Court File No.: CV-16-11582-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD PSG WIND-DOWN LTD., OLD BHR WIND-DOWN CORP., OLD BPSU WIND-DOWN CORP., OLD BPSDS WIND-DOWN CORP., OLD EBS WIND-DOWN CORP., OLD PLG WIND-DOWN CORP., OLD PSGI WIND-DOWN CORP., OLD BHR INC., OLD BH INC., OLD BPSU INC., OLD BPSCI INC., OLD BPSUSH INC., OLD EBS INC., OLD PLG INC., AND OLD PSGI INC.

(Applicants)

ELEVENTH REPORT OF THE MONITOR

September 26, 2017

THORNTON GROUT FINNIGAN LLP
Toronto Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, Ontario M5K 1K7

Robert I. Thornton (LSUC# 24266B)
Email: rthornton@tgf.ca / Tel: (416) 304-0560

Rachel Bengino (LSUC # 68348V)
Email: rbengino@tgf.ca / Tel: (416) 304-1153

Lawyers for Ernst & Young Inc.,
the Court-appointed Monitor

TABLE OF CONTENTS

Court File No.: CV-16-11582-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF OLD PSG WIND-DOWN LTD., OLD BHR WIND-DOWN CORP., OLD BPSU WIND-DOWN CORP., OLD BPSDS WIND-DOWN CORP., OLD EBS WIND-DOWN CORP., OLD PLG WIND-DOWN CORP., OLD PSGI WIND-DOWN CORP., OLD BHR INC., OLD BH INC., OLD BPSU INC., OLD BPSCI INC., OLD BPSUSH INC., OLD EBS INC., OLD PLG INC., AND OLD PSGI INC.

(Applicants)

ELEVENTH REPORT OF THE MONITOR

September 26, 2017

INTRODUCTION AND BACKGROUND

1. On October 31, 2016 (the "**Petition Date**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order (as amended and restated, the "**Initial Order**"), which, *inter alia*: (i) declared that Old PSG Wind-down Ltd. (formerly known as Performance Sports Group Ltd.) ("**PSG**") and certain of its subsidiaries and affiliates (collectively, the "**Applicants**")[1] were companies to which the *Companies' Creditors Arrangement Act* (the "**CCAA**")[2] applied; (ii) granted a stay of proceedings in favour of the Applicants until November 30, 2016 (the "**Stay of Proceedings**"); and (iii) appointed Ernst & Young Inc. as monitor of the Applicants (in such capacity, the "**Monitor**").

---

[1] The Applicants in the present proceedings are comprised of Old PSG Wind-down Ltd., Old BHR Wind-down Corp., Old BPSU Wind-down Corp., Old BPSDS Wind-down Corp., Old EBS Wind-down Corp., Old PLG Wind-down Corp., Old PSGI Wind-down Corp. (collectively, the "**Canadian Applicants**"), and Old BHR Inc., Old BH Inc., Old BPSU Inc., Old BPSCI Inc., Old BPSUSH Inc., Old EBS Inc., Old PLG Inc. and Old PSGI Inc. (collectively, the "**U.S. Applicants**").

It should be noted that since the inception of the proceedings herein, certain of the Applicants have been amalgamated and each of the Applicants has changed its name. An explanation of the changes and a reference to the former names of the Applicants can be found in the Monitor's Seventh Report, dated April 7, 2017, accessible at www.ey.com/ca/psg.

[2] *Companies' Creditors Arrangement Act,* RSC 1985, c. C-36, as amended.

2. On the same date, the Applicants commenced proceedings (the "**Chapter 11 Proceedings**") in the United States ("**U.S.**") under Chapter 11 of Title 11 of the *U.S. Code* (the "**U.S. Bankruptcy Code**")[3] in the Bankruptcy Court for the District of Delaware (the "**U.S. Court**").

3. By subsequent orders of the Court, the Stay of Proceedings has been extended to October 1, 2017.

4. PSG is a registrant and reporting issuer in accordance with applicable securities laws and its common shares (the "**Common Shares**") were listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "PSG" before trading was suspended by both exchanges on October 31, 2016. The New York Stock Exchange delisted the Common Shares effective November 28, 2016 and the Toronto Stock Exchange delisted the Common Shares effective December 8, 2016.

5. Background on the Applicants, including their business operations, causes of insolvency and various other matters were described in more detail in the affidavit of Mark Vendetti[4] sworn on October 31, 2016 in support of the Initial Order.

6. The Applicants conducted a comprehensive sale process for the sale of substantially all of their assets on a going concern basis that included a stalking horse asset purchase agreement dated as of October 31, 2016, as amended, for the sale of substantially all of the Applicants' assets to Peak Achievement Athletics Inc. (f/k/a 9938982 Canada Inc.), an acquisition vehicle co-owned by affiliates of Sagard Holdings Inc. and Fairfax Financial Holdings Limited (the "**Purchaser**"). The closing of the sale was announced on February 28, 2017 (the "**Closing**").

7. On August 25, 2017, the Applicants filed a Joint Chapter 11 Plan of Liquidation of Old BPSUSH Inc. and its affiliated debtors, which revised the version of the plan filed on August 9, 2017 (the "**Joint Plan**") and an accompanying disclosure statement (the "**Disclosure Statement**"), with the U.S. Court. Further, on September 12, 2017, the Applicants filed a

---

[3] 11 U.S.C §§ 101 *et seq*.

[4] Mr. Vendetti was the chief financial officer and an executive vice president of PSG.

motion (the "**Solicitation Motion**") to approve the Disclosure Statement and solicitation procedures for soliciting votes on the Joint Plan (the "**Solicitation Procedures**").

