional (and time consuming) responsibilities that they have undertaken and will continue to undertake in connection with the liquidation process and Chapter 11 Cases.

12. The Debtors respectfully submit that granting the relief requested herein and approving the Executive Incentive Program is necessary to maximize the value of the Debtors' estates and is appropriate under the circumstances.

DESCRIPTION OF THE EXECUTIVE INCENTIVE PROGRAM⁶

13. Executive Incentive Program Payments will be based upon three components: (i) a fixed component dependent upon the Executive Incentive Program Participants remaining employed with the Debtors through certain agreed upon dates; (ii) a variable component dependent upon inventory shrinkage levels (up to the aggregate maximum amount payable to all Executive Incentive Program Participants of \$1.5 million); and (iii) a variable component dependent upon controllable wind-down costs (subject to the schedule and percentages set forth in the Executive Incentive Program). As described in greater detail below, the Debtors submit that none of the components of the Executive Incentive Program should be

⁶ The following is a summary of the Executive Incentive Program. In the event of a discrepancy between this summary and the Executive Incentive Program, the Executive Incentive Program shall control.

evaluated under section 503(c) of the Bankruptcy Code since the Term Loan Agent has agreed to fund the Executive Incentive Program Payments directly.

14. The minimum aggregate amount of Executive Incentive Program Payments will be \$875,000, and the maximum aggregate amount of Executive Incentive Program Payments will be approximately \$2,825,000. Executive Incentive Program Payments will be forfeited if an Executive Incentive Program Participant resigns voluntarily or is terminated for cause prior to any Payment Date (as set forth in Exhibit B). Finally, in order to be eligible for participation in the Executive Incentive Program, Executive Incentive Program Participants must continue to provide the services required of their existing positions with the Debtors, fully support the liquidation process and Chapter 11 Cases, and execute a release of claims substantially in the form attached hereto as Exhibit C.⁷

RELIEF REQUESTED

15. By this Motion, the Debtors request entry of an order pursuant to sections 105(a) and 363(b) of the Bankruptcy Code that approves the Executive Incentive Program.

BASIS FOR RELIEF REQUESTED

16. A company's decision to file for chapter 11 necessarily creates difficulties for its employees and can lead to low morale and low productivity. Unfortunately, these negative consequences affect a debtor's ability to maximize the value of their assets and achieve the highest possible value for their stakeholders. For this reason, bankruptcy courts have long authorized thoughtful incentive programs designed to reduce disruption while improving morale and incentivizing job performance.

17. The Debtors' primary goal for the Chapter 11 Cases is to maximize the value of their assets. This goal, which if achieved will benefit the Debtors' creditors, cannot be

⁷ The Debtors will file the form release no later than seven days prior to the hearing on the Motion.

met without the support of the Executive Incentive Program Participants. Every one of the Executive Incentive Program Participants confronts the loss of employment in the near future; therefore, it is crucial that the Executive Incentive Program Participants be incentivized to remain with Debtors until such time as they are no longer needed, and, to deliver their best performance throughout the duration of their employment with the Debtors. The Executive Incentive Program Participants are highly skilled, and their skill and institutional knowledge is critical to the Debtors' efforts during the Chapter 11 Cases. Therefore, implementation of the Executive Incentive Program is necessary to incentivize the Executive Incentive Program Participants to maximize the value of the Debtors' estates through the Chapter 11 Cases.

A. Sufficient Business Justification Exists to Authorize the Debtors to Take Such Corporate Actions that are Desirable or Necessary to Implement the Executive Incentive Program.

18. Pursuant to section 105(a) of the Bankruptcy Code, a “[c]ourt may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a). Section 363(b) of the Bankruptcy Code provides that a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b). Although section 363(b) does not specify a standard for determining when it is appropriate for a court to authorize the use, sale or lease of property of the estate, courts have required that such use, sale or lease be based upon the sound business judgment of the debtor. *See, e.g., Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996) (internal citation omitted); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070–71 (2d Cir. 1983); *In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143, 147–48 (3d Cir. 1986) (implicitly adopting the “sound business judgment” test of *In re Lionel Corp.*); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169, 175–76 (D. Del. 1991) (holding that the Third Circuit adopted the “sound business judgment” test in *Abbotts Dairies*); *Dai-Ichi*

Kangyo Bank, Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.), 242 B.R. 147, 153 (D. Del. 1999) (same).

