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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT OF PERFORMANCE SPORTS GROUP LTD., BAUER HOCKEY CORP., BAUER HOCKEY RETAIL CORP., BAUER PERFORMANCE SPORTS UNIFORMS CORP., BPS CANADA INTERMEDIATE CORP., BPS DIAMOND SPORTS CORP., EASTON BASEBALL/SOFTBALL CORP., KBAU HOLDINGS CANADA, INC., PERFORMANCE LACROSSE GROUP CORP., PSG INNOVATION CORP., BAUER HOCKEY RETAIL INC., BAUER HOCKEY, INC., BAUER PERFORMANCE SPORTS UNIFORMS INC., BPS DIAMOND SPORTS INC., BPS US HOLDINGS INC., EASTON BASEBALL/SOFTBALL INC., PERFORMANCE LACROSSE GROUP INC., PSG INNOVATION INC.

(the "Applicants")

SIXTH REPORT OF THE MONITOR

February 3, 2017

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SIXTH REPORT OF THE MONITOR

February 3, 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**"), among other things: (i) declaring that 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* ("***CCAA***")[2] applied; (ii) granting certain relief including, *inter alia*, a stay of proceedings in favour of the Applicants (the "**Stay of Proceedings**"); and (iii) appointing Ernst & Young Inc. ("**EY**") as monitor (in such capacity, the "**Monitor**") of the Applicants.

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

3. PSG is a reporting issuer whose securities were traded on the New York and the Toronto Stock Exchanges under the symbol "PSG" before trading was suspended by both exchanges on October 31, 2016. The New York Stock Exchange delisted the securities effective November 28, 2016 and the Toronto Stock Exchange delisted the securities effective December 8, 2016.

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

5. Information regarding the Chapter 11 Proceedings, including copies of the "First day" orders entered by the U.S. Court are located on a website managed by the Applicants' claims agent, Prime Clerk LLC ("**Prime Clerk**"), at the following URL: https://cases.primeclerk.com/psg/ (the "**Prime Clerk Website**"). Information regarding the Applicants' proceedings under the *CCAA* (the "***CCAA***

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[1] The Applicants in the present proceedings are comprised of Performance Sports Group Ltd., Bauer Hockey Corp., Bauer Hockey Retail Corp., Bauer Performance Sports Uniforms Corp., BPS Canada Intermediate Corp., BPS Diamond Sports Corp., Easton Baseball/Softball Corp., KBAU Holdings Canada, Inc., Performance Lacrosse Group Corp., PSG Innovation Corp. (collectively, the "**Canadian Applicants**") and Bauer Hockey Retail Inc., Bauer Hockey, Inc., Bauer Performance Sports Uniforms Inc., BPS Diamond Sports Inc., BPS US Holdings Inc., Easton Baseball/Softball Inc., Performance Lacrosse Group Inc., PSG Innovation Inc. (collectively, the "**U.S. Applicants**")

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

[3] 11 U.S.C §§ 101 *et seq.*

[4] Mr. Vendetti is PSG's chief financial officer and an executive vice president.

Proceedings", and together with the Chapter 11 Proceedings, the "**Restructuring Proceedings**"), including court orders and other materials related to the proceedings, are on the Monitor's website at the following URL: www.ey.com/ca/psg (the "**Monitor's Website**").

6. The Applicants have conducted a comprehensive stalking horse sale process for the going concern sale of all or substantially all of their assets (the "**Sales Process**"). The Applicants have negotiated and executed a stalking horse asset purchase agreement dated October 31, 2016 (the "**SH Agreement**") for the sale of substantially all of the Applicants' assets to 9938982 Canada Inc., an acquisition vehicle co-owned by affiliates of Sagard Capital Partners, L.P. ("**Sagard**") and Fairfax Financial Holdings Limited ("**Fairfax**") (the "**Stalking Horse Purchaser**" or the "**Purchaser**").

7. The Applicants have scheduled a joint motion returnable on February 6, 2017 to approve the sale of substantially all of their assets to the Purchaser (the "**Sale Hearing**").

8. The Applicants intend to implement a series of corporate restructuring transactions (the "**Pre-Closing Reorganization**") intended to address certain issues identified by the Applicants potentially arising from the sale of substantially all of their assets to the Purchaser prior to the closing of the sale to the Purchaser (the "**Closing**"). The Monitor has been advised that the Applicants will seek the Court's approval of the Pre-Closing Reorganization at the Sale Hearing.

9. This sixth report of the Monitor (the "**Sixth Report**") provides the Court with information relevant to the *CCAA* Proceedings to date, in particular the matters referred to above.

10. This Sixth Report is presented under the following headings:

    a) Introduction and background;
    b) Terms of reference and disclaimer;
    c) Update on the restructuring proceedings to date;
    d) Sales Process;
    e) Assignment of agreements;
    f) Pre-Closing Reorganization;
    g) Extension of the Stay of Proceedings; and
    h) Overall comments and conclusions.

TERMS OF REFERENCE AND DISCLAIMER

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

12. In preparing this Sixth 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 management and employees of the Applicants, and information from other third party sources, including the Applicants' Chief Restructuring Officer, Brian J. Fox of Alvarez & Marsal North America LLC ("**A&M**") (the "**CRO**"), and other personnel from A&M and its affiliates (collectively, the "**Information**").

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

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

15. Except as described in this Sixth 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 and accordingly the Monitor expresses no opinion or other form of assurance in respect of the Information.

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

17. Some of the information referred to in this Sixth Report consists of forecasts and projections that were prepared based on management'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 the forecasted or projected results. Actual results will likely vary from the forecasts or projections, even if the assumptions materialize, and the variations could be significant.

18. The Monitor has prepared this Sixth 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 Sixth Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.

19. Unless otherwise stated, all monetary amounts contained herein are expressed in U.S. dollars and all terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order and in the Monitor's previous reports.