8. Information regarding the Chapter 11 Proceedings, including copies of all orders entered by the U.S. Court in the Chapter 11 Proceedings, is located on a website managed by the Applicants' claims agent, Prime Clerk LLC ("**Prime Clerk**"), at the following URL: https://cases.primeclerk.com/psg/. Information and materials related to the Applicants' proceedings under the CCAA (the "**CCAA Proceedings**" and, together with the Chapter 11 Proceedings, the "**Restructuring Proceedings**"), including orders of the Court, are located on the Monitor's website at the following URL: www.ey.com/ca/psg (the "**Monitor's Website**").

9. As described in this eleventh report of the Monitor (the "**Eleventh Report**"), the Applicants are seeking an Order for directions (the "**Initial CCAA Approval Order**") authorizing the Applicants to proceed without a plan in the CCAA Proceedings, even though the Joint Plan has been filed in the Chapter 11 Proceedings. Additionally, the Applicants are seeking an Order extending the Stay of Proceedings to December 15, 2017.

10. Any capitalized terms not otherwise defined herein have the respective meanings attributed to them in the Joint Plan. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars.

11. This Eleventh Report contains the following sections:

    a) Introduction and Background;
    b) Terms of Reference and Disclaimer;
    c) Update on the Restructuring Proceedings;
    d) Intended Path Forward in the CCAA Proceedings;
    e) Joint Plan;
    f) Disclosure Statement;
    g) Solicitation Procedures;
    h) Proposed CCAA Approval Order;
    i) Extension of Stay of Proceedings; and
    j) Overall Comments and Conclusions.

TERMS OF REFERENCE AND DISCLAIMER

12. The Monitor has prepared several reports since the commencement of the Restructuring Proceedings, each of which is accessible on the Monitor's Website. This Eleventh Report should be read in conjunction with the previous reports.

13. In preparing this Eleventh Report and making the comments herein, the Monitor has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, company records, management prepared financial information and projections, discussions with the Applicants' advisors, including the Applicants' Chief Restructuring Officer (the "**CRO**"), Brian J. Fox of Alvarez & Marsal North America LLC ("**A&M**"), and other personnel from A&M and its affiliates (collectively, the "**Information**").

14. The Monitor has assumed the integrity and truthfulness of the Information and explanations provided to the Monitor, within the context in which they were presented. To date, nothing has come to the attention of the Monitor that would cause it to question the reasonableness of this assumption.

15. Finally, the Monitor has requested that the CRO bring to its attention any significant matters that were not otherwise addressed in the course of its specific inquiries. Accordingly, this Eleventh Report is based solely on the Information (financial or otherwise) provided to the Monitor.

16. Except as described in this Eleventh Report, the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or generally accepted standards for review engagements and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

17. In view of the purpose of this Eleventh Report, some of the financial information herein may not comply with generally accepted accounting principles.

18. Some of the information referred to in this Eleventh Report consists of forecasts and projections that were prepared based on A&M's current estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasted or projected results. Actual results may vary from the forecasts or projections provided herein, even if the estimates and assumptions are accurate, and the variations could be significant.

19. The Monitor has prepared this Eleventh Report in its capacity as the Court-appointed Monitor in the CCAA Proceedings in order to provide additional information to the Court in connection with the CCAA Proceedings to date. This Eleventh Report is not appropriate for any other purpose and, consequently, it should not be used for any other purpose.

UPDATE ON THE RESTRUCTURING PROCEEDINGS

20. A summary of the principal substantive orders, motions, and other filings made in the Chapter 11 Proceedings since the date of the Monitor's Tenth Report to the Court, dated August 31, 2017 (the "**Tenth Report**") is presented in **Appendix "A".**

21. The Monitor has continued its activities described in the Tenth Report, including consulting with the Applicants and their advisors regarding the Joint Plan and Disclosure Statement. The Monitor has additionally engaged in discussions with the Applicants and the Official Committee of Equity Security Holders (the "**Equity Committee**") with respect to, among other things, the Solicitation Procedures and objections to the Purported Securities Class Action Claim.[5] In addition, after the Court granted the Claims Resolution Order in the CCAA Proceedings on September 1, 2017 (the "**Claims Resolution Order**"), the Monitor has been coordinating its review and reconciliation of Canadian Claims (as defined in the Claims Resolution Order) with A&M and the Applicants. The Applicants have filed a motion with the U.S. Court to enforce the Claims Resolution Order in the Chapter 11 Proceedings.

[5] The Purported Securities Class Action Claim, as defined in the Joint Plan, relates to the proof of claim filed against PSG by the Plumbers & Pipefitters National Pension Fund, purportedly on behalf of a putative class of other claimants for alleged breaches of U.S. securities laws. As discussed below, the Applicants and the Equity Committee have objected to this claim in the Restructuring Proceedings. A joint hearing between the Court and U.S. Court is scheduled to hear the objections on October 16, 2017.

22. Further, since the Tenth Report, the U.S. Securities and Exchange Commission (the "**SEC**") has withdrawn its claim #599 filed against the Applicants pursuant to the *Notice of Withdrawal of Claim* [Docket No. 6] filed in the Chapter 11 Proceedings.

INTENDED PATH FORWARD IN THE CCAA PROCEEDINGS

23. Following the Closing, the Applicants engaged in discussions with their stakeholders, including the Official Committee of Unsecured Creditors (the "**Creditors' Committee**" and together with the Equity Committee, the "**Committees**") and the Equity Committee, in consultation with the Monitor, to determine an efficient method to resolve the Restructuring Proceedings. The Applicants, in consultation with the Monitor, explored various alternative structures, including potential alternatives to monetize tax attributes of the U.S. Applicants at the request of the Equity Committee. After such exploration, the Applicants determined that the most efficient method to resolve the Restructuring Proceedings was to proceed with the Joint Plan in the Chapter 11 Proceedings, which effects a liquidation of the Applicants' remaining assets. Any other alternative course and distribution would have been a challenge given the nature of the dual plenary proceedings and the requirements to strictly comply with both the CCAA and U.S. Bankruptcy Code. Furthermore, and in any event, the Equity Committee confirmed to the Monitor that it was only supportive of proceeding by way of liquidating plans in the Chapter 11 Proceedings.

