

**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-____ (____)

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(A) ESTABLISHING NOTICE AND OBJECTION PROCEDURES FOR
TRANSFERS OF EQUITY SECURITIES AND CLAIMS OF WORTHLESS STOCK
DEDUCTIONS; AND (B) ESTABLISHING A
RECORD DATE FOR NOTICE AND SELL-DOWN PROCEDURES
FOR TRADING IN CLAIMS AGAINST THE DEBTORS' ESTATES**

Sports Authority Holdings, Inc. ("Sports Authority") and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors") hereby move this Court (this "Motion") for entry of interim and final orders, substantially in the form attached hereto as Exhibit A (the "Interim Order" and upon becoming final, the "Final Order"), pursuant to sections 105(a), 362, and 541 of title 11 of the United States Code, (the "Bankruptcy Code") and Rule 3001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") (a) establishing notice and objection procedures regarding certain transfers of beneficial interests in equity securities in Sports Authority ("Equity Securities") and claims of worthless stock deductions with respect to the Equity Securities; (b) establishing a record date (the "Record Date") for notice and potential sell-down procedures for trading in claims against the Debtors ("Claims"); and (c) granting certain related relief. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Jeremy Aguilar in Support of the Debtors'*

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.

Chapter 11 Petitions and Requests for First Day Relief (the “First Day Declaration”), which was filed concurrently herewith. In further support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the Amended Standing Order of Reference of the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b) and pursuant to Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested herein are sections 105(a), 362, and 541 of the Bankruptcy Code.

BACKGROUND

A. General Background

2. On the date hereof (the “Petition Date”), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code 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.

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

4. Information regarding the Debtors’ history and business operations, capital structure and primary secured indebtedness, and the events leading up to the commencement of these Chapter 11 Cases can be found in the First Day Declaration.

B. The Debtors’ Net Operating Losses

5. Sports Authority is a privately held corporation. As of the Petition Date, there were approximately 42.7 million shares of Sports Authority common stock outstanding. In addition, the Debtors have approximately \$1.1 billion in outstanding funded debt.

6. The Debtors have experienced years of losses from the operation of their business. As a result, the Debtors estimate that their federal income tax net operating losses (“NOLs”) were approximately \$204.7 million as of the end of tax year 2014, plus a preliminarily estimated additional \$150 million for 2015.² These NOLs could translate into future reductions of the Debtors’ federal income tax liabilities of approximately \$124 million based on a corporate federal income tax rate of 35%. These tax savings could substantially enhance the Debtors’ cash position for the benefit of parties in interest and contribute to the Debtors’ efforts to maximize value for all creditors.

7. As described more fully below, the Debtors may lose the ability to utilize their NOLs if they experience an “ownership change” for federal income tax purposes under Section 382 of the IRC (as defined below). To prevent this potential loss of estate property, the Debtors

² The NOLs consist of losses generated in individual tax years, each of which can be “carried forward” for up to 20 subsequent tax years to offset the Debtors’ future taxable income, thereby reducing future aggregate tax obligations. *See* 26 U.S.C. § 172.

request Court approval of the procedures detailed herein to govern the transfers of Equity Securities and the claiming of worthless stock deductions with respect thereto during the pendency of these Chapter 11 Cases. In addition, the Debtors may ultimately need to seek an order (a “Sell-Down Order”) in connection with a plan of reorganization or qualifying asset sale with respect to trading in Claims to protect and preserve the value of the NOLs, and this Motion is designed to provide advance notice of such possibility.

C. Potential Limitations on the Use of the Debtors’ NOLs

8. Section 172 of the Internal Revenue Code of 1986 (as amended, the “IRC”) permits corporate taxpayers to use NOLs in years following the years in which they were incurred, including years after they have experienced an ownership change.

(i) Limitations on the Debtors’ Ability to Use Their NOLs

9. The Debtors’ ability to use their NOLs and certain other losses, is subject to certain statutory limitations. Section 382 of the IRC limits the ability of a corporation to use its NOLs if an “ownership change” occurs. Generally, an “ownership change” occurs if the percentage (by value) of the stock of the corporation owned by one or more 5% shareholders has increased by more than 50 percentage points over the lowest percentage of stock owned by such shareholders at any time during the relevant testing period, which is usually three years.³ For example, an ownership change would occur in the following situation:

Three individuals (“A,” “B” and “C”) each own 20% of the stock of corporation X (“X”). Each sells 15% to another individual (“D”), who has recently acquired 7%. Under section 382 of the IRC, an ownership change has occurred because D

³ In general, under section 382(g)(4)(A) of the IRC, all shareholders who individually hold less than 5% of the stock of a company are deemed to be a single 5% shareholder throughout the three-year testing period, and transfers between such shareholders are disregarded for purposes of determining whether an ownership change has occurred. Accordingly, the Debtors do not seek to impose the requested notice and objection procedures on Transfers among shareholders holding less than 4.5% of Sports Authority stock, provided that such shareholders do not have an intent to accumulate a 5% or greater block of stock or add or sell shares to or from such block.

both became a 5% shareholder and increased his ownership in X by more than 50 percentage points (from 0% to 52%) during the testing period.

10. When an ownership change occurs, section 382 of the IRC limits the amount of future taxable income that a company can offset by its “pre-change losses” in any taxable year (or a portion thereof) generally to an annual amount equal to (a) the value of its stock prior to the ownership change, multiplied by (b) the long-term, tax-exempt interest rate. *See* IRC § 382(b).⁴ For distressed companies especially, this limitation could severely restrict the use of NOLs because the value of their stock may be quite low. For example, if a hypothetical company were to become distressed, such that its equity value was \$2 million, and undergo an ownership change when its equity value was at this depressed level, the annual limitation on the company’s use of its NOLs resulting from that ownership change would be \$53,000 (based on a 2.65% long-term, tax-exempt rate that would apply under section 382 of the IRC for an ownership change occurring in January 2016). In other words, the company would be able to utilize only \$53,600 of its NOLs in each post-change tax year because the ownership change occurred when the company’s stock value was low. Taxable income in excess of this amount would be taxable to the company at the federal rate of 35%.

11. Thus, if left unrestricted, transfers of Equity Securities during the pendency of these Chapter 11 Cases could severely limit the Debtors’ ability to utilize their NOLs, and could have significant negative consequences for the Debtors, their estates and their efforts to maximize value for creditors. Specifically, transfers of Equity Securities could adversely affect the Debtors’ NOLs if (a) too many 5% or greater blocks of Equity Securities are created, or (b) too many Equity Securities are added to or sold from such blocks, such that, together with

⁴ While there are potential additions to the loss utilization limit based on recognized built-in gains and certain hypothetical goodwill calculations, those additions are very fact-specific and depend in large part on the tax bases and the values of the tangible and intangible assets of the debtor immediately before the ownership change.

previous transfers by or to 5% shareholders during the preceding three year period, an ownership change within the meaning of section 382 of the IRC has occurred.

12. Furthermore, claiming worthless stock deductions could also result in a change of ownership. Under section 382(g)(4)(D) of the IRC, equity holders that own or have owned 50% or more of the Equity Securities and that take a worthless stock deduction are treated as though they disposed of their Equity Securities. It is therefore essential that holders of Equity Securities defer claiming such worthless stock deduction until after the Debtors have emerged from bankruptcy.

(ii) Ownership Change in the Context of a Qualifying Bankruptcy Event

13. The limitations imposed by section 382 of the IRC are significantly relaxed if an ownership change occurs pursuant to a confirmed chapter 11 plan or qualifying asset sale. Under section 382(l)(5) of the IRC, a corporation is not subject to the limitations imposed by section 382 of the IRC if (a) the ownership change resulted from consummation of a chapter 11 plan or qualifying asset sale and (b) pursuant to the plan or qualifying asset sale, the debtor's pre-change-in-ownership shareholders (*i.e.*, persons or entities who owned the debtor's stock immediately before the relevant ownership change) and/or "Qualified Creditors" emerge from the reorganization owning at least 50% of the total value and voting power of the debtor's stock immediately after the ownership change (the "Section 382(l)(5) Exception").