UPDATE ON THE RESTRUCTURING PROCEEDINGS TO DATE

20. Since the Monitor's fifth report to the Court, filed January 13, 2017 (the "**Fifth Report**"), the U.S. Court issued the following orders:

    a) *Challenge Period Extension Order* – an order approving a stipulation which extends the period in which the Official Committee of Equity Security Holders (the "**Equity Committee**") may raise a "Challenge" under the U.S. Court's order authorizing post-petition financing on a final basis (the "**Final DIP Order**") through and including January 27, 2017;[5]

    b) *Order Approving Preserved Challenge Stipulation* – an order approving a stipulation which preserves the right of the Official Committee of Unsecured Creditors (the "**UCC**") to raise certain Challenges under the Final DIP Order through the earlier of: (i) three business days following the conclusion or indefinite adjournment of the auction; (ii) February 6, 2017 at 10:00 a.m., the currently scheduled date for the Sale Hearing; and (iii) the selection of the Stalking Horse Purchaser as the Purchaser, provided, however, that the UCC may not initiate any such preserved Challenges until after the selection of a Purchaser;

    c) *Inaria Sale Order* – an order approving the asset purchase agreement with Saverio Michielli and a corporation incorporated by Saverio Michielli for the assets of the Applicants' soccer

[5] Generally, a "Challenge" under the Final DIP Order means a challenge to the validity, allowability, priority, or amount of certain of the Applicants' prepetition secured debt and/or to the stipulations and findings regarding such debt set forth in the Final DIP Order.

uniform business and the transactions contemplated therein (the "**Inaria APA**"), and granting related relief;

d) *Order Scheduling Omnibus Hearing Dates* – an order scheduling March 10, 2017 at 11:00 a.m. (ET)[6] and April 12, 2017 at 11:00 a.m. (ET) as omnibus hearing dates;

e) *Order Shortening Notice of Hearing re: Pre-Closing Reorganization Motion* – an order granting the Applicants' request for the U.S. Court to: (i) hold a hearing on the Applicants' motion for approval of the Pre-Closing Reorganization, as described below, on February 6, 2017 at 10:00 a.m. (ET) and; (ii) establish an objection deadline of January 30, 2017 at 4:00 p.m. (ET) for the motion;

f) *Order to Extend Time for Assumption or Rejection* – an order extending the deadline to assume or reject unexpired leases of non-residential property under which any of the Applicants is a lessee by 90 days, through and including May 29, 2017; and

g) *Order Regarding Second Motion Authorizing Rejection of Leases* – an order rejecting unexpired leases of certain non-residential real property located in Arkansas and California effective as of January 31, 2017 and December 16, 2017, respectively.

21. Additionally, the following documents have been filed in the Chapter 11 Proceedings since the filing of the Fifth Report:

a) *Application of the Consumer Privacy Ombudsman to Retain Counsel* – motions of the Consumer Privacy Ombudsman to retain the following firms, each effective *nunc pro tunc* to January 9, 2017: (i) Covington & Burling LLP, as counsel; and (ii) Cole Schotz P.C., as Delaware counsel;

b) *Motion to Extend Time for Assumption or Rejection* – a motion of the Applicants to extend the deadline to assume or reject unexpired leases of non-residential property under which any of the Applicants is a lessee by 90 days, through and including May 29, 2017;

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[6] Note, the scheduled time for the March 10, 2017 hearing has been changed from 11:00 a.m. (ET) to 2:30 p.m. (ET), as described in a subsequent notice filed by the Applicants.

c) *Second Motion Authorizing Rejection of Leases* – a motion of the Applicants for entry of an order authorizing the rejection of unexpired leases of certain non-residential real property located in Arkansas and California;

d) *Certification of Counsel on Inaria Sale Motion* – a document filed by the Applicants' counsel certifying that certain revisions were made to the form of order attached to the Applicants' motion to approve the Inaria APA (the "**Inaria Sale Motion**"), which resolved certain informal objections to the motion, and requesting that the U.S. Court enter the revised form of order as no other objections were filed or received with respect to the motion;

e) *Consumer Ombudsman Report* – a report filed by the Consumer Privacy Ombudsman pursuant to section 332(b) of the *Code* to assist the U.S. Court in its evaluation of the Inaria Sale Motion;

f) *Declaration in Support of Inaria Sale Motion* – a declaration of a principal of Centerview Partners LLC that the Inaria Sale Motion is in the best interest of the Applicants and should be approved;

g) *Certificates of No Objection* – documents certifying that no objections were timely filed or received by the relevant moving party and requesting that the U.S. Court therefore enter orders (y) with respect to monthly fee applications filed by the following firms for the specified periods: (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, for the period October 31, 2016 through November 30, 2016; (ii) Young Conaway Stargatt & Taylor, LLP for the period October 31, 2016 through November 30, 2016; (iii) Province, Inc., for the period November 10, 2016 through November 30, 2016; (iv) Cassels Brock & Blackwell LLP, for the period November 14, 2016 through November 30, 2016; (v) Blank Rome LLP, for the period November 10, 2016 through November 30, 2016; (vi) Centerview Partners LLC, for the period October 31, 2016 through November 30, 2016; (vii) Brown Rudnick, LLP, for the period November 28, 2017 through December 31, 2016; and (viii) Prime Clerk, for the period November 1, 2016 through November 30, 2016; and (z) in respect of the following motions: (i) Motion to Extend Time for Assumption and Rejection; (ii) Second Motion Authorizing Rejection of Leases; and (iii) Application of the Consumer Privacy Ombudsman to Retain Counsel;

h) *Quarterly Claims Registers* – registers listing claims in alphabetical and numeric order;

i) *A&M Monthly Staffing Report* – a monthly compensation and staffing report filed by A&M documenting $638,216.85 in fees and expenses incurred by A&M with respect to services provided for the U.S. Applicants[7], for the period of December 1, 2016 through December 31, 2016;

j) *Fee Applications* – fee applications filed by the following firms: (i) Prime Clerk, requesting a total amount of $944.50 for the period December 1, 2016 through December 31, 2016; (ii) Montgomery, McCracken, Walker & Rhoads, LLP, requesting a total amount of $75,266.18 for the period November 28, 2016 through December 31, 2016; and (iii) Houlihan Lokey Capital, Inc., requesting a total amount of $452,873.72 for the period November 28, 2016 through December 31, 2016; (iv) Province, Inc., requesting a total amount of $325,559.52 for the period December 1, 2016 through December 31, 2016; (v) Young Conaway Stargatt & Taylor, LLP, requesting a total amount of $234,847.78 for the period December 1, 2016 through December 31, 2016; and (vi) Paul, Weiss, Rifkind, Wharton & Garrison LLP, requesting a total amount of $1,047,808.96 for the period of December 1, 2016 through December 31, 2016;

k) *Declarations of Disinterestedness* – declarations of disinterestedness filed pursuant to the procedures established in the U.S. Court's order regarding employment and retention of ordinary course professionals (the "**OCP Order**") by: (i) Tax Credit Co.; and (ii) Eaton Peabody;

l) *Supplemental List of Ordinary Course Professionals* – a supplemental list of ordinary course professionals filed pursuant to the OCP Order indicating that the Applicants retained Eaton Peabody to provide advice relating to employee benefits;

m) *Motion to Extend Removal Period* – a motion to extend the period for the Applicants to remove pending civil actions to which they are party to the U.S. Court, through and including May 30, 2017;

n) *Motion to Approve the Pre-Closing Reorganization* – a motion of the Applicants seeking approval of the Pre-Closing Reorganization, as further described below;

