OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS
OF OLD BPSUSH INC., *et al.*

CHAPTER 11 CASE NO. 16-12373 (KJC)

November 2, 2017

TO: HOLDERS OF CLASS P7 PARENT EQUITY INTERESTS IN OLD PSG WIND-DOWN LTD. (F/K/A PERFORMANCE SPORTS GROUP LTD.)

THE OFFICIAL EQUITY COMMITTEE SUPPORTS THE PLAN, AND RECOMMENDS HOLDERS OF CLASS P7 PARENT EQUITY INTERESTS VOTE TO ACCEPT THE PLAN. IN ADDITION, HOLDERS OF CLASS P7 PARENT EQUITY INTERESTS WHO VOTE TO ACCEPT THE PLAN SHOULD ALSO MAKE AN ELECTION AS TO THE TREATMENT OF THEIR PARENT EQUITY INTERESTS PURSUANT TO OPTION 1 OR OPTION 2, AS DESCRIBED BELOW.

Please be advised that this letter is not intended or offered as legal, financial or tax advice as to any specific interest or claim, or the treatment of any such specific interest or claim, under the Plan.

The Official Committee of Equity Security Holders (the "Official Equity Committee") appointed in the Chapter 11 cases of Old BPSUSH Inc. and its affiliated debtors and debtors in possession (collectively, the "Debtors") writes to advise you as to the Official Equity Committee's position regarding the *First Amended Joint Chapter 11 Plan of Liquidation of Old BPSUSH Inc. and Its Affiliated Debtors*, as filed by the Debtors on November 2, 2017 (as may be further amended, modified, and/or supplemented, the "Plan"). The Plan is described in, and attached as an exhibit to, the accompanying *Disclosure Statement with Respect to the First Amended Joint Chapter 11 Plan of Liquidation of Old BPSUSH Inc. and Its Affiliated Debtors*, a modified version of which was filed by the Debtors on November 2, 2017 (as may be further amended, modified, and/or supplemented, the "Disclosure Statement"). Capitalized terms used but not otherwise defined herein shall have the respective meanings assigned to them in the Disclosure Statement or the Plan, as applicable.

VOTE ON PLAN

On October 31, 2016, the Debtors filed voluntary petitions for relief under Chapter 11 of title 11 of the United States Code, and each also made an application for protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the foregoing proceedings, collectively, the "Bankruptcy Proceedings"). The Debtors commenced the Bankruptcy Proceedings to, among other things, pursue a going-concern Sale of substantially all of their assets, which Sale the Debtors announced as of February 28, 2017. As of this point, the Debtors' assets consist primarily of Cash (principally representing the net proceeds of the Sale) and potential Retained Causes of Action.

Since the Sale closing, the Debtors and the Official Equity Committee (and other stakeholders) have engaged in extensive negotiations regarding the formulation and prosecution of a Chapter 11 plan, with the goal of distributing the remaining net Sale proceeds and other estate assets to the Debtors' stakeholders in an efficient and value-maximizing manner. Due to the fact that the Debtors were organized under the laws of the Province of British Columbia, Canada and the United States, but had operations in both Canada and the United States (which, among other things, have different tax laws), structuring the Plan posed more challenges than would have been present in a case in a single jurisdiction. The negotiations between the Debtors and the Official Equity Committee (and other stakeholders) were ultimately successful as embodied in the Plan. The Plan includes a "Global Settlement" of all disputes among the Debtors, the Official Equity Committee, and the Official Committee of Unsecured Creditors, which the Official Equity Committee believes embodies a reasonable and value-maximizing compromise among the parties, avoids potentially costly and lengthy litigation, and has been structured in an effort to minimize potential adverse tax consequences to the Holders of Class P7 Parent Equity Interests, regardless of their status as Canadian or United States residents.

ACCORDINGLY, THE OFFICIAL EQUITY COMMITTEE SUPPORTS THE PLAN AND RECOMMENDS THAT HOLDERS OF CLASS P7 PARENT EQUITY INTERESTS VOTE TO <u>ACCEPT</u> THE PLAN. IN ADDITION, HOLDERS OF CLASS P7 PARENT EQUITY INTERESTS WHO VOTE TO ACCEPT THE PLAN SHOULD ALSO MAKE AN ELECTION FOR THE TREATMENT OF THEIR PARENT EQUITY INTERESTS PURSUANT TO OPTION 1 OR OPTION 2, AS DESCRIBED BELOW.

ELECTION BY HOLDERS OF CLASS P7 PARENT EQUITY INTERESTS

Under the Plan, beneficial Holders of Class P7 Parent Equity Interests may elect either:

> **OPTION 1**: To have their Parent Equity Interests mandatorily purchased and ultimately and indirectly cancelled in exchange for their Pro Rata share of Beneficial Trust Interests (and a right to receive their Pro Rata share of any other Shareholder Distributable Assets (other than Equity Available Cash) in accordance with the Plan); or
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> **OPTION 2**: To retain their Allowed Parent Equity Interests through the Final Distribution Date.