14. Under section 382(1)(5)(E) of the IRC and the regulations promulgated thereunder, a creditor whose claim is exchanged for stock of the debtor under a plan of reorganization or pursuant to a qualifying sale is a "Qualified Creditor" for section 382 purposes if such claim either (a) has been owned by such creditor for 18 or more months prior to the date of filing of the bankruptcy petition, or (b) arose in the ordinary course of the debtor's business

and was at all times beneficially owned by such creditor. Creditors may also be “qualified,” despite not satisfying the continuous ownership requirements under either (a) or (b) of the preceding sentence, if they meet the criteria set forth in the De Minimis Rule described (and defined) below.

15. For purposes of the Section 382(1)(5) Exception, under Treasury Regulation § 1.382-9(d)(3) (the “De Minimis Rule”), a debtor generally may “treat indebtedness as always having been owned by the beneficial owner of the indebtedness immediately before the ownership change if the beneficial owner is not, immediately after the ownership change, either a 5-percent shareholder or an entity through which a 5-percent shareholder owns an indirect ownership interest” in the debtor. Such a claimholder will generally be a Qualified Creditor under the Section 382(1)(5) Exception unless the particular claim(s) that it holds both (a) did not arise in the ordinary course of the issuing debtor’s business and (b) was not in existence 18 months prior to the filing of the bankruptcy petition.

16. Alternatively, where an ownership change results from the consummation of a chapter 11 plan or qualifying asset sale but the requirements for the Section 382(1)(5) Exception are *not* met, section 382(b) of the IRC would limit the amount of taxable income that a debtor could offset with an NOL.

17. Where the requirements for the Section 382(1)(5) Exception are not met, the section 382 limitation is calculated using the special rule of section 382(1)(6) of the IRC. That rule provides that the value of the debtor, for purposes of calculating the section 382 limitation, generally must reflect any increase in value resulting from any surrender or cancellation of creditors’ claims, as well as any new investments, pursuant to the plan. As a result, assuming the debtor’s value increases as a result of its chapter 11 plan or qualifying asset sale, the amount of

taxable income that can be offset will still be limited— although not by as much as if the ownership change occurred outside the context of a confirmed chapter 11 plan or approved asset sale.

18. Therefore, to protect the Debtors’ ability to maximize the use of their NOLs, the Debtors may need to seek entry of a Sell-Down Order allowing them to (a) determine whether the Debtors, as reorganized, will qualify for and benefit from the Section 382(l)(5) Exception, and (b) require certain persons or entities that have acquired Claims during these Chapter 11 Cases in an amount that would entitle such claimholders to receive more than 4.5% of the equity of the Debtors, as reorganized (collectively, the “Substantial Claimholders”), to sell down their claims to the extent necessary to allow the Debtors, as reorganized, to qualify for the Section 382(l)(5) Exception (the “Sell-Down Procedures”).⁵

D. The Proposed Equity Transfer Procedures

19. By establishing procedures for monitoring the transfer of Equity Securities, the Debtors can preserve their ability to seek the necessary relief at the appropriate time if it appears that transfers of Equity Securities may jeopardize the Debtors’ ability to benefit from their NOLs. Therefore, the Debtors propose the following notice and objection procedures for holding and transferring Equity Securities (the “Equity Transfer Procedures”):

- i. Certain Defined Terms. For purposes of this Motion and the Interim Order and Final Order: (A) a “Substantial Equityholder” is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the 42.7 million issued and outstanding shares)⁶ of Sports Authority; (B) “beneficial ownership” of Equity Securities shall be determined in accordance with applicable rules under section 382 of the IRC and the regulations promulgated thereunder and shall include (i) direct and indirect ownership, (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts

⁵ A summary of the potential Sell-Down Procedures is provided in paragraphs 26 through 28 below.

⁶ To allow for a prudent margin of error and in a good faith effort to avoid underestimating the threshold, the Debtors have calculated the threshold using 4.5% instead of 5%.

and other related entities and persons, (iii) ownership by such holder's family members, (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock and (v) ownership of options to acquire stock, which include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (C) a "Transfer" means any transfer, within the meaning of section 382 of the IRC and the regulations promulgated thereunder, of Equity Securities to the extent described in paragraph 19(iii) below (Stock Acquisition Notice) and/or paragraph 19(iv) below (Stock Disposition Notice).

- ii. Notice of Substantial Equityholder Status. Any person or entity who currently is or becomes a Substantial Equityholder shall (A) file with the Court and (B) serve upon proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor), a notice of such status, in the form attached as Exhibit 2 to the Interim Order (a "Notice of Substantial Equityholder Status"), on or before the later of (i) 14 days after entry of the Interim Order or (ii) 14 days after becoming a Substantial Equityholder.
- iii. Stock Acquisition Notice. At least 28 days prior to any transfer of Equity Securities that would result in an increase in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity becoming a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel the Debtors (at the addresses set forth in paragraph 19(ii) above), advance written notice of the intended transfer of Equity Securities, in the form attached as Exhibit 3 to the Interim Order (a "Stock Acquisition Notice").
- iv. Stock Disposition Notice. Prior to any transfer of Equity Securities that would result in a decrease in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 19(ii) above), advance written notice of the intended transfer of Equity Securities, in the form attached as Exhibit 4 to the Interim Order (a "Stock Disposition Notice").
- (v) Worthless Stock Deduction Notice. At least 28 days prior to claiming any deduction for worthless stock that that would result in a decrease in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 19(ii) above), advance written notice of the intended worthless

stock deduction, in the form attached as Exhibit 5 to the Interim Order (a "Worthless Stock Deduction Notice").

- vi. Objection Procedures. The Debtors shall have 21 days after receipt of a Stock Acquisition Notice, a Stock Disposition Notice, or a Worthless Stock Deduction Notice (each, a "Transfer Notice") to file with the Court and serve on the party filing the Transfer Notice an objection to the proposed Transfer or worthless stock deduction on the grounds that such Transfer or deduction may adversely affect the Debtors' ability to utilize their NOLs. If the Debtors file an objection, the proposed Transfer or deduction will not be effective unless and until approved by a final and non-appealable order of this Court. If the Debtors do not object within such 21-day period, the Transfer or deduction may proceed solely as set forth in the Transfer Notice. Further Transfers within the scope of this paragraph must comply with the Equity Transfer Procedures set forth in this paragraph 19(vi).
- vii. Unauthorized Transfers of Equity Securities or Worthless Stock Deductions. Effective as of the Petition Date and until further order of this Court to the contrary, any acquisition or disposition of Equity Securities, or claims of a worthless stock deductions, in violation of the Equity Transfer Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code.

20. With respect to the Equity Transfer Procedures, the Debtors may waive, in writing, in their sole and absolute discretion, any and all restrictions, stays and notification procedures contained in this Motion or in any order entered with respect hereto.

21. Within five (5) business days after the entry of the Interim Order, the Debtors propose to provide a notice in substantially the form attached as Exhibit 1 to the Interim Order (the "Equity Transfer Procedures Notice") to (a) the Office of the United States Trustee for the District of Delaware (the "U.S. Trustee"), (b) the United States Securities and Exchange Commission, (c) the Internal Revenue Service and (d) any registered or beneficial holders of the outstanding Equity Securities, describing the authorized transfer restrictions and notification requirements with respect to Equity Securities.

22. Upon receipt of such Equity Transfer Procedures Notice, any broker, bank, dealer or other agent or nominee of a beneficial holder (each a "Nominee") of Equity Securities will be required, within five (5) business days of receipt of such notice and on at least a quarterly basis

thereafter, to send the Equity Transfer Procedures Notice to all beneficial holders of Equity Securities on whose behalf such Nominee holds Equity Securities. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the Equity Transfer Procedures Notice to any holder for whose account such holder holds Equity Securities, and so on down the chain of ownership. Additionally, any person, entity, broker or agent acting on behalf of any holder who sells at least 1,920,000 million shares (representing approximately 4.5% of the approximately 42.7 million issued and outstanding shares) of Sports Authority to another person or entity must provide a copy of the Equity Transfer Procedures Notice to such purchaser or any broker or agent acting on such purchaser's behalf.