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[7] As defined in footnote 1.

o) *Contract Assignment and Sale Objections* – objections filed in relation to: (i) the sale of substantially all of the Applicants' assets to the Purchaser (the "**Sale**"); and (ii) the proposed assumption and assignment of certain contracts in connection with the Sales Process. A chart summarizing these objections is attached hereto as Appendix "A" (the "**Sale Objection Chart**");

p) *Omnibus Reply to Contract Assignment and Sale Objections* – a document filed by the Applicants justifying the Sale and asserting that the Contract Assignment and Sale Objections should either be overruled or adjourned until after the Sale Hearing. A summary of the Applicants' responses with respect to the Contract Assignment and Sale Objections is provided in the Sale Objection Chart;

q) *Reply to Q30's Objection* – a document filed by the Applicants asserting that the objection filed by Q30 Sports, LLC and Q30 Sports Science, LLC to the assumption and assignment of certain contracts should be overruled for reasons summarized in the Sale Objection Chart;

r) *Declarations in Support of Reply to Q30's Objection* – documents filed in support of the Applicants' Reply to Q30's Objection;

s) *Second Consumer Privacy Ombudsman Report* – a report of the consumer privacy ombudsman in the Chapter 11 Proceedings concerning the facts, circumstances, and conditions of the transfer of personally identifiable information of consumers in connection with the Sale;

t) *Notice of Cancellation of Auction* – a notice that the auction has been cancelled and that the Stalking Horse Purchaser has been selected as the Purchaser and the SH Agreement has been selected as the successful bid;

u) *Monthly Operating Report* – a monthly operating report filed by the Applicants for the period December 1, 2016 through December 31, 2016; and

v) *Motion for Relief From Stay* – a motion for relief from the automatic stay imposed by section 362(a) of the *Code* to continue a case commenced against certain of the Applicants in the Court of Common Pleas of the Commonwealth of Pennsylvania in and for the County of Philadelphia, which is currently stayed, on the basis that (i) the U.S. Court does not have jurisdiction over the case and cannot liquidate the claim; and (ii) good cause exists for lifting the automatic stay.

22. The Monitor continues the processes described in the previous reports, namely responding to creditors' enquiries; monitoring the Applicants' receipts and disbursements; monitoring the sale process; exchanging with the Applicants and their advisers on aspects related to the restructuring; and coordinating the claims process with representatives of Prime Clerk.

SALES PROCESS

23. The Applicants have negotiated and executed the SH Agreement for the sale of substantially all of the Applicants' assets to the Stalking Horse Purchaser. After the execution of the SH Agreement, the Applicants immediately implemented the Sales Process governed by bidding procedures (the "**Bidding Procedures**"), which Sales Process and Bidding Procedures were subsequently approved by the Court on November 30, 2016, to determine whether another potential purchaser may present a better or higher offer. In the event that a prospective purchaser presented a Qualified Bid (as defined in the Bidding Procedures)[8] by January 25, 2017, an auction would be held to determine the successful purchaser. The offer from the Stalking Horse Purchaser and the offer solicitation process contemplated by the Applicants was described in the Pre-Filing Report to the Court of the Proposed Monitor dated October 31, 2016 (the "**Pre-Filing Report**") and the First Report to the Court of the Monitor dated November 28, 2016 (the "**First Report**").[9]

24. The process undertaken by the Applicants is described in the affidavit of Brian Fox sworn January 24, 2017 filed in support of the Applicants' motion (the "**Fox Affidavit**").

25. No Qualified Bid was presented by a prospective purchaser on or before the deadline of January 25, 2017. Accordingly, the Stalking Horse Purchaser was deemed to be the Successful Bidder (as defined in the Bidding Procedures). The Applicants are now requesting that the Court approve the sale of substantially all of the Applicants' assets and business to the Stalking Horse Purchaser pursuant to the SH Agreement.

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[8] Essentially, a Qualified Bid is an offer that is superior to the offer from the Stalking Horse Purchaser, taking into consideration the bid protections granted to the Stalking Horse Purchaser, and other requirements as described in the Bidding Procedures.

[9] The Pre-Filing Report and the First Report are accessible on the Monitor's website at www.ey.com/ca/psg.

26. The *CCAA* provides a non-exclusive list of factors[10] that the Court should consider in granting a request to sell assets outside of the normal course of business, including the following:

a) the reasonableness of the process leading to the proposed sale or disposition;

b) whether the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;

c) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value;

d) the extent to which the creditors were consulted; and

e) the effects of the proposed sale or disposition on the creditors and other interested parties.

The Sixth Report provides the Court with the Monitor's comments regarding the above-mentioned factors.

Process leading to the proposed sale

27. As indicated above, the Sales Process was implemented after the negotiation and execution of the SH Agreement. The Fox Affidavit outlines the process that was put in place and managed by Centerview.

28. The Sales Process was commenced on October 31, 2016 and concluded on January 25, 2017, which is a period of approximately 90 days. Although several holidays occurred during this period, Centerview indicated that this timeline was more than sufficient to canvas the market and gauge the interest of prospective purchasers.

29. The Monitor has participated in regular update meetings with Centerview, as well as most meetings among Centerview, the Applicants' management and prospective bidders that were carrying out a due diligence process. No prospective bidders expressed to the Monitor any complaint or dissatisfaction regarding the timeline of the Sales Process or the information provided during the process, and the Monitor has not otherwise been made aware of such issues. Accordingly, the Monitor is satisfied that the timeline and information given to the prospective bidders to carry out their due diligence review was sufficient.

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[10] See section 36(3) of the *CCAA*.

30. Centerview contacted 134 prospective purchasers from October 2016 to January 2017, consisting of 29 strategic parties and 105 financial parties. Of these, 40 prospective purchasers signed non-disclosure agreements and were given access to the data room containing confidential information regarding the Applicants.

31. During the Sales Process, Centerview requested interested parties deliver non-binding letters of intent. Nine parties submitted a letter of intent (the "**LOI Parties**") indicating a continued interest in making a bid.

32. Management presentations and working sessions were arranged with the LOI Parties to conduct further due diligence. In all, over 50 meetings were held with representatives of the LOI Parties during the months of December 2016 and January 2017. The Monitor attended a significant number of these meetings, either by phone or in person. Based on the discussions at these meetings, the Monitor is of the view that the Applicants' participation in the due diligence process was thorough.