IMPORTANT

Holders who are **UNITED STATES PERSONS** should, among other things, consider carefully the sections of the Disclosure Statement entitled Section XVIII. Risk Factors, including Risk Factors T., W. and X., and Section XIX. "Certain U.S. Federal Income Tax Consequences of the Plan"; such United States Persons are urged to **ELECT OPTION 1** (election to have their Parent Equity Interests mandatorily purchased and cancelled in exchange for their Beneficial Trust Interests (and a right to receive their Pro Rata share of any other Shareholder Distributable Assets (other than Equity Available Cash) in accordance with the Plan)), rather than Option 2 (election to retain Parent Equity Interests). Option 1 is intended to mitigate potential adverse U.S. income tax consequences that could arise for United States Persons who retain their Parent Equity Interests. Each Holder who is a United States Person should consult its own tax advisors for advice having regard to its own tax situation.[1]

[1] If a selection of Option 1 by a Holder of Allowed Parent Equity Interests causes adverse tax consequences to the

Holders who are **CANADIAN RESIDENTS** should, among other things, consider carefully the sections of the Disclosure Statement entitled Section XVIII. Risk Factors, including Risk Factor "BB. Canadian Shareholders Who Elect Option 1 and Receive Beneficial Trust Interests" and "CC. Canadian Tax Consequences of Liquidation Trust are Uncertain" and Section XX. "Certain Canadian Federal Income Tax Consequences and Risks of the Plan". Such Canadian residents are urged to consider **ELECTING OPTION 2** (election to retain their Allowed Parent Equity Interests) rather than Option 1 (election to have their Parent Equity Interests mandatorily purchased and cancelled in exchange for their Beneficial Trust Interests (and a right to receive their Pro Rata share of any other Shareholder Distributable Assets (other than Equity Available Cash) in accordance with the Plan)). Each Holder who is a Canadian resident should consult its own tax advisors for advice having regard to its own tax situation.

Holders who are neither United States persons nor Canadian residents should consult their own tax advisors with regard to their own tax situation.

Your timely vote in accordance with the deadline provided on your Ballot is important, as only those Holders of Class P7 Parent Equity Interests that timely vote on the Plan will have their vote counted. In addition, Holders of Parent Equity Interests who wish to elect Option 1 (election to have their Parent Equity Interests mandatorily purchased and cancelled in exchange for their Beneficial Trust Interests (and a right to receive their Pro Rata share of any other Shareholder Distributable Assets (other than Equity Available Cash) in accordance with the Plan)) should complete the separate "Option 1—Liquidation Trust Election Form" and return such form to Prime Clerk (the Claims and Solicitation Agent), and should contact their Nominee and instruct it to electronically deliver their beneficial interest corresponding to the applicable distribution election established at CDS or DTC in accordance with CDS's or DTC's electronic delivery procedures (as applicable), all in accordance with the instructions set forth on the Option 1—Liquidation Trust Election Form.

The foregoing description is not intended as a substitute for a careful and detailed review of the Disclosure Statement, which has been approved by the Bankruptcy Court. The description herein is designed to highlight certain Plan provisions and is qualified in its entirety by the Plan and Disclosure Statement. Holders of Class P7 Parent Equity Interests should read the Disclosure Statement, the Plan and the Plan Supplement in their entirety, including the Risk Factors described in the Disclosure Statement, and then make their own respective independent decision as to whether the Plan is acceptable and whether to make an election under the Plan.

The Debtors have provided you with a Ballot to vote to accept or reject the Plan and to make an election. In order to have your vote and election counted, you must complete and timely return the Ballot (and, if you are selecting the Option 1 election, the Option 1—Liquidation Trust Election Form) in accordance with the instructions and directions set forth in the Disclosure Statement and on the Ballot (and, if you are selecting the Option 1 election, the Option 1—Liquidation Trust Election Form). Please read the instructions and directions set forth in the Disclosure Statement and on the Ballot (and, if you are

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Liquidation Trust, the election may be deemed null and void by the Liquidation Trustee, in his sole discretion, in which event the Person whose election was deemed null and void shall retain its Equity Interests in the Reorganized Parent Debtor.

selecting the Option 1 election, the Option 1—Liquidation Trust Election Form) carefully and complete your Ballot in its entirety before timely returning it to the Debtors' Claims and Solicitation Agent.

QUESTIONS

SHOULD YOU HAVE ANY QUESTIONS ABOUT THIS LETTER OR THE SOLICITATION PROCEDURES, WE WOULD BE PLEASED TO DISCUSS THEM WITH YOU AT YOUR CONVENIENCE. PLEASE DIRECT ANY SUCH QUESTIONS TO:[2]

(A) BROWN RUDNICK LLP, ATTENTION ROBERT J. STARK (212-209-4862; RSTARK@BROWNRUDNICK.COM), STEVEN B. LEVINE (617-856-8587; SLEVINE@BROWNRUDNICK.COM), OR ANDREW M. CARTY (212-209-4959; ACARTY@BROWNRUDNICK.COM); AND/OR

(B) MCMILLAN LLP, ATTENTION ANDREW J.F. KENT (416-865-7160; ANDREW.KENT@MCMILLAN.CA) OR CAITLIN FELL (416-865-7841; CAITLIN.FELL@MCMILLAN.CA).

THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS OF OLD BPSUSH INC. AND ITS AFFILIATED DEBTORS

[2] As stated in the Disclosure Statement, the Debtors have not authorized any entity to give any information about or concerning the Plan other than that which is contained in the Disclosure Statement. The Debtors have not authorized any representations concerning the Debtors or the value of their assets other than as set forth in the Disclosure Statement.