23. The Equity Transfer Procedures Notice will provide the date and time (the "Objection Deadline") by which parties must file an objection to entry of the Final Order approving this Motion ("Objection"). If an Objection is timely filed and served, a final hearing will be held at the date and time set forth in the Interim Order (the "Final Hearing"). The Debtors propose that if no Objection is timely filed and served, the Interim Order shall be deemed a final order without further notice or hearing upon expiration of the Objection Deadline, at which point the Debtors shall submit the Interim Order, fashioned as a Final Order, to the Court under certification of counsel.

E. Record Date Notice and Summary of Potential Sell-Down Procedures

24. At this stage, it is too early to determine whether it will be necessary for the Debtors to obtain a Sell-Down Order. The Debtors' determination of whether to seek entry of a Sell-Down Order will most likely occur if the Debtors are able to confirm a chapter 11 plan or implement a qualifying asset sale and once they have determined whether they may qualify for and benefit from the Section 382(l)(5) Exception such that it is necessary to require Substantial

Claimholders to comply with the Sell-Down Procedures summarized below. Accordingly, this Motion does not seek entry of a Sell-Down Order, but seeks to establish the Record Date pursuant to the Interim Order. The Debtors propose to set the Record Date as the date of entry of the Interim Order.

25. Following entry of the Interim Order, the Debtors propose to provide a notice of the Record Date in substantially the form attached as Exhibit 6 to the Interim Order (the “Record Date Notice”) to (a) the U.S. Trustee, (b) Riemer & Braunstein LLP as counsel for 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; (c) Brown Rudnick LLP 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 as counsel for 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; (e) O’Melveny & Meyers LLP 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) the United States Securities and Exchange Commission, (h) the Internal Revenue Service, and (i) the Debtors’ 50 largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions.

26. Upon receipt of such Record Date Notice, any Nominee will be required, within five (5) days of receipt of such notice and on at least a quarterly basis thereafter, to send the Record Date Notice to all its beneficial holders. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the Record Date Notice to any holder for whose account such holder holds the Claims, and so on down the chain of ownership.

27. Like the Equity Transfer Procedures Notice, the Record Date Notice will also provide the Objection Deadline for parties to file an Objection to this Motion, and explain that if no Objection is timely filed and served, the Interim Order shall be rendered a Final Order without further notice or hearing upon expiration of the Objection Deadline and submission of the Final Order under certification of counsel. If an Objection is timely filed and served, a Final Hearing will be held.

28. In the event the Debtors seek entry of a Sell-Down Order, the Debtors anticipate that the Sell-Down Procedures would require a person or entity that has acquired an amount of Claims after the Record Date entitling that claimholder to receive more than 4.5% of the equity of the Debtors, as reorganized (the "Threshold Amount"), to provide the Debtors with limited information such as the size of its Claim and the date(s) such Claim was acquired. The amount of Claims held by a claimholder as of the Record Date would constitute the "Protected Amount." Substantial Claimholders would never be required to sell down their Claims below the Threshold Amount or the Protected Amount, whichever is greater. In other words, the Sell-Down Order would apply only to persons or entities that acquire Claims in excess of the Threshold Amount after the Record Date and with full notice of the possibility that the Claims they acquire could be subject to sell-down if the Debtors later determine that the Sell-Down Procedures are necessary.

29. If the Sell-Down Procedures prove to be necessary, the Debtors would seek to require Substantial Claimholders to provide updated holdings information shortly after the date on which the Court approves a plan of reorganization or qualifying asset sale that proposes to utilize the Section 382(l)(5) Exception. Based on the updated holdings information, the Debtors would then determine whether it would be necessary to require Substantial Claimholders to sell down a portion of their holdings so that the Debtors may qualify for the Section 382(l)(5) Exception and to preserve the value of the Debtors' NOLs.

30. In the event that the Debtors seek entry of a Sell-Down Order, the Debtors would provide adequate notice and opportunity for claimholders to sell down their Claims without triggering an unreasonable adverse impact on the value of such Claims. Moreover, establishment of the Record Date at this early stage of these Chapter 11 Cases will provide claimholders with sufficient notice in advance of any trading opportunity that any Claims purchased after the Record Date may ultimately be subject to the Sell-Down Procedures as set forth in a Sell-Down Order.

RELIEF REQUESTED

31. By this Motion, the Debtors request that the Court enter the Interim Order and Final Order pursuant to sections 105(a), 362, and 541 of title 11 of the Bankruptcy Code and Bankruptcy Rule 3001 (a) establishing notice and objection procedures regarding certain transfers of beneficial interests in Equity Securities in Sports Authority and claims of worthless stock deductions with respect to the Equity Securities; (b) establishing a Record Date for notice and potential sell-down procedures for trading in Claims against the Debtors; and (c) granting certain related relief.

BASIS FOR RELIEF REQUESTED**A. The NOLs Are Property of the Debtors' Estates and Are Entitled to Protection**

32. Courts have uniformly held that a debtor's NOLs constitute property of the estate under section 541 of the Bankruptcy Code and, therefore, courts have the authority to impose measures intended to protect and preserve such NOLs. The seminal case articulating this rule is *In re Prudential Lines, Inc.*, 107 B.R. 832 (Bankr. S.D.N.Y. 1989), *aff'd*, 119 B.R. 430 (S.D.N.Y. 1990), *aff'd*, 928 F.2d 565 (2d Cir. 1991); *see also Nisselson v. Drew Indus., Inc. (In re White Metal Rolling & Stamping Corp.)*, 222 B.R. 417, 424 (Bankr. S.D.N.Y. 1998) ("It is beyond peradventure that NOL carrybacks and carryovers are property of the estate of the loss corporation that generated them."); *In re Cumberland Farms, Inc.*, 162 B.R. 62, 67 (Bankr. D. Mass. 1993) (finding that the Second Circuit's *Prudential Lines* ruling on NOLs was analogous and persuasive in holding that pass-through losses were property of the estate and were protected by the automatic stay); *In re Phar-Mor, Inc.*, 152 B.R. 924, 927 (Bankr. N.D. Ohio 1993) (carryforward NOLs held to be property of the estate and protected by both the automatic stay and an injunction against the sale of stock causing a reduction of the NOLs).

33. In *Prudential Lines*, the court enjoined a parent corporation from taking a worthless stock deduction with respect to its wholly-owned subsidiary, which was in bankruptcy, on the grounds that allowing the parent to take such a deduction would destroy its debtor subsidiary's NOLs. In issuing the injunction, the court held that the debtor subsidiary's potential ability to utilize NOLs was property of its estate. 107 B.R. at 838. Further, the court held that, because of the effect that it would have on the debtor subsidiary's ability to use its NOLs, the taking of a worthless stock deduction by the parent was an exercise of control over the debtor subsidiary's NOLs and thus over property of the debtor subsidiary's estate. *Id.* at 842.