24. Accordingly, in order to effect efficient distributions to the Applicants' stakeholders, it was appropriate for the Applicants to file the Joint Plan in the Chapter 11 Proceedings at this stage in the Restructuring Proceedings.

25. It is the Applicants' and the Monitor's view, which the Monitor understands is also shared by the Committees, that the Applicants are not required to file a plan of compromise or arrangement in the CCAA Proceedings to effect the substance of the Joint Plan. Rather, the Applicants can enforce the Joint Plan, including the contemplated distributions and transactions, by obtaining an Order from the Court of the type described in the Joint Plan (the "**CCAA Approval Order**"), but without the necessity for the creditors to be presented with and vote on a CCAA plan of compromise or arrangement.

26. The Applicants have determined that the current path forward is the most efficient one in the circumstances. The Applicants are of the view that obtaining the CCAA Approval Order is significantly more cost effective than filing a plan of compromise or arrangement under the CCAA and will ensure that there is a coordinated result in the Restructuring Proceedings. The Monitor is also of the view that filing a plan in Canada would add an additional layer of cost and complication and would give rise to the possibility of inconsistent results as described in more detail below.

27. The Sale Proceeds should be sufficient to pay all creditors in full.[6] Further, there may be significant residual funds for Holders of Parent Equity Interests. The CCAA Approval Order would authorize, upon the effective date of the Joint Plan (if confirmed) (the "**Effective Date**"), the Distribution Agent to make distributions in full to all Allowed General Unsecured Claims and to distribute any residual funds to Holders of Parent Equity Interests, subject to certain Reserves (as described below).[7] Therefore, a plan of compromise or arrangement pursuant to the CCAA Proceedings is unnecessary in the circumstances.

28. Granting the CCAA Approval Order will reduce unnecessary costs and expenses that the Applicants would otherwise incur in developing and negotiating a plan of compromise or arrangement in the CCAA Proceedings. Further, a CCAA plan would lead to undue complexity in connection with applicable voting procedures. The CCAA requires a meeting of creditors, but under Chapter 11 of the U.S Bankruptcy Code, creditors and Holders of Parent Equity Interests simply vote by ballot (without a meeting). If dual plans were filed under both the U.S. Bankruptcy Code and the CCAA, it is possible that either (i) creditors would have to vote twice (adding cost and complexity), and/or (ii) there could be inconsistent results in the respective Restructuring Proceedings. Additionally, conditions for acceptance of plans under the CCAA and the U.S. Bankruptcy Code differ, including the ability to cram down creditors under the U.S. Bankruptcy Code, which could lead to one plan being accepted by stakeholders and the other being rejected if dual plans were filed.

---

[6] As described below, pursuant to the Global Settlement (as defined below), unsecured creditors will not be receiving Post-Petition Interest. Considering the uncertainty in Canada regarding unsecured creditors' entitlement to post-filing interest, it is the Applicants' view that a plan of compromise or arrangement is not necessary in the CCAA Proceedings. Furthermore, the unsecured creditors materially benefit from the Global Settlement.

[7] The Monitor is the Distribution Agent under the Joint Plan from the Effective Date to the Final Monitor Distribution Date (other than with respect to the Reserves that are to be funded by the Reorganized Parent Debtor).

29. Accordingly, the Applicants are currently seeking the Initial CCAA Approval Order for directions authorizing the Applicants to proceed in the manner outlined above. In the Monitor's view, such an approach will reduce costs and simplify the voting procedures, leading to a more efficient administration of the estates for the general benefit of all stakeholders.

JOINT PLAN

Global Settlement

30. The Joint Plan provides, among other things, for the implementation of the global settlement (the "**Global Settlement**") that has been agreed to by the Applicants and the Committees. The Global Settlement, among other things, (a) provides for the payment in full of all Allowed General Unsecured Claims without Post-Petition Interest (to the extent it would have been allowed), (b) resolves the treatment of Intercompany Claims and Equity Interests, (c) resolves the allocation of the Sale Proceeds among the Applicants and any disputes regarding the valuation of the Applicants, and (d) settles any dispute regarding substantive consolidation of some or all of the Applicants' estates.

31. Without the Global Settlement, certain of the Applicants would have liabilities that could exceed the likely allocation of value to that Applicant from the Sale Proceeds. Such could result in creditors of those Applicants not being paid in full (while creditors of other Applicants would be paid in full), even though Holders of Parent Equity Interests might receive distributions. Additionally, the cost of litigating such issues would significantly deplete the cash on hand from the Sale Proceeds. The Global Settlement avoids these complex and potentially costly issues.

32. To demonstrate the significance of the Global Settlement, the chart below provides the Applicants' current estimates of the recoveries that Holders of General Unsecured Claims are expected to receive assuming the Global Settlement is approved compared to estimated recoveries that these creditors would likely receive in a liquidation under chapter 7 of the U.S. Bankruptcy Code:[8]

---

[8] This chart can be found in the Disclosure Statement along with assumptions and other statements relevant to these estimates.

