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 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.

(Applicants)

SUPPLEMENTARY MOTION RECORD
(Returnable November 21, 2016)
(Re: Bidding Procedures and Stalking Horse Agreement)

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TAB 1

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(Applicants)

AMENDED NOTICE OF MOTION
(Returnable ~~on a date to be determined~~November 21, 2016)

Performance Sports Group Ltd. ("**PSG**"), Bauer Hockey Corp., Bauer Hockey Retail Corp., Bauer Performance Sports Uniform 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 Sport Inc., BPS US Holdings Inc., Easton Baseball/Softball Inc., Performance Lacrosse Group Inc., and PSG Innovation Inc. (collectively, the "**Applicants**" or the "**PSG Entities**"), will make a motion to a judge presiding over the Commercial List on a date to be determined at ~~10~~12:00 ~~a~~p.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING:

The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order substantially in the form of the draft Order included at Tab 3 of the Applicants' Motion Record:

(a) Approving the Stalking Horse Agreement (defined below);

(b) Approving the Bidding Procedures (defined below); and

(c) Such further and other relief as this Court deems just.

2. An Order substantially in the form of the draft Order included at Tab 3 of the Applicants' Supplementary Motion Record, extending the Stay Period (as that term is defined in the Initial Order) until February 28, 2017.

THE GROUNDS FOR THE MOTION ARE:

Background

3. ~~2.~~ The Applicants were granted protection from their creditors pursuant to the Order of Justice Newbould dated October 31, 2016 (the "**Initial Order**"), under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") and pursuant to a voluntary petition for relief in the U.S. Bankruptcy Court for the District of Delaware (the "**U.S. Court**") under Chapter 11 of the United States Bankruptcy Code, filed on October 31, 2016 (the "**Chapter 11 Proceedings**");

4. ~~3.~~ Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor (the "**Monitor**") of the Applicants;

5. ~~4.~~ The Applicants sought protection from their creditors in response to a liquidity crisis precipitated by a myriad of adverse factors occurring over the past eighteen months, all of which culminated in the Applicants' defaulting under the terms of their secured credit facilities;

6. The Initial Order granted a stay of proceedings in respect of the Applicants until November 30, 2016;

<u>The Stalking Horse Agreement</u>

<u>7.</u> ~~5.~~In response to their liquidity crisis, the Applicants developed a plan to preserve the value of their businesses for their stakeholders and engaged in a thorough review of their strategic alternatives with the advice and guidance of their legal and financial advisors;

<u>8.</u> ~~6.~~Based upon that review and the options available, the PSG Entities concluded that entering into an asset purchase agreement (the "**Stalking Horse Agreement**") for a going-concern sale to 9938982 Canada Inc. (the "**Stalking Horse Purchaser**"), a company sponsored by Sagard Holdings Inc. and Fairfax Financial Holdings Limited, subject to a sale process in the CCAA proceedings and Chapter 11 Proceedings, was the optimal course to maximize value for the PSG Entities' stakeholders;

<u>9.</u> ~~7.~~The Applicants are seeking this Court's approval of the Stalking Horse Agreement, pursuant to the terms of which they will continue as a going-concern under new ownership, their secured debt will be repaid in full, and trade debt will be paid in the ordinary course;

<u>The Bidding Procedures</u>

<u>10.</u> ~~8.~~The PSG Entities are also seeking approve of the joint bidding procedures (the "**Bidding Procedures**") for the purposes of creating a "stalking horse" sales process with a view to obtaining the highest and/or best offer for their assets;

<u>11.</u> ~~9.~~The PSG Entities have developed the Bidding Procedures proposed to govern the marketing process in consultation with the Stalking Horse Purchaser;

<u>12.</u> ~~10.~~The deadlines under the Bidding Procedures provide for bids to be submitted by January 4, 2017, an auction to take place on January 9, 2017, and a motion for Court approval of the transaction contemplated by the successful bid to be heard by January 11, 2017;

<u>13.</u> ~~11.~~The Applicants are also seeking approval of the Bidding Procedures from the U.S. Court;

Stay Extension

14. The Applicants' cash flow projection, to be filed by the Monitor, demonstrates that the Applicants will have sufficient funds to continue operating through to February 28, 2017;