Therefore, such action was properly subject to the automatic stay under section 362 of the Bankruptcy Code. *Id.* at 843; *see also In re Southeast Banking Corp.*, No. 91-14561, 1994 Bankr. LEXIS 2389, at *2 (Bankr. S.D. Fla. Jul. 21, 1994) (debtor’s interest in its NOLs “constitutes property of the estate within the scope of 11 U.S.C. § 541(a)(1) and is entitled to the protection of the automatic stay imposed pursuant to 11 U.S.C. § 362(a)(3)”)

34. Because the Debtors’ NOLs are property of their estates, this Court has the authority under section 362 of the Bankruptcy Code to enforce the automatic stay by restricting any Transfer of Equity Securities that could adversely impact the Debtors’ ability to use this valuable asset. Courts ordering such relief generally have done so by imposing notice and objection requirements regarding any proposed transfer of shares on a person whose holdings of such shares exceeds (or would exceed as a result of the proposed transfer), a certain threshold amount. *See, e.g., In re Radioshack Corp.*, Case No. 15-10197 (Bankr. D. Del. Feb. 9, 2015) (“Radioshack Order”); *In re Overseas Shipholding Group, Inc.*, Case No. 12-20000 (Bankr. D. Del. Nov. 15, 2012) (“Overseas Shipholding Order”); *In re VeraSun Energy Corp.*, Case No. 08-12606 (Bankr. D. Del. Nov. 6, 2008) (“VeraSun Order”); *In re NII Holdings, Inc.*, Case No 14-12611 (SCC) (Bankr. S.D.N.Y. Sept. 16, 2014) (“NII Holdings Order”); *In re Legend Parent, Inc.*, Case No. 14-10701 (REG) (Bankr. S.D.N.Y. May 9, 2014) (“Legend Parent Order”); *In re Hawker Beechcraft, Inc.*, Case No. 12-11873 (Bankr. S.D.N.Y. June 27, 2012) (“Hawker Beechcraft Order”); *In re AMR Corp.*, Case No. 11-15463 (SHL) (Bankr. S.D.N.Y. Jan. 27, 2012) (“AMR Order”); *In re Eastman Kodak Co.*, Case No. 12-10202 (ALG) (Bankr. S.D.N.Y. Feb. 15, 2012) (“Eastman Kodak Order”).

35. The Equity Transfer Procedures are designed to protect the Debtors from losing the benefit of all or any portion of their NOLs in connection with Transfers of Equity Securities

that may (a) trigger an ownership change not within the scope of sections 382(l)(5) or 382(l)(6) of the IRC, (b) preclude the Debtors from taking advantage of the more favorable NOL utilization rules under sections 382(l)(5) or 382(l)(6) of the IRC or (c) severely limit the Debtors' ability to use their NOLs to shelter any taxable income or gain resulting from any sale of assets in the course of these Chapter 11 Cases. The Debtors require a mechanism to monitor and possibly object to ownership changes resulting from Transfers of Equity Securities and/or loss of eligibility for the Section 382(l)(5) Exception resulting from trading in Claims in order to permit the Debtors to use their NOLs to the fullest extent possible or to shelter any taxable income or gain resulting from any sale of assets, thereby maximizing value for all stakeholders.

36. Moreover, it is in the best interests of the Debtors, their estates and their stakeholders to restrict Transfers that could result in an ownership change and to establish the Record Date with respect to trading in Claims. Transfers of Equity Securities are limited only for parties who are or might become 5% shareholders. Because Transfers of Equity Securities by or into the hands of 5% shareholders could trigger an ownership change that would impose a severe limitation on the Debtors' use of their NOLs on an annual basis, such Transfers also pose a threat to the value of their NOLs even if the Debtors later satisfy the requirements of sections 382(l)(5) or 382(l)(6) of the IRC.

37. Relief similar to that requested herein with respect to equity security transfers has been granted by bankruptcy courts in other chapter 11 cases in this District and elsewhere. *See, e.g.,* Radioshack Order, Overseas Shipholding Order; *In re Nortel Networks Inc.*, Case No. 09-10138 (Bankr. D. Del. Feb. 5, 2009) ("Nortel Order"); VeraSun Order; NII Holdings Order; Legend Parent Order; Hawker Beechcraft Order; AMR Order.

38. Additionally, bankruptcy courts in this District and elsewhere have granted relief similar to that requested herein with respect to the establishment of a record date for notice and sell-down procedures for trading in claims. *See, e.g.*, Radioshack Order; Overseas Shipping Order; NII Holdings Order; Nortel Order; Eastman Kodak Order; AMR Order; *In re Borders Grp., Inc.*, Case No. 11-10614 (Bankr. S.D.N.Y. Mar. 16, 2011); *In re Dana Corp.*, Case No. 06-10354 (BRL) (Bankr. S.D.N.Y. Aug. 9, 2006) (approving notification and sell-down procedures). The Debtors submit that the present circumstances warrant similar relief in these Chapter 11 Cases.

B. The Equity Transfer Procedures and Record Date Notice Are Narrowly Tailored

39. The establishment of the Equity Transfer Procedures will not bar all Transfers of Equity Securities, only those types of Transfers that pose a serious risk to the Debtors' NOLs under the section 382 ownership change test. Further, the procedures will only be in effect during the pendency of these Chapter 11 Cases. As such, the requested relief is narrowly tailored to allow the Debtors to preserve their ability to seek substantive relief if it appears that a proposed Transfer will jeopardize the use of their NOLs. The Equity Transfer Procedures would otherwise permit Transfers of Equity Securities to continue unaffected, subject to applicable law.

40. As discussed above, the Equity Transfer Procedures are necessary to preserve the value of the Debtors' NOLs. But those procedures may not be sufficient if, pursuant to a qualifying asset sale, (a) creditors receive sufficient equity to trigger an "ownership change" under section 382 of the IRC and (b) the Debtors are unable to utilize the Section 382(l)(5) Exception.

41. To avoid that scenario, the Debtors may need to seek the entry of a Sell-Down Order. In the meantime, the Debtors need to be able to set and provide notice of the Record Date

to give all creditors who may be subject to Sell-Down Procedures advance notice and ensure that the value of the Debtors' NOLs will be preserved.

42. Approval of the proposed Record Date does not constitute approval of the Sell-Down Procedures and does not restrict trading in Claims. Importantly, the Interim Order will not impose a burden on any person or entity since the Interim Order is designed to provide notice to claimholders and claims traders (a) of the Record Date, (b) that the Threshold Amounts will be measured as of the Record Date and (c) that their Claims may ultimately be subject to sell-down if the Debtors determine that a Sell-Down Order is necessary to preserve the value of their NOLs. If the Debtors do later determine that a Sell-Down Order is necessary, the Debtors will file a separate motion requesting entry of a Sell-Down Order applicable to certain Claims traded on or after the Record Date.

C. Interim Relief is Necessary to Avoid Irreparable Harm to the Debtors

43. Once an NOL is limited under section 382 of the IRC, its use is limited forever, and once an equity interest is transferred, it cannot be undone. The relief sought herein is necessary to avoid an irrevocable loss of the Debtors' NOLs and the irreparable harm that could be caused by unfettered Transfers of Equity Securities, which, unmonitored, could jeopardize the Debtors' ability to offset taxable income with their NOLs, thereby risking the Debtors' ability to increase liquidity.

44. Absent establishing the Record Date at this time, it is unlikely that the Debtors would be able to implement the Sell-Down Procedures in any effective fashion to enable them to maximize the value of their NOLs. Whether or not the Debtors seek and the Court ultimately enters a Sell-Down Order, setting the Record Date now is essential to adequately protect the

Debtors' option to choose to preserve the value of their NOLs without affecting any parties in interest.

45. Accordingly, the Debtors submit that, absent the interim relief granted in the Interim Order, the Debtors and their estates could suffer immediate and irreparable harm. If the Court does not grant the relief sought in this Motion on an interim basis, holders of Equity Securities could transfer such securities before the protective restrictions herein are implemented by the Court, and the Record Date would not be established for purposes of trading in Claims, risking the Debtors' ability to use their NOLs to maximize value and benefit their estates. Therefore, the Debtors request that the procedures described herein be approved immediately on an interim basis.