	Chapter 7 Liquidation		**Global Settlement under Plan**	
DEBTOR ESTATE (Using Pre-Petition Names)	**Low**	**High**	**Low**	**High**
Performance Sports Group Ltd.	100%	100%	100%	100%
Bauer Hockey Corp.	3%	3%	100%	100%
Bauer Hockey, Inc.	100%	100%	100%	100%
BPS Diamond Sports Corp.	2%	3%	100%	100%
BPS Diamond Sports Inc.	3%	3%	100%	100%
BPS Uniforms Corp.	4%	4%	100%	100%
BPS Uniforms Inc.	0%	0%	100%	100%
Bauer Performance Lacrosse Inc.	21%	23%	100%	100%
Bauer Performance Lacrosse Corp.	7%	7%	100%	100%
Bauer Hockey Retail Inc.	4%	4%	100%	100%
Bauer Hockey Retail Corp.	No claims filed	No claims filed	No claims filed	No claims filed
PSG Innovation Inc.	0%	0%	100%	100%
PSG Innovation Corp.	6%	6%	100%	100%
Easton Baseball / Softball Inc.	5%	5%	100%	100%
Easton Baseball / Softball Corp.	4%	4%	100%	100%
BPS US Holdings Inc.	100%	100%	100%	100%
KBAU Holdings Canada, Inc.	No claims filed	No claims filed	No claims filed	No claims filed
BPS Canada Intermediate Corp.	No claims filed	No claims filed	No claims filed	No claims filed

33. In exchange for the benefits of the Global Settlement, the Equity Committee agreed to a re-allocation from PSG to the other Applicants in the range of approximately $2 million to $4 million in value to elevate unsecured creditors' recoveries to 100% of Allowed Claims for all of the Applicants.

Classes of Creditors

34. The Joint Plan classifies creditors and stakeholders of PSG in the following categories:

Class	**Claim or Equity Interest**	**Status**	**Voting Rights on the Joint Plan**
P1	Secured Claims	Unimpaired	Not Entitled to Vote
P2	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
P3	SEC Claim	Claim Consensually Withdrawn	Not Entitled to Vote
P4	General Unsecured Claims	Impaired	Entitled to Vote
P5	Intercompany Claims	Unimpaired	Not Entitled to Vote
P6	Individual Securities Damages Claim	Unimpaired	Not Entitled to Vote
P7	Parent Equity Interests	Impaired	Entitled to Vote

35. Further, the Joint Plan classifies creditors and stakeholders of the Subsidiary Debtors in the following categories:

Class	**Claim or Equity Interest**	**Status**	**Voting Rights on the Joint Plan**
1	Secured Claims	Unimpaired	Not Entitled to Vote
2	Priority Non-Tax Claims	Unimpaired	Not Entitled to Vote
3	General Unsecured Claims	Impaired	Entitled to Vote
4	Intercompany Claims	Unimpaired	Not Entitled to Vote
5	Intercompany Equity Interests	Unimpaired	Not Entitled to Vote

36. The only classes impaired by the Joint Plan (and thus entitled to vote on the Joint Plan pursuant to the U.S. Bankruptcy Code) are the Holders of General Unsecured Claims and the Holders of Parent Equity Interests. In accordance with the U.S. Bankruptcy Code, the unimpaired classes of creditors are deemed to accept the Joint Plan and are not entitled to vote.

General Unsecured Claims

37. Pursuant to the U.S. Bankruptcy Code, the Holders of General Unsecured Claims against solvent Applicants would otherwise be entitled to Post-Petition Interest but for the Global Settlement. Accordingly, Holders of General Unsecured Claims are impaired under the Joint Plan and are entitled to vote.

38. On the Effective Date, and subject to the Distribution Agent having received either a clearance certificate or comfort letter from the applicable taxing authorities including the CRA (or such other arrangements as are satisfactory to the Monitor), all Allowed General Unsecured Claims shall be paid in full.

Parent Equity Interests and the Liquidation Trust

39. Due to differing tax consequences in Canada and the U.S., Holders of Parent Equity Interests must elect to receive distributions either from the Liquidation Trust or from the Reorganized Parent Debtor. The Liquidation Trust is intended to mitigate potential adverse U.S. income tax consequences that could arise for U.S. taxpayers who continue to own Parent Equity Interests.

40. Specifically, those Holders of Parent Equity Interests who are U.S. taxpayers are urged to consider electing to have their Parent Equity Interests mandatorily purchased and cancelled in exchange for Beneficial Interests in the Liquidation Trust (and a right to receive their *pro rata* share of any other Shareholder Distributable Assets) and receive distributions from the Liquidation Trust on account of such interests ("**Option 1**"). Those Holders of Parent Equity Interests who are Canadian residents for tax purposes are encouraged to retain their Parent Equity Interests in PSG and receive their *pro rata* share of Shareholder Distributable Assets on account of their Parent Equity Interests ("**Option 2**"). Parties wishing to select Option 1 must do so by submitting a Liquidation Trust Certificate Form (as defined below) on or before the Liquidation Trust Certification Bar Date, which is November 13, 2017.

41. The Joint Plan additionally provides that, if any Holder of a Parent Equity Interest elects Option 1 and is subsequently determined to be a Canadian Holder of Parent Equity Interests and it is determined that the Liquidation Trust may be subject to adverse Canadian tax consequences as a result, then any transfer of Beneficial Trust Interests to such Canadian Holder and the cancellation of such Holder's Parent Equity Interests shall be void.

Accordingly, this mechanism allows the Liquidation Trustee and Reorganized Parent Debtor to nullify an Option 1 election where such election causes tax consequences to the Liquidation Trust.

42. A Liquidation Trustee will be appointed by the Equity Committee to act as trustee of the Liquidation Trust. In addition to administering the Liquidation Trust, including distributions therefrom, the Liquidation Trustee will have full power and authority to investigate, prosecute, settle or otherwise resolve the Retained Causes of Action.[9] The Equity Committee believes that prosecuting the Retained Causes of Action may enhance recoveries for Holders of Parent Equity Interests. Further, the Equity Committee will appoint three individuals to sit on a Liquidation Trust Advisory Board. After the Effective Date, the Liquidation Trust shall resolve all U.S. Claims, in consultation with the Monitor.

43. Upon receipt of a Clearance Certificate, the Distribution Agent may distribute to Holders of Allowed Parent Equity Interests the Shareholder Distributable Assets, which comprise proceeds from (a) any recoveries in the Retained Causes of Action, (b) any residual amounts remaining in the Liquidation Trust Expense Reserve (as described below), (c) any residual Sale Proceeds remaining after the Reserves are funded, the Allowed Claims are paid in full and all wind-down expenses have been paid, and (d) any other assets.