15. The Monitor supports the extension of the Stay Period to February 28, 2017;

16. The Applicants have acted and continue to act in good faith and with due diligence and no creditor will suffer any material prejudice if the Stay Period is extended;

General

17. ~~12.~~ The provisions of the CCAA, including sections ~~11~~11, 11.02(2) and 36 thereof, and the inherent and equitable jurisdiction of this Court;

18. ~~13.~~ Rules 1.05, 2.03, 3.02 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;

19. ~~14.~~ The Ontario *Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and

20. ~~15.~~ Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Affidavit of Mark Vendetti sworn October 31, 2016, and the Exhibits attached thereto;

2. The Affidavit of Brian J. Fox sworn November 13, 2016 and the Exhibits attached thereto;

3. ~~2.~~ The First Report of the Monitor, to be filed; and

4. ~~3.~~ Such further and other materials as counsel may advise and this Court may permit.

October 31, 2016

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PERFORMANCE SPORTS GROUP LTD. ET. AL.

ONTARIO
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Proceeding commenced at Toronto

AMENDED NOTICE OF MOTION

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6632657 v67

TAB 2

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(Applicants)

AFFIDAVIT OF BRIAN J. FOX
(Sworn November 13, 2016)

I, BRIAN J. FOX, of the City of Port Washington, in the State of New York, MAKE OATH AND SAY:

1. I am a Managing Director with Alvarez & Marsal North America LLC ("**A&M**") and the Court-appointed Chief Restructuring Officer in Canada of Performance Sports Group Ltd ("**PSG**"), 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., and PSG Innovation Inc. (collectively, the "**Applicants**" or the "**PSG Entities**").

2. A&M was initially retained by the PSG Entities on August 11, 2016 to advise and assist with respect to liquidity management and other operational restructuring initiatives. As a result of my engagement with the Applicants I obtained significant knowledge of the

Applicants' business, operations, properties and finances and as such have knowledge of the matters to which I hereinafter depose. I have also reviewed the books and records of the Applicants and have spoken with certain of the directors, officers, employees and/or advisors of the Applicants, including Centerview Partners LLC ("**Centerview**"), as necessary and applicable, and where I have relied upon such information, I have set forth the source and believe such information to be true.

3. On October 31, 2016 (the "**Filing Date**"), the Applicants sought and obtained an Order of this Court (the "**Initial Order**") providing creditor protection under the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") to facilitate a going-concern sale transaction for the benefit of the Applicants' stakeholders. Ernst & Young Inc. was appointed as monitor of the Applicants (the "**Monitor**") in these CCAA proceedings (the "**CCAA Proceedings**"). On the same date, the Applicants also filed for creditor protection in the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") under Chapter 11 of Title 11 of the U.S. Code (the "**Chapter 11 Proceedings**").

4. On the Filing Date, the Applicants served a motion seeking approval of the asset purchase agreement dated October 31, 2016 (the "**Stalking Horse Agreement**") for the sale of substantially all of their assets to 9938982 Canada Inc. (the "**Stalking Horse Purchaser**"), a company co-owned by Sagard Holdings Inc. and Fairfax Financial Holdings Limited and approval of the bidding procedures (the "**Bidding Procedures**") to govern the marketing process in the proposed stalking horse sales process to occur during the CCAA Proceedings and Chapter 11 Proceedings. The Applicants have filed a similar motion in the U.S. Court seeking the same relief. The hearing before the U.S. Court is scheduled to occur on November 21, 2016. The Applicants are also seeking an extension of the stay of proceedings granted in the Initial Order up to and including November 30, 2016 (the "**Stay Period**").

5. This affidavit is supplementary to the affidavit of Mark Vendetti sworn October 31, 2016 (the "**Vendetti Affidavit**") in support of the Applicants' motion described above.

6. The Stalking Horse Agreement and a copy of the Bidding Procedures were attached as Exhibits "A" and "B", respectively, to the Vendetti Affidavit. Since the date of the Vendetti Affidavit, the Bidding Procedures have been slightly amended. A copy of the

revised Bidding Procedures is attached hereto as Exhibit "A" and a blackline to the version attached to the Vendetti Affidavit is attached hereto as Exhibit "B". A copy of the Stalking Horse Agreement with all its exhibits is attached hereto as Exhibit "C".