NOTICE

46. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) holders of the 50 largest unsecured claims on a consolidated basis against the Debtors; (c) Riemer & Braunstein LLP (attn: Donald Rothman) as counsel for (i) Bank of America, N.A., in its capacity as Administrative Agent and Collateral Agent under the Second Amended and Restated Credit Agreement, dated as of May 17, 2012, and (ii) certain DIP Lenders under the Debtors' proposed postpetition financing facility; (d) Brown Rudnick LLP (attn.: Robert Stark and Bennett Silverberg) as counsel for (i) Wilmington Savings Fund Society, FSB as Administrative Agent and Collateral Agent under the Amended and Restated Credit Agreement, dated as of May 3, 2006 and amended and restated as of November 16, 2010 and (ii) certain Term Lenders under the Amended and Restated Credit Agreement, dated as of May 3, 2006 and amended and restated as of November 16, 2010; (e) Choate, Hall & Stewart LLP (attn.: Kevin Simard) as counsel for (i) Wells Fargo Bank, National Association, in its capacity as FILO Agent under the Second Amendment to Second Amended

and Restated Credit Agreement, dated as of November 3, 2015, and (ii) certain DIP Lenders under the Debtors' proposed postpetition financing facility; (f) O'Melveny & Meyers LLP (attn: John Rapisardi) as counsel for certain holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (g) all holders of 11.5% Senior Subordinated Notes Due February 19, 2018 under the Securities Purchase Agreement, dated as of May 3, 2006; (h) Substantial Equity Holders; (i) any person or entity who is not a Substantial Equity Holder but that beneficially owns shares representing 1% to 4.5% of the issued and outstanding shares; and (j) all parties that have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

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WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: March 2, 2016
Wilmington, Delaware

/s/ Andrew L. Magaziner
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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Interim 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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

INTERIM ORDER (A) ESTABLISHING NOTICE AND OBJECTION PROCEDURES FOR TRANSFERS OF EQUITY SECURITIES AND CLAIMS OF WORTHLESS STOCK DEDUCTIONS; (B) ESTABLISHING A RECORD DATE FOR NOTICE AND SELL-DOWN PROCEDURES FOR TRADING IN CLAIMS AGAINST THE DEBTORS' ESTATES; AND (C) SCHEDULING A FINAL HEARING

Upon the Motion² of Sports Authority and its affiliated debtors and debtors in possession in the above-captioned Chapter 11 Cases (collectively, the "Debtors") for the entry of interim and final orders, pursuant to sections 105(a), 362 and 541 of title 11 of the Bankruptcy Code and Rule 3001 of the Bankruptcy Rules, (a) establishing notice and objection procedures regarding certain transfers of beneficial interests in Equity Securities and claims of worthless stock deductions with respect to the Equity Securities, (b) establishing a Record Date for notice and potential sell-down procedures for trading in Claims, and (c) granting certain related relief; 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

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.

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 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 on the Motion 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. The Equity Transfer Procedures set forth herein are approved on an interim basis.
3. Any purchase, sale, trade or other transfer of Equity Securities in violation of the Equity Transfer Procedures set forth herein (including the notice requirements set forth in paragraph 4 below) shall be null and void *ab initio* and shall confer no rights on the transferee.
4. The following notice and objection procedures for holding and transferring Equity Securities (“Equity Transfer Procedures”) shall apply in the Debtors’ Chapter 11 Cases:
 - i. Certain Defined Terms. For purposes of this Interim Order: (A) a “Substantial Equityholder” is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the 42.7 million issued and outstanding shares) of Sports Authority; (B) “beneficial ownership” of Equity Securities shall be determined in accordance with applicable rules under section 382 of the IRC and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts and other related entities and persons,

(iii) ownership by such holder's family members, (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock and (v) ownership of options to acquire stock, which include ;any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (C) a "Transfer" means any transfer, within the meaning of Section 382 of the IRC and the regulations promulgated thereunder, of Equity Securities to the extent described in paragraph 4(iii) below (Stock Acquisition Notice) and/or paragraph 4(iv) below (Stock Disposition Notice).

- ii. Notice of Substantial Equityholder Status. Any person or entity who currently is or becomes a Substantial Equityholder shall (A) file with the Court and (B) serve upon proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor), a notice of such status, in the form attached hereto as Exhibit 2 (a "Notice of Substantial Equityholder Status"), on or before the later of (i) 14 days after entry of this Interim Order or (ii) 14 days after becoming a Substantial Equityholder.
- iii. Stock Acquisition Notice. At least 28 days prior to any transfer of Equity Securities (including options to acquire stock or any exercise thereof) that would result in an increase in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity becoming a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 4(ii) above), advance written notice of the intended transfer of Equity Securities or worthless stock deduction, in the form attached hereto as Exhibit 3 (a "Stock Acquisition Notice").
- iv. Stock Disposition Notice. Prior to any transfer of Equity Securities that would result in a decrease in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 4(ii) above), advance written notice of the intended transfer of Equity Securities, in the form attached hereto as Exhibit 4 (a "Stock Disposition Notice").
- (v) Worthless Stock Deduction Notice. At least 28 days prior to claiming any deduction for worthless stock that that would result in a decrease in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 4(ii) above), advance written notice of the intended worthless

stock deduction, in the form attached hereto as Exhibit 5 (a “Worthless Stock Deduction Notice”).

- vi. Objection Procedures. The Debtors shall have 21 days after receipt of a Stock Acquisition Notice, a Stock Disposition Notice, or a Worthless Stock Deduction Notice (each, a “Transfer Notice”) to file with the Court and serve on the party filing the Transfer Notice an objection to the proposed Transfer or worthless stock deduction on the grounds that such Transfer or deduction may adversely affect the Debtors’ ability to utilize their NOLs. If the Debtors file an objection, the proposed Transfer or deduction will not be effective unless and until approved by a final and non-appealable order of this Court. If the Debtors do not object within such 21-day period, the Transfer may proceed solely as set forth in the Transfer Notice. Further Transfers or deductions within the scope of this paragraph must comply with the Equity Transfer Procedures set forth in this paragraph 4.
- vii. Unauthorized Transfers of Equity Securities or Worthless Stock Deductions. Effective as of the Petition Date and until further order of this Court to the contrary, any acquisition or disposition of Equity Securities or claims of worthless stock deductions in violation of the Equity Transfer Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code.

5. Within five (5) business days after the entry of this Interim Order, the Debtors shall provide notices in substantially the forms attached hereto as Exhibit 1 (the “Equity Transfer Procedures Notice”) to: (a) the U.S. Trustee; (b) the United States Securities and Exchange Commission; (c) the Internal Revenue Service; and (d) any registered holders of the outstanding Equity Securities.

6. Upon receipt of such Equity Transfer Procedures Notice, any broker, bank, dealer or other agent or nominee of a beneficial holder of Equity Securities (each a “Nominee”) will be required, within five (5) business days of receipt of such notice and on at least a quarterly basis thereafter, to send the Equity Transfer Procedures Notice to all beneficial holders of Equity Securities on whose behalf such Nominee holds Equity Securities. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the Equity Transfer Procedures Notice to any holder for whose account such holder holds Equity Securities, and so on down the chain of ownership. In addition, any person, entity, broker or agent acting on behalf

of any holder of Equity Securities who sells at least 1,920,000 shares (representing approximately 4.5% of the approximately 42.7 million issued and outstanding shares) of Sports Authority to another person or entity must provide a copy of the Equity Transfer Procedures Notice to such purchaser or any broker or agent acting on such purchaser's behalf.

7. Claimholders and potential purchasers of Claims against the Debtors are hereby deemed notified that, if the Debtors ultimately seek and the Court approves a Sell-Down Order, claimholders that acquire Claims after the date of this Interim Order (the "Record Date") in an amount that would entitle them to receive more than 4.5% of the stock of the Debtors may be subject to a required sell-down of any Claims acquired after the Record Date in accordance with the Sell-Down Procedures.

8. Within five (5) business days after the entry of this Interim Order, the Debtors shall provide notice in substantially the form attached hereto as Exhibit 6 (the "Record Date Notice") to: (a) the U.S. Trustee, (b) Riemer & Braunstein LLP as counsel for 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; (c) Brown Rudnick LLP 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 as counsel for 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; (e) O'Melveny & Meyers LLP 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) the United States Securities and Exchange Commission, (h) the Internal Revenue Service, and (i) the Debtors' 50 largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions.