44. After the Effective Date, the Shareholder Distributable Assets (other than cash), shall vest in either the Liquidation Trust or the Reorganized Debtors in proportion to the percentages of Allowed Parent Equity Interests of those Holders that have selected either Option 1 or Option 2, respectively. The Liquidation Trustee and the Reorganized Parent Debtor shall take any reasonably necessary or admissible actions to ensure that the Beneficial Holders of Parent Equity Interests receive the same *pro rata* distributions of cash from either the Reorganized Parent Debtor or Liquidation Trust pursuant to the Joint Plan regardless of whether such Holders have elected Option 1 or Option 2 (other than potential differences attributable to the differing tax treatment of the Liquidation Trust and Reorganized Parent Debtor under U.S. and Canadian tax laws or the individual tax circumstances of Holders of Parent Equity Interest or Beneficial Trust Interests); provided, however, such actions shall

---

[9] As defined in the Joint Plan, the Retained Causes of Action are those causes of actions of the Applicants (other than those that were assigned to the Purchaser or have been settled or released under the Joint Plan).

not consider or otherwise compensate for the time-value of money, interim fluctuations in currency value, or certain tax liabilities of the Applicants.

45. Distributions to Beneficial Holders of Parent Equity Interests will be made via an exchange with CDS Clearing and Depository Services Inc. and Depository Trust Company.

46. The Liquidation Trust is to be dissolved no later than five years from the Effective Date, unless otherwise extended by the U.S. Court.

Reserves

47. On the Effective Date, the Distribution Agent is required to fund the Reserves, which consist of the following: (a) the Individual Securities Damages Reserve in the amount of $928,077 (which shall be held by the Monitor), which represents the amount of the Individual Securities Damages Claim filed by the Plumbers & Pipefitters National Pension Fund; (b) the Liquidation Trust Expense Reserve in the amount to be set forth in a supplement to the Joint Plan to be filed by the Applicants (which shall be held by the Reorganized Parent Debtor), which will be used to pay the wind-down expenses of the Applicants and the Liquidation Trust; and (c) the Holdback Amount Reserve for the payment of unpaid amounts asserted by the professionals payable in the Chapter 11 Proceedings (which shall be held by the Reorganized Parent Debtor). The Reserves are to be held by the Monitor or the Reorganized Parent Debtor, as applicable, until (1) the issuance of a Clearance Certificate (except in the case of the Holdback Amount Reserve); (2) the decision of the Board of Directors of the Reorganized Parent Debtor to disburse such Reserves that are held by the Reorganized Parent Debtor rather than the Monitor; or (3) other arrangements in form satisfactory to the Monitor for the Reserve held by the Monitor.

Corporate Governance

48. The Joint Plan provides that the existing officers and directors of each Applicant shall be deemed to resign on the Effective Date. Thereafter, the Equity Committee will select the board of directors of the Reorganized Parent Debtor, which shall consist of three directors. The board of directors of the Reorganized Parent Debtor will appoint directors to serve on the board of directors of each Subsidiary Debtor pending the Subsidiary Debtors' anticipated dissolution.

49. The Applicants are of the view that, considering that PSG is currently in default of applicable securities laws due to, among other things, its failure to timely file its Annual Report on Form 10-K for the fiscal years ended May 31, 2016 and May 31, 2017, respectively, and taken together with the fact that the Reorganized Parent Debtor will exist solely to liquidate its assets and distribute proceeds to its stakeholders and prosecute the Retained Causes of Action through the Liquidation Trustee, it is reasonable that the Applicants be authorized to avoid compliance with certain costly and time consuming reporting and disclosure requirements. It is currently contemplated that the CCAA Approval Order will provide that the Reorganized Parent Debtor and the Liquidation Trust shall not be required to comply with certain reporting and disclosure requirements under applicable corporate and securities laws during the CCAA Proceedings.[10]

50. A Chief Wind-Down Officer will also be selected by the Equity Committee to be appointed by the Reorganized Parent Debtor's board of directors. The Chief Wind-Down Officer will be responsible for winding-up, dissolving, amalgamating and/or merging the Applicants, other than the Reorganized Parent Debtor, as applicable.

Condition Precedents to Joint Plan

51. In order for the Joint Plan to be confirmed, it is a condition that, among other things, (a) the Court shall have issued the Initial CCAA Approval Order, (b) the Purported Securities Class Action Claim shall have been disallowed, and (c) the SEC Claim shall have been withdrawn.[11]

52. As contemplated in the Claims Resolution Order, the Applicants, with the consent of the Equity Committee, have determined that their objections to the Purported Securities Class Claim will be jointly heard by the Court and the U.S. Court. Such joint-hearing is currently scheduled to be heard on October 16, 2017.

---

[10] The Monitor understands that the Applicants have periodically updated the Ontario Securities Commission (the "**OSC**") throughout the Restructuring Proceedings and have recently discussed the Joint Plan, contemplated Solicitation Procedures and intended path forward in the CCAA Proceedings with the OSC. Further, the OSC and Deputy Attorney General of British Columbia were also served with the Applicants' motion seeking the Initial CCAA Approval Order.

[11] As discussed above, the SEC has consensually withdrawn its claim against the Applicants.

53. In order for the Joint Plan to become effective, it is a condition that, among other things, the Court shall grant the CCAA Approval Order.

Releases and Exculpation

54. On the Effective Date, the Monitor and other professionals and rank and file employees of the Applicants (other than directors and officers) will be deemed released and discharged from any Claims arising or that may arise against these parties by the Liquidation Trust or Applicants for actions that took place prior to the Petition Date.