19. The demonstration of a valid business justification by the debtor leads to a strong presumption “that in making [the] business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company.” *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkom*, 488 A.2d 858, 872 (Del. 1985)).

20. Because the Executive Incentive Program Payments are being funded directly by the Term Loan Agent, and not with assets of the estates or assets that would otherwise be available for distribution to the Debtors’ other creditors, these payments are not subject to section 363 of the Bankruptcy Code. However, to the extent that the Debtors need to take corporate action to approve and facilitate the implementation of the Executive Incentive Program, the actions by the Debtors could be considered a use of estate property outside of the ordinary course of business. Accordingly, out of an abundance of caution and in the interest of full disclosure, the Debtors seek entry of the Proposed Order.

21. To the extent section 363(b) of the Bankruptcy Code is implicated, the Debtors believe that their sound business purpose for the implementation of the Executive Incentive Program is apparent. Indeed, as discussed throughout this Motion, the Executive Incentive Program is necessary to the preservation and maximization of the value of the estates for all stakeholders. *See In re Global Home Prods. LLC*, 369 B.R. 778, 784 (Bankr. D. Del. 2007) (“The reasonable use of incentives and performance bonuses are considered the proper exercise of a debtor’s business judgment.” (internal citation omitted)); *see also In re IPC Int’l*

Corp., No. 13-12050 (MFW) (Bankr. D. Del. Sept. 3, 2013) [Docket No. 144] (approving debtors' key employee incentive plan); *In re Synagro Techs., Inc.*, No. 13-11041 (BLS) (Bankr. D. Del. May 13, 2013) [Docket No. 132] (same); *In re Prommis Holdings*, No. 13-10551 (BLS) (Bankr. D. Del. Apr. 17, 2013) [Docket No. 174] (same); *In re DDMG Estate (f/k/a Digital Domain Media Grp., Inc.)*, No. 12-12568 (BLS) (Bankr. D. Del. Oct. 22, 2012) [Docket No. 319] (same); *In re Local Insight Media Holdings, Inc.*, No. 10-13677 (KG) (Bankr. D. Del. Mar. 29, 2011) [Docket No. 462] (same).

B. Section 503(c) of the Bankruptcy Code is Inapplicable to the Relief Requested.

22. Section 503(c) of the Bankruptcy Code applies to “Administrative Expenses of the Estate.”⁸ Here, assets of the estates or assets that would otherwise be available for distribution to the Debtors' other creditors are not being used to fund the Executive Incentive Program Payments. Rather, the Term Loan Agent has agreed to make the Executive Incentive Program Payments from its own funds in an effort to maximize estate value. These payments will not be allowed administrative expenses to be paid from the Debtors' estates, nor will the Term Loan Agent seek reimbursement from the estates for payment of the Executive Incentive Program Payments.

23. Section 503(c) was enacted to “limit a debtor's ability to favor powerful insiders economically and at estate expense during a chapter 11 case.” *In re Pilgrim's Pride Corp., et al.*, 401 B.R. 229, 234 (Bankr. N.D. Tex. 2009). These concerns do not arise here because the Executive Incentive Program Payments create no expense to the estates or diminution to the creditor body. The financial burden rests solely on the Term Loan Agent.

⁸ Section 503(c) covers three types of insider transfers made by a debtor: (1) a transfer made to, or an obligation incurred for the benefit of, an insider of the debtor for the purpose of inducing such person to remain with the debtor's business; (2) a severance payment to an insider of the debtor; (3) other transfers or obligations that are outside the ordinary course of business and not justified by the facts and circumstances of the case, including transfers made to, or obligations incurred for the benefit of, officers, managers, or consultants hired after the date of the filing of the petition.