9. Upon receipt of the Record Date Notice, any Nominee will be required, within five (5) days of receipt of the Record Date Notice, and on at least a quarterly basis thereafter, to send such Record Date Notice to its beneficial holders. To the extent such beneficial holder is also a Nominee, such Nominee must, in turn, promptly provide the Record Date Notice to any holder for whose account such beneficial holder holds the Claims, and so on down the chain of ownership.

11. Entry of this Interim Order shall in no way be deemed a determination of any kind that entry of a Sell-Down Order is necessary or warranted in these cases and this Court's review of any request for the entry of a Sell-Down Order shall be without regard to entry of this Interim Order.

12. The entry of this Interim Order shall in no way prejudice the rights of any party to oppose the entry of a Sell-Down Order, on any grounds, and all parties' rights are expressly preserved hereby.

13. The notices substantially in the form attached hereto as Exhibits 1 through 6 are approved.

14. Any of the Debtors may waive in writing, and in their sole and absolute discretion, any and all restrictions, stays and notice procedures contained in this Interim Order.

15. The Final Hearing to consider entry of an order granting the relief requested in the Motion on a final basis shall be held, if necessary, on _____, 2016 at __:__ .m. (ET).

16. If no objections to the Motion are timely filed, served and received in accordance with the Motion and this Interim Order, this Interim Order shall be deemed a final order upon expiration of the Objection Deadline without further notice or hearing, and the Motion shall be granted on a final and permanent basis. In conjunction therewith, the Debtors shall file the Interim Order, fashioned as a final order, under certification of counsel and request entry thereof.

17. The requirements set forth in this Interim Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable law, and do not excuse compliance therewith.

18. Notice of the Motion as provided therein shall be deemed good and sufficient notice of the Motion.

19. This Order shall be immediately effective and enforceable upon its entry.

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

21. The Court shall retain jurisdiction to hear and determine all matters arising from or related to this Interim Order.

Dated: March ____, 2016
Wilmington, Delaware

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1 TO INTERIM ORDER

Equity Transfer Procedures Notice

**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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

**NOTICE OF (I) EQUITY TRANSFER AND WORTHLESS STOCK DEDUCTION
PROCEDURES AND (II) A FINAL HEARING**

**TO ALL PERSONS OR ENTITIES WITH
EQUITY INTERESTS IN SPORTS AUTHORITY HOLDINGS, INC.:**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On March 2, 2016 (the "Petition Date"), the above-captioned debtors and debtors in possession (collectively, the "Debtors") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code")

2. On the Petition Date, the Debtors filed the *Motion For Entry of Interim and Final Orders (A) Establishing Notice and Objection Procedures for Transfers of Equity Securities; and (B) Establishing a Record Date for Notice and Sell-Down Procedures for Trading in Claims Against the Debtors' Estates* (the "Motion").

3. On March ____, 2016, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an interim order (the "Interim Order")² approving the procedures set forth below with respect to transfers of and claims of worthless stock deductions

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 A copy of the Interim Order is attached hereto as Exhibit 1.

with respect to equity securities in Sports Authority Holdings, Inc. (the “Equity Transfer Procedures”) and setting the Record Date with respect to trading in claims against the Debtors, in order to assist the Debtors in preserving their net operating losses (“NOLs”). Any purchase, sale, trade or other transfer of, or claims of worthless stock deductions with respect to, equity securities in Debtor Sports Authority Holdings, Inc. in violation of the procedures set forth below shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code, and shall confer no rights on the transferee.

4. A final hearing to consider the relief requested in the Motion and the entry of an order (the “Final Order”) implementing the Equity Transfer Procedures on a final and permanent basis shall be held, if necessary, on _____, 2016 at __:___.m (ET), before the Honorable _____ at _____.

5. Objections to the Motion must be filed with the Court and served so as to be received by 4 p.m. (ET) on _____, 2016 on (a) the office of the United States Trustee for the District of Delaware and (b) proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor).

6. If no objections to the Motion are timely filed, served and received in accordance with the Interim Order, the Interim Order shall be deemed a Final Order without further notice or hearing, and the Motion shall be granted on a final and permanent basis upon submission of the Interim Order, fashioned as a final order, under certification of counsel.

7. Pursuant to the Interim Order, the following Equity Transfer Procedures shall apply to holding and transferring beneficial interests in equity securities in Sports Authority Holdings, Inc.:

- i. Certain Defined Terms. For purposes of the Interim Order and this Notice: (A) a “Substantial Equityholder” is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the 42.7 million issued and outstanding shares) of Sports Authority; (B) “beneficial ownership” of Equity Securities shall be determined in accordance with applicable rules under section 382 of the IRC and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts and other related entities and persons, (iii) ownership by such holder’s family members, (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock, and (v) ownership of options to acquire stock, which include ;any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (C) a “Transfer” means any transfer, within the meaning of section 382 of the IRC and the regulations promulgated thereunder, of Equity Securities to the extent described in paragraph 7(iii) below (Stock Acquisition Notice) and/or paragraph 7(iv) below (Stock Disposition Notice
- ii. Notice of Substantial Equityholder Status. Any person or entity who currently is or becomes a Substantial Equityholder shall (A) file with the Court and (B) serve upon proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor), a notice of such status, in the form attached to the Interim Order as Exhibit 2 (a “Notice of Substantial Equityholder Status”), on or before the later of (i) 14 days after entry of the Interim Order or (ii) 14 days after becoming a Substantial Equityholder.
- iii. Stock Acquisition Notice. At least 28 days prior to any transfer of Equity Securities (including options to acquire stock or any exercise thereof) that would result in an increase in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity becoming a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 7(ii) above), advance written notice of the intended transfer of Equity Securities, in the form attached to the Interim Order as Exhibit 3 (a “Stock Acquisition Notice”).

- iv. Stock Disposition Notice. Prior to any transfer of Equity Securities that would result in a decrease in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder shall file with the Court and serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 7(ii) above), advance written notice of the intended transfer of Equity Securities in the form attached to the Interim Order as Exhibit 4 (a “Stock Disposition Notice”).
- (v) Worthless Stock Deduction Notice. At least 28 days prior to claiming any deduction for worthless stock that that would result in a decrease in the amount of Equity Securities beneficially owned by a Substantial Equityholder or would result in a person or entity ceasing to be a Substantial Equityholder, such Substantial Equityholder or potential Substantial Equityholder shall (A) file with the Court and (B) serve on proposed counsel to the Debtors (at the addresses set forth in paragraph 7(ii) above), advance written notice of the intended worthless stock deduction, in the form attached to the Interim Order as Exhibit 5 (a “Worthless Stock Deduction Notice”).
- vi. Objection Procedures. The Debtors shall have 21 days after receipt of a Stock Acquisition Notice, a Stock Disposition Notice or a Worthless Stock Deduction Notice (each, a “Transfer Notice”) to file with the Court and serve on the party filing the Transfer Notice an objection to the proposed Transfer or worthless stock deduction on the grounds that such Transfer or deduction may adversely affect the Debtors’ ability to utilize their NOLs. If the Debtors file an objection, the proposed Transfer or deduction will not be effective unless and until approved by a final and non-appealable order of the Court. If the Debtors do not object within such 21-day period, the Transfer or deduction may proceed solely as set forth in the Transfer Notice. Further Transfers or deductions within the scope of this paragraph must comply with the Equity Transfer Procedures set forth in this paragraph 7.
- vi. Unauthorized Transfers of Equity Securities. Effective as of the Petition Date and until further order of this Court to the contrary, any acquisition or disposition of Equity Securities or claims of worthless stock deductions in violation of the Equity Transfer Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code.

FAILURE TO FOLLOW THE PROCEDURES SET FORTH IN THIS NOTICE AND IN THE INTERIM ORDER SHALL CONSTITUTE A VIOLATION OF THE AUTOMATIC STAY UNDER SECTION 362 OF THE BANKRUPTCY CODE. ANY PROHIBITED PURCHASE, SALE, TRADE OR OTHER TRANSFER OF EQUITY SECURITIES IN SPORTS AUTHORITY HOLDINGS, INC. IN VIOLATION OF THE INTERIM ORDER WILL BE NULL AND VOID *AB INITIO* AND MAY RESULT IN THE IMPOSITION OF SANCTIONS BY THE BANKRUPTCY COURT.