33. In the end result, none of the prospective bidders presented a Qualified Bid. Based on the information obtained through Centerview, the Monitor understands that the failure to present a Qualified Bid was not reflective of a deficient process but, rather, confirms the fact that the SH Agreement attributed fair value to the assets and the business. It appears that prospective bidders could not foresee obtaining the desired yield on their investment by offering more than the amount provided for in the SH Agreement, including the bid protection amounts. This view was expressed to the Monitor and Centerview by several of the prospective bidders.

34. In view of the foregoing, the Monitor believes that the Sales Process included an appropriate canvassing of the market and that potential purchasers were provided with sufficient time and information to make an informed decision about the investment opportunity. As such, the Monitor is satisfied with the process leading to the proposed sale.

The proposed sale is more beneficial than a sale or disposition in a bankruptcy context

35. The SH Agreement contemplates a sale of the assets and the business on a going concern basis. The sale should preserve employment for approximately 700 employees employed in the businesses. The sale price payable in cash at Closing is approximately $575 million, subject to certain

adjustments.[11] In addition to the sale price payable in cash at the Closing, the Purchaser will be assuming the trade accounts payable of the Applicants and other liabilities, and assuming various Assigned Contracts (as defined below).

36. Although the SH Agreement provides for the sale and purchase of all assets and undertakings of the Applicants (subject to certain excluded liabilities described therein), the Sales Process allowed for bids with respect to a portion of the assets and operations. The Applicants did not receive any offer that would suggest that the Applicants could have achieved additional value if separate asset groups were divested individually compared to the value offered by the Stalking Horse Purchaser for the combined assets on a going concern basis.

37. The current estimates of the claims to date and the expected value that will be derived from the proposed sale suggest that the value might be sufficient to repay substantially all of the amounts due to the creditors. The Monitor notes, however, that this estimate is preliminary and that any distribution to the creditors can only be ascertained after the claims have been determined through the claims process and once the allocation of the value on an estate-by-estate basis has been determined.

38. The contemplated transaction provides a fair value to the stakeholders, preserves the going concern value of the business, preserves employment, and continues a supply chain for the suppliers. Accordingly, the Monitor is satisfied that the contemplated sale is more beneficial than a sale or disposition in a bankruptcy.

Reasonableness of the consideration to be received

39. The Monitor believes that the offer solicitation process that was managed by Centerview for the Applicants provided a robust canvas of the market that identified interested prospective bidders or investors. As well, the Restructuring Proceedings have been well publicized through the media, which would also have prompted prospective investors and purchasers to come forward.

40. As mentioned earlier herein, the Monitor believes that the failure of prospective bidders or investors to present a Qualified Bid by January 25, 2017 is not a result of a lack of time or information, but rather that the prospective bidders could not foresee obtaining the desired yield on their investment

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[11] The SH Agreement provides for some adjustments to be paid by the Sellers, such as the excess of cure costs over \$1 million and the Specified Assumed Liabilities Deduction Amount. As a result, the proceeds payable in cash at Closing are expected to be less than \$575 million.

by offering more than the amount provided for in the SH Agreement. In the Monitor's view, this result confirms that the amount offered by the Purchaser represents fair value in the circumstances.

Other considerations

41. The Monitor understands that the Applicants have discussed the proposed sale with the UCC and Equity Committee and the Applicants are not aware of any objections being raised by these committees, although the Equity Committee has reserved its rights.

42. The Monitor has been notified that MIPS AB has asserted ownership rights against Bauer Hockey Corp. and Bauer Hockey, Inc. in connection with various patents and that legal proceedings in respect of certain of those are pending before the Federal Court of Canada.[12] MIPS AB requested confirmation that the patents referred to in their claims were not to be vested to the Stalking Horse Purchaser free and clear of any interest or encumbrance. The Applicants have since advised MIPS AB that the subject legal proceeding is being assumed by the Stalking Horse Purchaser, which will have the effect of the Stalking Horse Purchaser assuming the patents subject to the ownership interest of MIPS AB, if any. The Monitor understands that the Applicants are working with MIPS AB and the Stalking Horse Purchaser to satisfy the concerns raised by MIPS AB.

43. Similarly, Oakley, Inc., a third party creditor of Bauer Hockey Corp., has filed an objection in the Chapter 11 Proceedings objecting to the transfer of its intellectual property. The Monitor expects that similar objections and requests for relief might be made by other litigants.

Overall conclusion on the Sales Process

44. In summary, the Monitor is of the view that: a) the process leading to the proposed sale to the Purchaser was reasonable; b) the proposed sale is preferable to a sale or disposition in a bankruptcy context; c) the consideration is fair and reasonable in the circumstances; and d) the sale is in the best interest of the stakeholders. In view of the foregoing, the Monitor recommends approving the proposed sale to the Purchaser.

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[12] Court File No. T-56-15.

ASSIGNMENTS OF AGREEMENTS

45. The SH Agreement represents a sale of a business as a going concern and, as such, the SH Agreement requires that various agreements (referred to herein as the "**Assigned Contracts**") of the Applicants be assigned to the Purchaser.

46. The Monitor is informed that some of the Assigned Contracts can be assigned without specific consent from the counterparty, while others require explicit consent. The Monitor is informed that the Applicants have contacted the counterparties for each of the Assigned Contracts pursuant to two notices (described below). The notices requested consent to assignment of potential Assigned Contracts to which the Canadian Applicants are counterparties or notified the counterparty of the impending assignment of their contract, in cases where explicit consent is not required. As a result of this process, some counterparties have provided their consent to the assignment of their Assigned Contracts, but most counterparties have not responded, and some have expressed reservations or objections to the transfer and assignment of their Assigned Contracts to the Purchaser, or to the reported cure cost amount.

47. The Monitor also understands that the Applicants have specifically engaged in discussions with certain counterparties to critical Assigned Contracts to obtain their consent to the assignment of their Assigned Contract.

48. The transfer of the Assigned Contracts is an essential condition of the transactions contemplated in the SH Agreement and, consequently, the Applicants are requesting that the Court compel the assignment of the Assigned Contracts pursuant to the provisions of the *CCAA*.[13] The Monitor understands that similar relief is being sought in the Chapter 11 Proceedings. Pursuant to the SH Agreement, the Stalking Horse Purchaser's obligation to close the sale is subject to, among other things, a condition that the Courts shall have approved and authorized the assignment and assumption of all Assigned Contracts, except any such contracts where the failure to have assumed and assigned same would not, individually or in the aggregate, materially and adversely affect the operation of the Applicants' business.

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[13] Section 11.3, *CCAA*.