55. Further, on the Effective Date, the Applicants, Monitor, Consumer Privacy Ombudsman and the Committees will be released from any Claims arising or that may arise against these parties for actions that took place prior to the Effective Date by any Holder of a Claim that either (i) votes in favour of the Joint Plan, (ii) is unimpaired under the Joint Plan and fails to opt out of the releases, or (iii) rejects the Joint Plan but fails to opt out of the releases, except in the case of fraud or willful misconduct or gross negligence. The Solicitation Procedures, as further discussed below, include an option to opt-out of these releases, which the Monitor has been advised by the Applicants' U.S. counsel is typical in restructuring proceedings pursuant to the U.S. Bankruptcy Code.

56. Additionally, on the Effective Date, the Applicants, Monitor, Consumer Privacy Ombudsman and the Committees and their respective directors and officers will be exculpated from any liability to any Holder of a Claim or Equity Interest or any other party for any acts or omission arising after the date of the Initial Order until the Effective Date. The exceptions listed under s. 5.1(2) of the CCAA are excluded from such exculpation.[12]

Plan Amendments

57. The Monitor understands that the Joint Plan is expected to be updated prior to the return of the Solicitation Motion before the U.S. Court on October 3, 2017. The Monitor also understands that the Applicants intend to provide an updated copy of the Joint Plan to the Court if modified.

---

[12] Section 5.1(2) of the CCAA provides that the compromise of claims against directors may not include claims that (a) relate to contractual rights of one or more creditors; or (b) are based on allegations of misrepresentations made by directors to creditors or of wrongful or oppressive conduct by directors.

58. The anticipated modifications to the Joint Plan include, among other things, revisions to contemplate the amendments of PSG's articles to make Parent Equity Interests non-transferable following the Effective Date.

DISCLOSURE STATEMENT

59. In connection with the Joint Plan, the Applicants have filed an accompanying Disclosure Statement. The Disclosure Statement is intended to serve a similar purpose to an information circular that would be filed in connection with a plan of compromise or arrangement under the CCAA. The Disclosure Statement provides information intended to allow stakeholders to make informed decisions regarding voting to accept or reject the Joint Plan. Among other things, the Disclosure Statement discusses the history of the Applicants' business operations, the events leading to the commencement of the Restructuring Proceedings, a description of various orders sought since the commencement of the Restructuring Proceedings, a summary of the sale process, a detailed summary of the Joint Plan and risk factors associated with the Joint Plan.

60. In particular, the Disclosure Statement alerts readers to potential tax consequences in the structure of the Joint Plan, specifically with respect to tax consequences relevant to Holders of Parent Equity Interests in selecting either Option 1 or Option 2 under the Joint Plan.

61. The Monitor has had input into the form and content of the Disclosure Statement and all forms and notices to stakeholders, as further described below.

SOLICITATION PROCEDURES

62. Pursuant to the U.S. Bankruptcy Code, the Applicants have filed the Solicitation Motion to approve the Solicitation Procedures, which has been scheduled to be heard by the U.S. Court on October 3, 2017.

63. The Solicitation Motion includes various materials to be approved by the U.S. Court and distributed to stakeholders in accordance with the Solicitation Procedures, including, among other things, (a) the Disclosure Statement; (b) the form of ballot that will be provided to voting creditors; (c) the election form for Holders of Parent Equity Interests to elect Option 1 (the "**Liquidation Trust Election Form**"); and (d) the form of notice for stakeholders to

elect to opt-out of the releases provided in the Joint Plan (the "**Opt-Out Notice**" and collectively, the "**Solicitation Materials**"). The Solicitation Motion also seeks to establish the Solicitation Procedures for soliciting, voting and tabulating votes with respect to the Joint Plan.

64. If approved by the U.S. Court, all Holders of General Unsecured Claims and Parent Equity Interests will receive a package of the Solicitation Materials from Prime Clerk. The Solicitation Motion contemplates that the packages of Solicitation Materials will be mailed on or before October 9, 2017 and the deadline to vote on the Joint Plan by submitting a ballot in accordance with the Solicitation Procedures will be November 13, 2017.

65. The Initial CCAA Approval Order requested by the Applicants authorizes and directs the Applicants to proceed with the Solicitation Procedures, as approved by the U.S. Court.

PROPOSED CCAA APPROVAL ORDER

66. The Monitor understands that the Applicants intend to provide a draft of the CCAA Approval Order to the Court prior to the return of this motion. The draft CCAA Approval Order has been developed with input from the Applicants, the Monitor and the Committees. It seeks similar relief to that contemplated in the Joint Plan, including in the areas of corporate governance, distributions, funding of the Reserves, establishment of the Liquidation Trust and releases.

67. If the Initial CCAA Approval Order is granted, the Applicants will seek the CCAA Approval Order jointly with the hearing to confirm the Joint Plan in the Chapter 11 Proceedings, which is currently scheduled to be heard on November 21, 2017 (the "**CCAA Approval Order Hearing**"). It is anticipated that the Applicants, the Monitor and the Committees will further review and amend, as necessary, the draft CCAA Approval Order prior to the CCAA Approval Order Hearing.

68. The structure of the dual plenary proceedings in this case has provided many challenges including developing a structure to resolve the Restructuring Proceedings in an efficient manner that is acceptable to all stakeholders. The proposed structure of pursuing the Joint Plan in the Chapter 11 Proceedings and the CCAA Approval Order in the CCAA Proceedings is the result of many months of exploration of alternative structures by the Applicants, in consultation with the Monitor and the Committees. The Monitor is of the view that alternative structures that may have been available under the CCAA were not available in the dual plenary-filing context and, additionally, there was insufficient support from stakeholders for such alternatives. Accordingly, the proposed path contemplated is the best alternative reasonably available and is the only one that was supported by all stakeholders. By avoiding a formal plan of compromise or arrangement under the CCAA, the Applicants will be able to avoid additional costs which would have otherwise reduced recoveries for stakeholders and avoid potentially inconsistent results under the Joint Plan and any potential plan under the CCAA.