8. Any of the Debtors may waive in writing, and in their sole and absolute discretion, any and all restrictions, stays and notice procedures contained in the Interim Order.

9. Complete copies of the Motion and the Interim Order are available via PACER via the Court's website at <https://ecf.deb.uscourts.gov> for a fee, or through the Debtors' Court-appointed claims agent, Kurtzman Carson Consultants LLC, by accessing its website at www.kccllc.net/sportsauthority or by calling 866-967-0490. If a hearing is held and a Final Order is entered, such Final Order will also be available as described in the preceding sentence.

10. The requirements set forth in this Notice are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable law, and do not excuse compliance therewith.

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Dated: [____]

Michael R. Nestor (No. 3526)
Kenneth J. Enos (No. 4544)
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-and-

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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT 2 TO INTERIM ORDER

Notice of Substantial Equityholder Status

**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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

NOTICE OF SUBSTANTIAL EQUITYHOLDER STATUS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. [Name of Equityholder] is/has become a Substantial Equityholder² with respect to the common stock (the "Common Stock") in Sports Authority Holdings, Inc. ("Sports Authority"), a debtor in Case No. 16-[], pending in the United States Bankruptcy Court for the District of Delaware (the "Court")

2. As of _____, 20__, [Name of Equityholder] beneficially owns _____ shares of the Common Stock of Sports Authority. The following table sets forth the date(s) on which [Name of Equityholder] acquired or otherwise became the beneficial owner of such Common Stock:

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 For purposes of this Notice: (A) a "Substantial Equityholder" is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the 42.7 million issued and outstanding shares) of Sports Authority; (B) "beneficial ownership" of Equity Securities shall be determined in accordance with applicable rules under section 382 of the IRC and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts and other related entities and persons, (iii) ownership by such holder's family members; (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock and (v) ownership of options to acquire stock, which include ;any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (C) a "Transfer" means any transfer within the meaning of section 382 of the IRC and the regulations promulgated thereunder.

Number of Shares of Common Stock	Date Acquired

(Attach additional page if necessary)

3. The last four digits of the taxpayer identification number of [Name of Equityholder] are _____.

4. Under penalty of perjury, [Name of Equityholder] hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments that purport to be part of this Notice are true, correct and complete.

5. Pursuant to the [Interim/Final] Order establishing the Equity Transfer Procedures (Docket No. [] in the above-captioned chapter 11 cases), this Notice is being (a) filed with the Court and (b) served upon proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor).

Respectfully submitted,

[Name of Equityholder]

By: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

EXHIBIT 3 TO INTERIM ORDER

Stock Acquisition Notice

**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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

STOCK ACQUISITION NOTICE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. [Name of Prospective Acquirer] hereby provides notice of its intention to purchase, acquire or otherwise accumulate one or more shares of, or an option with respect to (or to exercise such an option), the common stock (the "Common Stock") of Sports Authority Holdings, Inc. ("Sports Authority"), a debtor in Case No. 16- [] pending in the United States Bankruptcy Court for the District of Delaware (the "Court") (the "Proposed Transfer").

2. If applicable, on [Prior Date(s)], [Name of Prospective Acquirer] filed a Notice of Substantial Equityholder Status² with the Court and served copies thereof on above-captioned debtors and debtors in possession (collectively, the "Debtors") and the Debtors' counsel.

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 For purposes of this Notice: (A) a "Substantial Equityholder" is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the approximately 42.7 million issued and outstanding shares) of Sports Authority; (B) "beneficial ownership" of equity securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986 (as amended, the "IRC") and regulations promulgated thereunder and shall include (i) direct and indirect ownership (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts and other related entities and persons, (iii) ownership by such holder's family members; (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock and (v) ownership of options to acquire stock, which include; any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently

3. [Name of Prospective Acquirer] currently beneficially owns shares of Common Stock of Sports Authority.

4. Pursuant to the Proposed Transfer, [Name of Prospective Acquirer] proposes, as applicable, to purchase, acquire or otherwise accumulate _____ shares of Common Stock or an option (or to exercise such an option) with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, [Name of Prospective Acquirer] will beneficially own _____ shares of Common Stock after the transfer becomes effective.

5. The last four digits of the taxpayer identification number of [Name of Prospective Acquirer] are _____.

6. Under penalty of perjury, [Name of Prospective Acquirer] hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct and complete.

7. Pursuant to that certain [Interim/Final] Order establishing the Equity Transfer Procedures (Docket No. [____] in the above-captioned chapter 11 cases), this Notice is being (a) filed with the Court and (b) served upon (proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor).

8. The Debtors have 21 calendar days after receipt of this Notice to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will not be effective unless approved by a final and non-appealable order of the Court. If the Debtors

exercisable; and (C) a "Transfer" means any transfer, within the meaning of section 382 of the IRC and the regulations promulgated thereunder.

do not object within such 21-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Notice.

9. The undersigned Prospective Acquirer understands that any further transactions that may result in [Name of Prospective Acquirer] purchasing, acquiring, or otherwise accumulating additional shares of Common Stock (or an option with respect thereto) will each require an additional notice to be filed with the Court and served in the same manner as this Notice.

Respectfully submitted,

[Name of Prospective Acquirer]

By: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

EXHIBIT 4 TO INTERIM ORDER
Stock Disposition Notice

**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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

STOCK DISPOSITION NOTICE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. [Name of Prospective Seller], a Substantial Equityholder,² hereby provides notice of its intention to sell, trade or otherwise transfer one or more shares of the common stock (the "Common Stock"), or an option with respect thereto, of Sports Authority Holdings, Inc. ("Sports Authority"), a debtor in Case No. 16-[] pending in the United States Bankruptcy Court for the District of Delaware (the "Court") (the "Proposed Transfer").

2. If applicable, on [Prior Date(s)], [Name of Prospective Seller] filed a Notice of Substantial Equityholder Status with the Court and served copies thereof on the above-

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 For purposes of this Notice: (A) a "Substantial Equityholder" is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the approximately 42.7 million issued and outstanding shares) of Sports Authority; (B) "beneficial ownership" of equity securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986 (as amended, the "IRC") and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts and other related entities and persons, (iii) ownership by such holder's family members; (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock and (v) ownership of options to acquire stock, which include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (C) a "Transfer" means any transfer, within the meaning of section 382 of the IRC and the regulations promulgated thereunder.

captioned debtors and debtors in possession (collectively, the “Debtors”) and the Debtors’ counsel.

3. [Name of Prospective Seller] currently beneficially owns shares of Common Stock of Sports Authority.

4. Pursuant to the Proposed Transfer, [Name of Prospective Seller] proposes to sell, trade or otherwise transfer _____ shares of Common Stock or an option with respect to _____ shares of Common Stock. If the Proposed Transfer is permitted to occur, [Name of Prospective Seller] will beneficially own _____ shares of Common Stock after the transfer becomes effective.

5. The last four digits of the taxpayer identification number of [Name of Prospective Seller] are _____.

6. Under penalty of perjury, [Name of Prospective Seller] hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments that purport to be part of this Notice are true, correct and complete.

7. Pursuant to that certain [Interim/Final] Order establishing the Equity Transfer Procedures (Docket No. [___] in the above-captioned chapter 11 cases), this Notice is being (a) filed with the Court and (b) served upon proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor).

8. The Debtors have 21 calendar days after receipt of this Notice to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Transfer will

not be effective unless approved by a final and nonappealable order of the Court. If the Debtors do not object within such 21-day period, then after expiration of such period the Proposed Transfer may proceed solely as set forth in this Notice.