24. Accordingly, the Debtors submit that application of section 503(c) is inappropriate because the Executive Incentive Program Payments are not administrative expenses and will not otherwise deplete the Debtors' estates at the expense of the Debtors' other creditors. The Executive Incentive Program Payments should not be disallowed or prohibited under section 503(c). *See, e.g., Official Comm. of Unsecured Creditors v. Airway Indus. (In re Airway Indus.)*, 354 B.R. 82, 87 (Bankr. W.D. Pa. 2006) (finding section 503(c) inapplicable where, among other things, a bonus plan was funded with non-estate assets and had no effect on creditor recoveries); *accord In re Journal Register Co.*, 407 B.R. 520, 536-537 (Bankr. S.D.N.Y. 2009).

NOTICE

25. Notice of this Motion has been provided to: (a) the U.S. Trustee; (b) 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' postpetition financing facility; (c) 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; (d) 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' postpetition financing facility; (e) 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; (f) all holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (g) counsel to the Committee; and (h) all parties that have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that, in light of the nature of the relief requested, no other notice need be given.

CONCLUSION

WHEREFORE, the Debtors request that this Court enter the Proposed Order approving the Executive Incentive Program and granting such other and further relief as the Court deems just and necessary.

Dated: July 12, 2016
Wilmington, Delaware

/s/ Kenneth J. Enos
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Kenneth J. Enos (No. 4544)
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Counsel to the Debtors

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

In re:

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

Debtors.

Chapter 11

Case No. 16-10527 (MFW)

(Jointly Administered)

Hearing Date: August 2, 2016 at 10:30 a.m. (ET)

Objection Deadline: July 26, 2016 at 4:00 p.m. (ET)

NOTICE OF MOTION

TO: (A) THE U.S. TRUSTEE; (B) PACHULSKI STANG ZIEHL & JONES LLP, 919 NORTH MARKET ST., 17TH FLOOR, WILMINGTON, DE 19801 (ATTN: BRADFORD J. SANDLER AND COLIN ROBINSON), COUNSEL FOR THE COMMITTEE; (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' 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' 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

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.

PURCHASE AGREEMENT, DATED AS OF MAY 3, 2006; AND (H) 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’ Motion for Order Approving Executive Incentive Program** (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 **July 26, 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 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 **AUGUST 2, 2016 AT 10:30 A.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: July 12, 2016
Wilmington, Delaware

/s/ Kenneth J. Enos
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Kenneth J. Enos (No. 4544)
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*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 APPROVING EXECUTIVE INCENTIVE PROGRAM

Upon consideration of the motion (the “**Motion**”)² of the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532, approving the establishment of an incentive and retention program (the “**Executive Incentive Program**”) for certain of the Debtors’ senior executives; and due and sufficient notice of the Motion having been given; and it appearing that the relief requested by the Motion is in the best interest of the Debtors, their estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefore; it is hereby

ORDERED, ADJUDGED, AND DECREED that:

1. The Motion is GRANTED to the extent set forth herein.
2. The Executive Incentive Program and all payments pursuant thereto are approved on the terms described in the Motion.
3. The Term Loan Agent is authorized and directed to fund the Executive Incentive Program Payments in accordance with the terms of the Executive Incentive Program.

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 Capitalized terms not defined herein shall have the meanings provided to them in the Motion.

4. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Executive Incentive Program.

5. The authorization granted hereby to implement the Executive Incentive Program shall not create any obligation on the part of the Debtors or their officers, directors, attorneys or agents and none of the foregoing persons shall have any liability on account of any decision by the Debtors not to honor the Executive Incentive Program.

6. The Term Loan Agent and the Term Lenders shall not be considered employers of the Executive Incentive Program Participants for any purpose under federal, state or other applicable law.

7. The Term Loan Agent and the Term Lenders shall not be responsible for collecting or withholding any taxes, remitting any taxes or fees, or reporting any income, in each case with respect to the Executive Incentive Program Payments; such obligations shall be the sole responsibility of the Executive Incentive Program Participants or the Debtors, as applicable.

8. This Court shall retain jurisdiction over the parties for the purpose of enforcing the terms and provisions of this Order.

Dated: Wilmington, Delaware
_____, 2016

Mary F. Walrath
United States Bankruptcy Judge

EXHIBIT B

Executive Incentive Program

[Filed Under Seal]

Exhibit C

Release

[To Be Filed]