EXTENSION OF THE STAY OF PROCEEDINGS

69. The Applicants are also seeking an extension of the Stay of Proceedings up to and including December 15, 2017. The Applicants require the extension of the Stay of Proceedings in order to, among other things, resolve Claims filed against the Applicants, solicit votes for the Joint Plan, seek confirmation of the Joint Plan and obtain the CCAA Approval Order.

70. As further described in the Monitor's previous reports, the Applicants and the Monitor have significant cash on hand from the Sale Proceeds. The administrative costs associated with winding up the Restructuring Proceedings during the extension of the Stay of Proceedings will continue to be paid from these funds.

71. The Monitor is of the view that the Applicants are acting in good faith and with due diligence in continuing the CCAA Proceedings. As such, the Monitor supports the extension of the Stay of Proceedings to December 15, 2017.

OVERALL COMMENTS AND CONCLUSIONS

72. The Applicants are seeking an order approving the Initial CCAA Approval Order, which will confirm the steps forward that the Applicants are proposing to take in connection with resolving these Restructuring Proceedings.

73. In the Monitor's view, the proposed path forward of a plan in the Chapter 11 Proceedings, without a plan in Canada, is the most efficient and effective path open to the Applicants in the circumstances. The Monitor also believes the Initial CCAA Approval Order, Global Settlement and Joint Plan are reasonable and appropriate in the circumstances. The Monitor supports the relief sought by the Applicants and recommends that the Court grant the relief in the form sought by the Applicants.

All of which is respectfully submitted this 26th day of September, 2017.

ERNST & YOUNG INC.
Licensed Insolvency Trustee
In its capacity as the Monitor
in the matter of a proposed plan of compromise or
arrangement of Performance Sports Group Ltd. *et al.*

Per:

Brian M. Denega, CPA, CA, CIRP, LIT
Jean-Daniel Breton, CPA, CA, FCIRP, LIT
Martin Daigneault, CPA, CA, CIRP, LIT
Senior Vice-Presidents

APPENDIX “A”

Appendix "A"

OVERVIEW OF THE CHAPTER 11 PROCEEDINGS FROM THE FILING OF THE TENTH REPORT ON AUGUST 31, 2017 TO SEPTEMBER 25, 2017

Introduction

1. A summary of the principal substantive orders, motions, and other filings made in the Chapter 11 Proceedings during the period from and including August 31, 2017 to September 25, 2017 is provided below under the following headings:

   (a) Filing of Disclosure Statement Motion;

   (b) Equity Committee Objection to Putative Class Claim;

   (c) Filings Relating to Fee Applications; and

   (d) Miscellaneous.

Filing of Disclosure Statement Motion

2. On September 12, 2017, the Applicants filed a motion for the approval of the Disclosure Statement and the procedures for soliciting votes on the Joint Plan (the "**Disclosure Statement Motion**"). In the Disclosure Statement Motion, the Applicants proposed the following dates with respect to soliciting, voting on, and confirming the Joint Plan:

   (a) October 9, 2017 – the commencement of solicitation;

   (b) November 13, 2017 at 5:00 P.M. (EST) – the deadline to vote on the Joint Plan and for parties to object to confirmation of the Joint Plan; and

   (c) November 21, 2017 at 11:00 A.M. (EST) – the confirmation hearing date.

Objection to Putative Class Claim

3. As contemplated by the Joint Plan and Disclosure Statement, on September 15, 2017, the Equity Committee filed an objection to proof of claim #444 filed against PSG by the Plumbers & Pipefitters National Pension Fund (the "**Lead Plaintiff**"), on behalf of itself

and purportedly on behalf of a putative class of certain persons and entities that purchased or acquired common shares of PSG (the "**Purported Securities Class Claim**"), requesting that the U.S. Court disallow and expunge the Purported Securities Class Claim in its entirety. In its objection, the Equity Committee asserts that the Lead Plaintiff has not yet made a motion under the Federal Rules of Bankruptcy Procedure to permit the filing of a class proof of claim and argues that even if the Lead Plaintiff were to do so, the U.S. Court should deny such motion because the Lead Plaintiff would not be able to satisfy its burden thereunder, as further described in the objection.[13]

Objection to Disclosure Statement

4. On September 25, 2017, the Lead Plaintiff filed an objection to the Disclosure Statement, which, among other things, asserts that the Joint Plan is unconfirmable and that the Disclosure Statement does not provide adequate information as required by the U.S. Bankruptcy Code, all as further described therein.

Filings Relating to Fee Applications

Filing of Monthly Fee Applications

5. Pursuant to the order of the U.S. Court on November 29, 2016 establishing procedures for interim compensation and reimbursement of expenses of professionals (the "**Compensation Order**"), the below-listed firms have each filed monthly applications for compensation and reimbursement of expenses (each a "**Monthly Fee Application**") covering the time-periods, and requesting authorization to be paid the amounts, described in the chart below. Where indicated in the chart, a certificate of no objection (each a "**CNO**") was filed with respect to the Monthly Fee Application.[14]

---

[13] On September 16, 2017, the Equity Committee filed an amended objection to the Purported Securities Class Claim solely to correct an error in the signature page of the original objection.

[14] Pursuant to the Compensation Order, the Applicants are authorized, upon the filing of a CNO, to make an interim payment of 80% of fees and 100% of expenses requested in the relevant Monthly Fee Application.