9. The undersigned Prospective Seller understands that any further transactions that may result in [Name of Prospective Seller] selling, trading, or otherwise transferring shares of Common Stock (or an option with respect thereto) will each require an additional notice to be filed with the Court and served in the same manner as this Notice.

Respectfully submitted,

[Name of Prospective Seller]

By: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

EXHIBIT 5 TO INTERIM ORDER
Worthless Stock Deduction Notice

**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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

WORTHLESS STOCK DEDUCTION NOTICE

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. [Name], a Substantial Equityholder,² hereby provides notice of its intention to claim a worthless stock deduction with respect to one or more shares of the common stock (the “Common Stock”), or an option with respect thereto, of Sports Authority Holdings, Inc. (“Sports Authority”), a debtor in Case No. 16-[] pending in the United States Bankruptcy Court for the District of Delaware (the “Court”) (the “Proposed Deduction”).

2. If applicable, on [Prior Date(s)], [Name] filed a Notice of Substantial Equityholder Status with the Court and served copies thereof on the above-captioned debtors and debtors in possession (collectively, the “Debtors”) and the Debtors’ counsel.

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 For purposes of this Notice: (A) a “Substantial Equityholder” is any person or entity that beneficially owns at least 1,920,000 shares (representing approximately 4.5% of the approximately 42.7 million issued and outstanding shares) of Sports Authority; (B) “beneficial ownership” of equity securities shall be determined in accordance with applicable rules under section 382 of the Internal Revenue Code of 1986 (as amended, the “IRC”) and the regulations promulgated thereunder and shall include (i) direct and indirect ownership (ii) ownership by attribution from shareholders, subsidiaries, partnerships, trusts and other related entities and persons, (iii) ownership by such holder’s family members; (iv) aggregate ownership of persons acting in concert with such holder to make a coordinated acquisition of stock and (v) ownership of options to acquire stock, which include any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock or similar interest, regardless of whether it is contingent or otherwise not currently exercisable; and (C) a “Transfer” means any transfer, within the meaning of section 382 of the IRC and the regulations promulgated thereunder.

3. [Name] currently beneficially owns _____ shares of Common Stock of Sports Authority.

4. Pursuant to the Proposed Deduction Notice, [Name] proposes to claim a worthless stock deduction with respect to _____ shares of Common Stock or an option with respect to _____ shares of Common Stock. If the Proposed Deduction is permitted to occur, [Name] will be deemed, for federal income tax purposes, to beneficially own _____ shares of Common Stock after the deduction is claimed.

5. The last four digits of the taxpayer identification number of [Name of Prospective Seller] are _____.

6. Under penalty of perjury, [Name] hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments that purport to be part of this Notice are true, correct and complete.

7. Pursuant to that certain [Interim/Final] Order establishing the Equity Transfer Procedures (Docket No. [___] in the above-captioned chapter 11 cases), this Notice is being (a) filed with the Court and (b) served upon proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor).

8. The Debtors have 21 calendar days after receipt of this Notice to object to the Proposed Transfer described herein. If the Debtors file an objection, such Proposed Deduction will not be claimed unless approved by a final and non-appealable order of the Court. If the Debtors do not object within such 21-day period, then after expiration of such period the Proposed Deduction may proceed solely as set forth in this Notice.

9. The undersigned understands that any further transactions that may result in [Name] selling, trading, or otherwise transferring shares of Common Stock (or an option with respect thereto) or claiming other worthless stock deductions will each require an additional notice to be filed with the Court and served in the same manner as this Notice.

Respectfully submitted,

[Name of Substantial Equityholder]

By: _____

Name: _____

Title: _____

Address: _____

Telephone: _____

Facsimile: _____

EXHIBIT 6 TO INTERIM ORDER

Record Date Notice

**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-____ (____)

(Jointly Administered)

Docket Ref. No. ____

**NOTICE OF (A) RECORD DATE FOR
NOTICE AND SELL-DOWN PROCEDURES FOR TRADING IN
CLAIMS AGAINST THE DEBTORS' ESTATES; AND (B) A FINAL HEARING**

**TO ALL PERSONS OR ENTITIES WITH CLAIMS AGAINST ANY OF THE
DEBTORS:**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. On March 2, 2016 (the "Petition Date"), the above-captioned debtors and debtors in possession (collectively, the "Debtors") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. On the Petition Date, the Debtors filed the *Debtors' Motion For Entry of Interim and Final Orders (A) Establishing Notice and Objection Procedures for Transfers of Equity Securities; and (B) Establishing a Record Date for Notice and Sell-Down Procedures for Trading in Claims Against the Debtors' Estates* (the "Motion").²

3. On _____, 2016, the United States Bankruptcy Court for the District of Delaware (the "Court") entered an interim order (the "Interim Order") setting the Record Date

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 used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

with respect to trading in claims against the Debtors, in order to assist the Debtors in preserving their net operating losses (“NOLs”).

4. Pursuant to the Interim Order, the Record Date is established as _____, 2016.

5. Pursuant to the Interim Order, claimholders and potential purchasers of claims against the Debtors (“Claims”) are hereby notified that, if the Court ultimately approves a Sell-Down Order, claimholders that acquire Claims after the Record Date in an amount that would entitle them to receive more than 4.5% of the stock of the Debtors, as reorganized under a plan of reorganization, may be subject to a required sell-down of any Claims purchased after the Record Date in accordance with the Sell-Down Procedures.

6. All persons or entities that acquired and hold Claims after the Record Date in an amount entitling such person or entity to receive more than 4.5% of the equity of the Debtors, as reorganized, may be required to identify themselves to the Debtors and the any official committee of unsecured creditors appointed in the above-captioned chapter 11 cases after the Court’s approval of the disclosure statement which identifies potential recoveries for creditors.

7. A final hearing to consider the relief requested in the Motion and the entry of an order (the “Final Order”) confirming the establishment of the Record Date on a final and permanent basis shall be held on _____, 2016 at __:__.m (ET) before the Honorable _____ at _____.

8. Objections to the Motion must be filed with the Court and served so as to be received by 4 p.m. (ET) on _____, on (a) the office of the United States Trustee for the District of Delaware (Attn: _____) and (b) proposed counsel to the Debtors, Gibson, Dunn & Crutcher, LLP, 333 South Grand Avenue, Los Angeles, CA 90071-1512 (Attn: Robert

A. Klyman), and Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Rodney Square, Wilmington, DE 19801 (Attn: Michael R. Nestor).

9. If no objections to the Motion are timely filed, served and received in accordance with the Interim Order, the Interim Order shall be deemed a Final Order without further notice or hearing, and the Motion shall be granted on a final and permanent basis upon the filing and submission of the Interim Order, fashioned as a final order, under certification of counsel.

10. Complete copies of the Motion and the Interim Order are available via PACER via the Court's website at <https://ecf.deb.uscourts.gov> for a fee, or through the Debtors' Notice, Claims and Solicitation Agent, Kurtzman Carson Consultants LLC, by accessing their website at www.kccllc.net/sportsauthority, or by calling 888-697-0490. If a hearing is held and a Final Order is entered, such Final Order will also be available as described in the preceding sentence.

11. The entry of the Interim and Final Orders shall in no way prejudice the rights of any party to oppose the entry of a Sell-Down Order, on any grounds, and all parties' rights are expressly preserved by the Interim and Final Orders.

12. The requirements set forth in this Notice are in addition to the requirements of Rule 3001(e) of the Federal Rules of Bankruptcy Procedure and applicable law, and do not excuse compliance therewith.

Dated: [____]

Michael R. Nestor (No. 3526)
Kenneth J. Enos (No. 4544)
Andrew L. Magaziner (No. 5426)
YOUNG CONAWAY STARGATT &
TAYLOR, LLP
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-and-

Robert A. Klyman (CA No. 142723)
Matthew J. Williams (NY No. 3019106)
Jeremy L. Graves (CO No. 45522)
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sjacobs@gibsondunn.com

*Proposed Counsel to the Debtors and
Debtors in Possession*