49. The following information is relevant to the Applicants' request in this regard:

a) the Applicants are seeking authority to assign 1,300 Assigned Contracts to the Purchaser;

b) a notice of the intended assignment of the Assigned Contracts, including the cure costs as reflected in the records of the Applicants, was sent by Prime Clerk on behalf of the Applicants to each of the relevant counterparties parties on or about December 12, 2016;

c) a revised notice of intended assignment of the Assigned Contracts, together with revised cure amounts, was sent by Prime Clerk on behalf of the Applicants to each of the counterparties parties on January 4, 2017;

d) the Applicants' notice of motion and draft approval and vesting order, along with a cover letter, was sent by Prime Clerk on behalf of the Applicants to each of the counterparties on January 27, 2017; and

e) based on discussions with the Applicants, none of the Assigned Contracts appear to be agreements that would be incapable of being assigned because of the provisions of section 11.3(2) of the *CCAA*.

50. Considering the fact that the assignment of the Assigned Contracts is necessary in order to complete the sale transaction contemplated by the SH Agreement and that the Monitor is of the view that the sale transaction is in the best interest of the stakeholders, the Monitor approves the proposed assignment of the Assigned Contracts.

51. The Monitor notes, however, that some counterparties to Assigned Contracts have filed objections to the assignment of their contract (16 as at the date of this Sixth Report) and may make submissions at the Sale Hearing (in either this Court or the U.S. Court) regarding the appropriateness of assigning their particular contract to the Purchaser.

52. The Monitor notes that certain objections solely address the cure costs payable to the counterparty of an Assigned Contract. The relief requested by the Applicants includes a provision that the Applicants or Monitor, as applicable, may reserve for the disputed cure costs pending resolution or determination of the dispute related to the cure cost amount. Therefore, the counterparties to Assigned Contracts will not be prejudiced by any outstanding cure cost dispute and, accordingly, the Monitor recommends authorizing the assignment of the Assigned Contracts despite any objections that relate solely to cure costs.

53. The Monitor has been advised by the Applicants of a particular objection of Q30 Sports, LLC ("**Q30**") regarding the assignability of certain contracts ("**Q30 Agreements**") between Q30 and the Applicants. Q30 has objected to the assignment of the Q30 Agreements on the basis that, *inter alia*, a) there exists alleged material nonmonetary defaults that cannot be cured; b) the Applicants have failed to provide adequate assurance of future performance under the Q30 Agreements; c) under applicable non-bankruptcy law, Q30's consent is required to assign the Q30 Agreements and Q30 does not consent; and d) the cure costs outstanding under the Q30 Agreements are different than the amounts set out by the Applicants. To the extent it assists the Court in addressing the assignment of the Q30 Agreements, the Monitor has been informed that:

a) the Stalking Horse Purchaser intends to continue operating the Applicants' business as a going-concern following the sale and has indicated its intention to perform the obligations of the Applicants under the Q30 Agreements following closing;

b) the Stalking Horse Purchaser intends to retain the Applicants' management team to continue operating the business for the Purchaser;

c) The Q30 Agreements have significant value for the Applicants' business. The Q30 Agreements are considered critical and their assignment is essential in the context of a sale to the Stalking Horse Purchaser;

The Stalking Horse Purchaser is co-owned by Sagard and Fairfax, two major Canadian funds with significant capital.[14]

54. The Monitor also notes that, although the Applicants are requesting an order from the Court authorizing the assignment of the Assigned Contracts, the exact list of the Assigned Contracts that will in fact be transferred to and assumed by the Purchaser is not known with certainty at this point. The Purchaser can elect to exclude some of the Assigned Contracts up to one day prior to Closing. Therefore, it is possible that certain of the Assigned Contracts referred to in paragraph 49(a) may not be assumed by the Purchaser and will be deemed to be an Excluded Seller Contract (as defined in the Asset Purchase Agreement). However, in view of the importance of obtaining the assignment of significant contracts in order to continue the business and the uncertainty regarding the ability to proceed with a Closing if the assignment of agreements were to be delayed, the Applicants have

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[14] See the declaration of Neil. A. Augustine dated February 1, 2017, filed in the U.S. Court in support of the Applicants' reply to Q30's objections.

provided the Court with a list of the Assigned Contracts that may be transferred and assumed although such list may be shorter by the Closing.

PRE-CLOSING REORGANIZATION

55. The Applicants have determined that the transactions contemplated by the Sales Process could result in negative tax consequences due to a possible misalignment between tax attributes and asset values on an entity-by-entity basis and due to certain intercompany loans and financing structures involving foreign affiliates.[15]

56. The Applicants have estimated that the current corporate structure could result in potential taxes payable by the Applicants up to approximately CAD$10 million.[16] The Applicants, with the assistance of their professional advisors, have developed the Pre-Closing Reorganization to: a) reduce or eliminate these tax consequences; and b) clean up or unwind various intercompany loans and financing structures to facilitate distributions with reduced tax consequences.

57. The Pre-Closing Reorganization involves (a) a corporate structure reorganization; (b) a clean-up of intercompany loans between the Applicants and foreign affiliates; and (c) the unwinding of a financing structure that is no longer required. The Pre-Closing Reorganization and its implications are outlined in this Sixth Report.

Pre-Closing Reorganization Steps

58. The strategy developed by the Applicants involves three significant steps. The first step is an amalgamation of certain of the Canadian Applicants[17] (collectively, the "**Amalgamating**

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[15] In this context, the foreign affiliates refer to companies located in Europe and Asia, which are part of the Applicants' corporate structure but are not Applicants in the Restructuring Proceedings.

[16] The Applicants estimate that the adverse tax impact could be as high as CAD$10 million, although the actual tax impact is not known with certainty at this time. The amount of the tax impact depends on the allocation of value amongst the estates, as well as the tax attributes available to reduce corporate taxes, including for example the final determination of losses incurred by each of the Applicants since their last fiscal year end.

[17] As defined in footnote 1.

Debtors")[18] into a single corporate entity ("**Canada Amalco**") under British Columbia's *Business Corporations Act* ("***BCBCA***").[19]

59. The objective of this amalgamation is to correct the misalignment between the tax attributes and taxable gains resulting from the sale of the Amalgamating Debtors' assets, by aggregating the tax attributes through the amalgamation.

60. As a result of this step, the Canadian Applicants' corporate structure would be slightly modified, as four Canadian Applicants would be vertically amalgamated to form Canada Amalco. Canada Amalco would be an entity incorporated/continued under the *BCBCA* which would be the ultimate parent company to the Applicants incorporated under U.S. laws, all foreign affiliates, and the remaining Canadian Applicants.