Firm	**Time Period**	**Total Amount Requested for Approval**	**CNO Filed?**
Young Conaway Stargatt & Taylor, LLP ("**Young Conaway**")	July, 2017	USD 145,641.42	Yes
McMillan LLP	July, 2017	CAD 93,979.00	No
Cassels, Brock & Blackwell LLP ("**Cassels**")	July, 2017	CAD 34,292.93	No
Blank Rome LLP ("**Blank Rome**")	July, 2017	USD 38,609.81	No
Houlihan Lokey Capital, Inc. ("**Houlihan**")	August, 2017	USD 225,000.00	No
Brown Rudnick LLP ("**Brown Rudnick**")	July, 2017	USD 179,541.89	No
Paul, Weiss, Rifkind, Wharton & Garrison LLP ("**Paul Weiss**")	July, 2017	USD 279,408.94	No
Paul Weiss	August, 2017	USD 508,172.13	No
Prime Clerk LLC	May 1, 2017 – August 31, 2017	USD 3,264.30	No

6. CNOs were also filed with respect to the following Monthly Fee Applications which were further described in the Monitor's Tenth Report:

(a) Blank Rome's Monthly Fee Application for June, 2017;

(b) Montgomery, McCracken, Walker & Rhoads, LLP's ("**MMWR**") Monthly Fee Application for March, 2017;

(c) MMWR's Monthly Fee Application for April, 2017;

(d) MMWR's Monthly Fee Application for May, 2017;

(e) MMWR's Monthly Fee Application for June, 2017;

(f) MMWR's Monthly Fee Application for July, 2017;

(g) McMillan LLP's Monthly Fee Application for June, 2017;

(h) M.J. Renick & Associates LLC's (the "**Fee Examiner**") Monthly Fee Application for May, June, and July, 2017;

(i) Cassels' Monthly Fee Application for June, 2017;

(j) A&M's Monthly Fee Application for July, 2017;

(k) Province, Inc.'s Monthly Fee Application for July, 2017; and

(l) Brown Rudnick's Monthly Fee Application for June, 2017;

Filing of Interim Fee Applications

7. Pursuant to the Compensation Order, the following firms filed applications for interim compensation and reimbursement of expenses (each, an "**Interim Fee Application**") with respect to amounts requested in the Monthly Fee Applications filed during the time period specified in each Interim Fee Application and summarized in the chart below (each such period, a "**Covered Period**").[15]

Firm	**Covered Period**	**Total Amount Requested for Approval**[16]
Paul Weiss	May 1, 2017 – July 31, 2017	USD 1,290,818.50
Young Conaway	May 1, 2017 – July 31, 2017	USD 349,794.25
The Fee Examiner	May 1, 2017 – July 31, 2017	USD 59,882.70
Cassels	May 1, 2017 – July 31, 2017	CAD 69,758.03

15 Pursuant to the Compensation Order, if an Interim Fee Application is approved, the Applicants are authorized to pay 100% of the unpaid fees and expenses requested in each Monthly Fee Application filed during the Covered Period with respect to which a CNO was filed.

16 As specified in certain Interim Fee Applications, such amounts may include fees and expenses set out in Monthly Fee Applications that may be pending approval.

Province, Inc.	May 1, 2017 – July 31, 2017	USD 213,366.05
Blank Rome	May 1, 2017 – July 31, 2017	USD 90,843.47
McMillan LLP	May 1, 2017 – July 31, 2017	CAD 237,158.00
Houlihan	May 1, 2017 – July 31, 2017	USD 675,108.11
MMWR	May 1, 2017 – July 31, 2017	USD 95,414.17
Brown Rudnick	May 1, 2017 – July 31, 2017	USD 1,007,985.43

Filing of Fee Examiner Reports

8. Pursuant to the order of the U.S. Court appointing the Fee Examiner as the fee examiner for the Chapter 11 Proceedings, the Fee Examiner issued reports summarizing its review of the Interim Fee Applications of the following professionals and recommended that the U.S. Court approve such Interim Fee Applications in the amounts listed below:

Firm Subject of the Fee Examiner's Report	Relevant Interim Fee Application	Total Amount Requested for Approval	Total Amount Recommended for Approval by Fee Examiner
MMWR	November 28, 2016 – January 31, 2017	USD 111,106.79	USD 105,181.57
Paul Weiss	February 1, 2017 – April 30, 2017	USD 3,838,066.34	USD 3,805,856.56
KPMG	February 1, 2017 – March 31, 2017	USD 51,988.70	USD 36,988.70
Brown Rudnick	February 1, 2017 – April 30, 2017	USD 894,746.94	USD 884,746.94

Miscellaneous

9. The following filings have also been made since the filing of the Monitor's Tenth Report.

   (a) *Filing of Monthly Operating Report* –a monthly operating report, filed with the U.S. Court on August 31, 2017, covering the month of July.

(b) *Certificate of No Objection Regarding Amended Notice of Assignment of Ozburn-Hessey Contracts* – a document, filed on September 9, 2017 by the Applicants, stating that no objection was filed or received with respect to the Applicants' notice regarding the assignment and assumption of certain contracts between certain of the Applicants and Ozburn-Hessey Logistics, LLC to the Purchaser, as described in the Monitor's Tenth Report, and that the assignment has taken place in accordance with the notice.

(c) *Applicants' Motion for an Order Granting Effect to and Enforcing the Claims Resolution Order* – a motion, filed on September 12, 2017 by the Applicants, to grant effect to and enforce this Court's order establishing a procedure for resolving claims filed against the Canadian Applicants and certain cross-border claims (the "**Claims Resolution Order**"), which is further described in the Monitor's Tenth Report.

(d) *Applicants' Second Motion for an Order Authorizing Rejection of an Executory Contract* – a motion, filed on September 12, 2017 by the Applicants, to reject a certain Master Agreement, dated August 31, 2014, between Bauer Hockey, Inc. and Epicor Retail Solutions Corporation (now known as Aptos Canada, Inc.).

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PERFORMANCE SPORTS GROUP LTD. et al

Court File No.: CV-16-11582-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ELEVENTH REPORT OF THE MONITOR

September 26, 2017

Thornton Grout Finnigan LLP
TD West Tower, Toronto-Dominion Centre
100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
Fax: (416) 304-1313

Robert I. Thornton (LSUC# 24266B)
Email: rthornton@tgf.ca / Tel: (416) 304-0560

Rachel Bengino (LSUC # 68348V)
Email: rbengino@tgf.ca / Tel: (416) 304-1153

Lawyers for Ernst & Young Inc.,
the Court-appointed Monitor