61. The second step in the Pre-Closing Reorganization involves a clean-up of intercompany loans between the Applicants and non-applicant entities within the Applicants' corporate group whose shares may be acquired by the Purchaser. This involves a series of transactions comprising payments through set-offs, distributions, repayments and transfers.

62. The third step in the Pre-Closing Reorganization is the unwinding of an intercompany financing structure that will no longer be required after the sale transaction and could result in a tax inefficiency if it remained in place.

63. This third step of the Pre-Closing Reorganization involves: a) the transfer to Canada Amalco of a portion of a note receivable by BPS Luxembourg s.a.r.l. ("**Luxembourg**") from BPS US Holdings, Inc.[20] in repayment of a loan payable by Luxembourg to Canada Amalco; b) a dividend in kind of the remainder of the note as a return of capital; c) the transfer of residual cash held by Luxembourg in repayment of advances and as a dividend to Canada Amalco; and d) the dissolution of Luxembourg. The principal consequences of this third step are that a note payable by BPS US Holdings, Inc. to Luxembourg becomes payable by BPS US Holdings, Inc. to Canada Amalco, and any remaining cash held in Luxembourg is repatriated to Canada.

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[18] The Amalgamating Debtors are: Performance Sports Group Ltd., KBAU Holdings Canada, Inc., Bauer Hockey Corp. and BPS Canada Intermediate Corp.

[19] *Business Corporations Act*, SBC 2002, c. 57, as amended.

[20] BPS US Holdings, Inc. is an Applicant incorporated under the laws in the U.S.

64. In the context of the unwinding of Luxembourg, the Applicants intend to request authorization to transfer $500,000 to a trust account controlled by the Monitor, to satisfy directors of Luxembourg that this entity will have sufficient funds to pay residual liabilities before it is dissolved. The Applicants expect that only a portion of these funds would be required to pay residual liabilities of Luxembourg and that the remaining funds can be returned to the Applicants' estate in due course. The Applicants and their advisors have explained to the Monitor the practicalities involved and the economic impacts that could result, depending on whether Luxembourg is unwound or left in place. The Monitor supports the request to segregate funds to facilitate the unwinding of the financing structure.

Timing

65. To be effective, the Pre-Closing Reorganization would have to be implemented before the closing of a sale transaction. The Pre-Closing Reorganization is contemplated by the SH Agreement.

Effect of the Pre-Closing Reorganization

66. The Pre-Closing Reorganization would result in the following:

    a) a change in the Applicants' corporate structure by amalgamating some of the Canadian Applicants;

    b) reducing the intercompany loans between Canada Amalco and the foreign affiliates whose shares may be acquired by the Purchaser;

    c) eliminating intercompany loans and advances among the Amalgamating Debtors;

    d) repatriating cash held by Luxembourg to Canada; and

    e) tax savings up to approximately CAD$10 million.

Possible impact on stakeholders

67. The Applicants expect that the Pre-Closing Reorganization would potentially increase the amounts available for distribution to stakeholders up to approximately CAD$10 million.

68. The Applicants recognize that the Pre-Closing Reorganization could conceivably affect individual stakeholders' rights in a distribution. It is possible, for instance, that some creditors' rights to

distributions could become diluted for various reasons, including if the allocation of value on an entity-by-entity basis in respect of the amalgamated entities were to yield unequal distributions, or if creditors with claims against several of the amalgamated entities on a joint and several basis lost a right to a claim because the entities were merged into a single entity. Conversely, it is possible that the rights of equity holders to a distribution could become diluted, if Canada Amalco became responsible for unpaid ordinary unsecured debts of its subsidiaries, due to the amalgamation.

69. The Applicants assert that the intention of the Pre-Closing Reorganization is not to adversely affect individual stakeholders' rights but to enhance recovery for the stakeholders as a whole. The Monitor considers it difficult at this juncture to determine with any certainty whether individual stakeholders will be adversely affected by the Pre-Closing Reorganization. This determination would require knowledge of the allocation of value amongst the Applicants, which information may only become finally determined after a sale transaction has closed and the claims against each of the Applicants has be finally determined, which information will only be known when the claims process is completed.

70. In order to alleviate the risk of unintended adverse effects, the Applicants propose to preserve all accounting entries and related systems as they exist (a) as at the date of filing; and (b) immediately prior to the Pre-Closing Reorganization. This would allow for the calculation of amounts that might have been available to the individual stakeholders but for the occurrence of the Pre-Closing Reorganization. This information can be used subsequently to assess if any stakeholders were inadvertently adversely affected by the Pre-Closing Reorganization, in which case appropriate corrective measures can be implemented to offset the impact of the unintended adverse consequences, as the case may be.

71. The Monitor also notes that this relief is necessary to the Pre-Closing Reorganization as to complete the amalgamation of the Amalgamation Debtors, pursuant to s. 277(3)(a) of the *BCBCA*, a director or officer of each of the Amalgamation Debtors must swear an affidavit stating that he or she believes and has reasonable grounds for believing that no creditor of the company will be materially prejudiced by the amalgamation.[21] As set out above, absent specific relief from the Court, it is difficult to make that determination at this juncture.

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[21] The *BCBCA* provides a noticing alternative which the Applicants considered but rejected on the basis that, among other things, it would inject considerable delay and uncertainty into the process.

72. The Applicants and the Monitor have discussed the Pre-Closing Reorganization with the UCC and the Equity Committee. The Monitor understands that the UCC and Equity Committee are supportive of the overall objectives of the Pre-Closing Reorganization and of the concept of preserving stakeholders' rights in the event of the occurrence of unintended consequences.

73. Based on the above, the Monitor believes that approval of the Pre-Closing Reorganization will increase recovery for stakeholders and, subject to preservation of rights as described in the draft orders of the Court and the U.S. Court, stakeholders will not be affected by the Pre-Closing Reorganization in any materially adverse manner.

EXTENSION OF THE STAY PERIOD

74. The Stay of Proceedings is scheduled to expire on February 28, 2017 (the "**Stay Period**").

75. At the present time, the Closing of the sale is contemplated to take place on or before February 23, 2017.

76. The Applicants expect that the work still required to be done in preparation for the Closing, and the work to be done post-Closing, will be extensive and as a result the Applicants will not have sufficient time to analyse claims and prepare a plan of distribution for the stakeholders by February 28, 2017.

77. The Applicants are requesting an extension of the Stay Period until May 1, 2017.

78. The cash flow forecast filed in support of the application for the Initial Order covered the 13-week period from October 31, 2016 to January 27, 2017. The cash flow forecast was extended to cover the 18-week period from October 31, 2016 to March 3, 2017, contemporaneously with the Applicants' request for an extension of the stay of proceedings in late November 2016. The Monitor reported on the reasonableness of the cash flow forecast in the Pre-Fling Report and the First Report. The Applicants have not filed with the Court an updated cash flow forecast covering the period beyond March 3, 2017, however the Monitor notes that based on the contemplated sale transaction, this period is after the Closing. The Applicants are expected to have no active operations remaining at that time other than assisting with post-closing matters and preparing for an eventual distribution of proceeds. Accordingly, the Monitor believes that a cash flow forecast covering the period after the Closing or the transaction with the Purchaser is not relevant. If circumstances change, for

example, if the sale transaction does not close, the Monitor will obtain an updated forecast from the Applicants and report thereon to the Court.

79. The Monitor believes that the Applicants have acted in good faith and with due diligence and that they could not reasonably prepare a plan before the expiry of the Stay Period. As such, the Monitor considers that the request for an extension of the Stay Period until May 1, 2017 is reasonable and the Monitor supports this request.

OVERALL COMMENTS AND CONCLUSIONS

80. The Applicants have implemented a stalking horse sale process. The SH Agreement was finalized with the Stalking Horse Purchaser shortly before the inception of the Restructuring Proceedings. This agreement provided that the Applicants could canvas the market to assess whether another potential bidder could formulate a higher and better offer than that of the Stalking Horse Purchaser. The marketing process was extensive, detailed and serious, and several potential bidders expressed interest and participated in a due diligence process. This did not culminate in the presentation of a qualifying offer that would have triggered an auction. Consequently, the offer from the Stalking Horse Purchaser, as detailed in the SH Agreement, appears to offer fair value for the assets and represents the best outcome for the stakeholders.

81. The SH Agreement represents a sale of a business as a going concern and, accordingly, the SH Agreement requires that the Assigned Contracts be assigned to the Purchaser. Considering that the assignment of agreements is an essential condition of the contemplated transaction, the Monitor approves the assignment of the Assigned Contracts. The Monitor notes, however, that some of the co-contracting parties have expressed reservations or objections to the assignments of Assigned Contracts and may want to make representations to the Court regarding the appropriateness of assigning their particular contract to the Purchaser.

82. The Pre-Closing Reorganization is intended to minimize the tax implications of a contemplated sale of substantially all assets and undertakings to the Purchaser. The Applicants believe that the implementation of the Pre-Closing Reorganization is likely to decrease the taxes payable by the Applicants' as a result of the sale transaction, which in turn will enhance overall recoveries for stakeholders.

83. To be effective, the Pre-Closing Reorganization would have to be implemented before a sale transaction closes. The Pre-Closing Reorganization is contemplated under the SH Agreement[22] and should not have an adverse impact on the Sales Process.

84. The Applicants recognized the possibility that the Pre-Closing Reorganization may result in unintended consequences, whereby some stakeholders could conceivably receive a lesser distribution because of the Pre-Closing Reorganization than they could otherwise expect to obtain if the corporate structure had remained unchanged. The Applicants assert that the intention of the Pre-Closing Reorganization is not to affect individual stakeholders' rights to distributions but rather to enhance overall recoveries for all stakeholders through prudent tax planning and structuring. The Applicants propose to introduce a measure of protection in the order approving the Pre-Closing Reorganization to preserve the rights of stakeholders in the event that stakeholders are inadvertently adversely affected by the Pre-Closing Reorganization.

85. The Monitor is aware that the UCC and the Equity Committees have been kept apprised of the developments throughout the Sales Process. In particular, the proposed Pre-Closing Reorganization has been discussed with the UCC and the Equity Committee, and the Monitor has been informed that they are supportive of the objective of the Pre-Closing Reorganization and the corresponding preservation of rights.

86. The stay of proceedings provided under the Initial Order is scheduled to expire on February 28, 2017. The Applicants expect that more time will be required after the Closing of the sale to address post-closing matters, analyse the claims that will have been received and prepare a plan to address the distribution of proceeds to stakeholders. As such, the Applicants are requesting an extension of the stay of proceedings until May 1, 2017. The Monitor believes that the Applicants are acting in good faith and with due diligence in preparing a plan of distribution for the creditors and, accordingly, the Monitor supports the request for an extension.

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[22] Section 5.18 of the SH Agreement, accessible through the Monitor's website at www.ey.com/ca/psg.

87. In summary, the Monitor is of the view that:

a) the Sales Process was reasonable;

b) the proposed sale to the Purchaser, on the terms and conditions contemplated in the SH Agreement, would be more beneficial for the creditors than a sale or disposition in a bankruptcy context and is in the best interest of creditors and other stakeholders;

c) the consideration payable for the assets under the SH Agreement is fair and reasonable, taking into account their market value;

d) the Monitor approves the proposed assignment of the Assigned Contracts as contemplated in the SH Agreement. The Monitor notes however that some of the co-contracting parties have expressed reservations or objections regarding whether it is appropriate to assign their agreements to the Purchaser and may make representations to the Court in this regard;

e) implementation of the Pre-Closing Reorganization appears to be in the best interest of the stakeholders; and

f) the Applicants' request for an extension of the stay of proceedings provided in the Initial Order is reasonable in the circumstances.

88. In view of the foregoing, the Monitor recommends that the Court approve the relief requested by the Applicants.

All of which is respectfully submitted this 3rd day of February, 2017.

ERNST & YOUNG INC.
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"

Sale Objection Chart

Docket Number	Objecting Party	Summary*	Applicants' Reply*
629	Microsoft Corporation and Microsoft Licensing GP	Licensor objects to assumption and assignment of license agreement on grounds that (i) assumption and assignment requires its consent; and (ii) it is owed at least $284,666.88	(i) the Applicants are conferring with licensor regarding its consent; and (ii) the Applicants submit that the additional cure amounts asserted in the objection are on account of fees not due until March 1, 2017, and thus should be satisfied in the ordinary course of business rather than as a cure amount.
631	Oracle America, Inc.	Licensor objects to assumption and assignment of license agreement on grounds that (i) assumption and assignment requires its consent; (ii) the Applicants have not adequately identified the agreement; (iii) the proposed cure amount of $0.00 does not take into account support renewal amount that may become payable prior to sale closing; and (iv) the Applicants have not provided adequate assurance of future performance by the assignee.	(i) the Applicants are conferring with licensor regarding its consent and clarifying the documents that may be assumed and assigned; (ii) the Applicants submit that the additional cure amounts asserted in the objection are on account of fees not yet due, and thus should be satisfied in the ordinary course of business rather than as a cure amount; and (iii) the licensor has received, or will receive, adequate assurance of future performance by the assignee.
637	Bank of America Leasing and Capital LLC	Equipment lessor objects to proposed cure amount of $0.00 and asserts that cure amount should be $6,921.13.	The objection has been resolved.

639	Burlington Crossroads (E&A), LLC	Landlord objects to proposed cure amount of $1,219.09 and asserts that cure amount should be $7,228.59 subject to upward adjustment for any amounts that subsequently become due under the lease.	(i) the landord has not provided evidence supporting the asserted cure amount and has failed to explain how that portion of the cure amount relating to attorney fees are appropriate; and (ii) the Applicants are evaluating the balance of the objection and reserve their rights with respect thereto.
640	United Parcel Service, Inc.	Shipping company objects to the assumption and assignment of two contracts, described as an "Incentive Program Agreement" and a "Statement of Agreed Pricing" with proposed cure amounts of $0.00 and $37,605.96, arguing that—together with a third contract called the "Trade Direct Agreement"—the amount owed should be $1,248,435.77, together with any amounts owed for post-petition services.	The Applicants are attempting to reconcile the alleged cure amount, and believe that the alleged cure amount may include amounts that would otherwise be paid to and through third-parties as trade payables in the ordinary course of business, who will then make payment to the shipping company in accordance with the Applicants' ordinary practice. The Applicants submit that assumption and assignment should be conditioned on satisfaction of such additional amounts in this ordinary course manner.
641	G-Form LLC	Component supplier objects to propose cure amount of $0.00 and asserts that cure amount should be $133,939.05 plus incidental and consequential damages in relation to certain prepettion breaches of agreement.	The Applicants agree that the cure amount must be increased to $133,939.05, but otherwise dispute those factual and legal assertions of the supplier that seek to impose any additional cure amount or claim against the Applicants.

642	College of the Holy Cross	Party to "Sponsorship Agreement" and licensor of certain intellectual property objects to assumption and assignment of agreement on basis that (i) it has not consented; (ii) certain defaults cannot be cured; (iii) it hasn't been provided with adequate assurance of future performance; and (iii) it is owed at least $22,920.	(i) the Applicants are attempting to confer with the licensor regarding its consent; (ii) the Applicants dispute that there has been a breach of the agreement let alone a breach giving rise to a default incapable of cure; and (iii) the licensor has received, or will receive, adequate assurance of future performance by the assignee.
647	Hockey Equipment Certification Council	Organization that provides certifications as to equipment performance and safety standards objects to assumption and assignment on the basis that (i) its four agreements with the Applicants form a single integrated agreement and must be assumed and assigned together, whereas the Applicants only propose to assume and assign one; (ii) it has not consented; and (iii) it hasn't been provided adequate assurance of future performance.	(i) the Applicants are conferring with the organization regarding its consent; and (ii) the organization has received, or will receive, adequate assurance of future performance by the assignee.
649	Mission Product Holdings Inc.	Pre-petition assignee of certain intellectual property asserts that the Applicants must procure the release of a security interest therein and compensate it for any actual pecuniary loss from failure to release to release the security interest.	(i) the Applicants are discussing the objection with Bank of America, but reserve their rights in all respects as to the request for a lien release; and (ii) the pre-petition assignee has failed to articulate or provide evidence of its additional cure costs, and such additional alleged cure costs should therefore be overruled.

651-653	Q30 Sports, LLC & Q30 Sports Science, LLC	Licensor argues that (i) license agreement cannot be assumed and assigned because there are uncurable non-monetary defaults, it has not been provided adequate assurance of future performance, and it has not consented; (ii) a related trademark agreement cannot be assumed and assigned because it has not consented; (iii) certain related independent contractor agreements cannot be assumed and assigned as they are personal service contracts and not executory; and (iv) a related equity agreement cannot be assumed and assigned because it is not executory and assignment requires board approval. Affidavits also filed in support of objection.	(i) the Applicants have not breached any of its agreements with the licensor; (ii) the licensor does not have veto right with respect to license agreement, trademark agreement, and equity agreement and withholding its consent to extract improved economic terms is unreasonable; (iii) the licensor has received, or will receive, adequate assurance of future performance by the assignee; (iv) if the Applicants cannot transfer the license agreement to the assignee, the purchaser may have an ability to walk away from the sale; (v) the Applicants concede that the independent contractor agreements cannot be assumed and assigned without relevant consents.
646	Plumbers & Pipefitters National Pension Fund	Lead plaintiff in securities class action requests that the Applicants and the purchaser preserve documents and information relevant to their litigation.	The lead plaintiff's objection has been resolved by incorporating revised langauge in the sale order.
650	Official Committee of Equity Security Holders	Reservation of all rights to object prior to or at the sale hearing, including with respect to proposed releases of estate claims and causes of action against the purchaser and its affiliates.	The Equity Committee's objection should be overruled as such releases are routinely approved by courts and are necessary for the purchaser to go through with the sale.
678	Recreational Equipment, Inc.	Landlord objects to assignment of lease on the grounds that the Applicants have not provided adequate assurance of future performance by the assignee.	The landlord has received, or will receive, adequate assurance of future performance by the assignee.

681	Oakley, Inc.	Trademark owner objects to assignment of property containing its trademark on the grounds that (i) it has not consented; (ii) its interest is not a lien; (iii) its interest is not in bona fide dispute; (iv) the trademark owner cannot be compelled to accept money satisfaction for its interest; and (v) the assignment of property containing the trademark is not permitted under applicable nonbankruptcy law.	No response has yet been filed with respect to this objection.
709	Burlington Crossroads (E&A), LLC	Landlord objects to assignment of lease on the grounds that the Applicants have not provided adequate assurance of future performance by the assignee.	The landlord has received, or will receive, adequate assurance of future performance by the assignee.
719	USA Hockey Inc.	Party to "Sponsorship Agreement" and licensor of certain intellectual property objects to assumption and assignment of agreement on the basis that (i) it has not consented; (ii) it hasn't been provided with adequate assurance of future performance by the assignee; and (iii) it is owed at least $14,000.	(i) the Applicants are conferring with licensor regarding its consent; (ii) the licensor has received, or will receive, adequate assurance of future performance by the assignee.
		*The following are summaries and are qualified by reference to the filed documents.	*The following are summaries and are qualified by reference to the Omnbus Reply to Contract Assignment and Sale Objection (Document Number 727) and Reply to Q30 Objection (Document Number 728)

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

SIXTH REPORT OF THE MONITOR

February 3, 2017

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