7. Copies of the filings in the CCAA Proceedings are located on the Monitor's case website at www.ey.com/ca/psg and copies of the filings in the Chapter 11 Proceedings are located on the Prime Clerk LLC case website at www.cases.primeclerk.com/PSG.

8. All references to currency in this affidavit are references to United States dollars, unless otherwise indicated.

A. Background of the CCAA Proceedings

9. The Applicants' need for seeking protection under the CCAA was precipitated by a number of negative events and circumstances affecting both PSG's business and the retail sports equipment industry generally in the past 18 months leading to a severe liquidity crisis. Since the PSG Entities' purchase of the EASTON baseball/softball business, the PSG Entities have been highly leveraged as the acquisition was funded with secured debt. Following the acquisition, the PSG Entities have faced significant competitive pressure in all of their markets and have experienced softening market conditions generally, leading to related customer credit issues, all adversely impacting the PSG Entities' financial performance in fiscal 2016.

10. PSG also has been unable to file its audited financial statements, related management discussion and analysis, annual report on Form 10-K and related CEO and CFO certificates by the filing deadline of August 15, 2016 due to the initiation of an internal investigation. The inability to file the reporting materials by August 29, 2016 was a breach of a covenant under PSG's secured credit facilities (the "**Credit Facilities**") giving rise to an event of default.

11. In August 2016, recognizing the financial challenges facing the PSG Entities, the board of directors of PSG formed a special committee comprised of independent directors (the "**Special Committee**") to review and assess the PSG Entities' strategic alternatives. The Special Committee engaged Centerview as its independent financial advisor to assist with

its review of strategic alternatives. Initially, the PSG Entities, together with Centerview and their other advisors negotiated an amending agreement with PSG's secured lenders under the Credit Facilities (the "**Secured Lenders**") which granted the PSG Entities a 60-day extension to file certain reporting materials by October 28, 2016.

12. After finalizing the amending agreement, the PSG Entities, with the assistance of Centerview and their other advisors, focused on developing a going-concern solution by engaging primarily with two parties - the lenders under PSG's pre-filing term loan credit facility (the "**Term Lenders**") and Sagard. With only a 60-day window provided by the Secured Lenders and the PSG Entities' liquidity situation, the Applicants did not have the time nor the resources to run a comprehensive pre-filing sales process or engage in discussions and negotiations with multiple parties. Both the Term Lenders and Sagard initially approached the PSG Entities regarding the possibility of completing a transaction with the PSG Entities and based on initial discussions, both parties were only interested in acting as stalking horse in a formal insolvency proceeding.

13. The Applicants received initial DIP financing proposals and stalking horse asset purchase proposals from Sagard on or about September 27, 2016 and the Term Lenders on or about October 11, 2016. The Term Lenders' stalking horse proposal contemplated that the Term Lenders would credit bid a portion their secured debt up to a maximum of approximately $330 million. The proposal was also linked to the DIP financing proposal such that if the Term Lenders were not ultimately chosen as the purchaser, the DIP financing would become immediately due and payable, making it difficult for a third party to execute a superior alternative transaction with the PSG Entities. The sale transaction proposed by the Term Lenders also offered less value to the PSG Entities' stakeholders compared to the Stalking Horse Agreement as it only involved a credit bid of the Term Lenders' secured debt whereas the Stalking Horse Agreement provides for a base purchase price higher that the amount outstanding under the Credit Facilities. Lastly, the Term Lenders' proposal included more expensive financing and tighter sales process milestones than Sagard's proposal and ultimately, the Stalking Horse Agreement.

14. Therefore, after careful and extensive consideration of the available alternatives and having given due consideration to the interests of all stakeholders, the PSG Entities, with the

unanimous recommendation of the Special Committee and with the assistance, input and advice from Centerview, A&M and legal counsel, determined that the best value-maximizing path forward for the PSG Entities was to enter into the Stalking Horse Agreement and commence these CCAA Proceedings and Chapter 11 Proceedings.

15. The CCAA Proceedings and Chapter 11 Proceedings have provided the PSG Entities creditor protection and access to debtor-in-possession financing ("**DIP Financing**") under two facilities: an ABL DIP credit facility offered by the PSG's pre-filing ABL lenders (the "**ABL Lenders**") pursuant to an ABL Superpriority Debtor-In-Possession Credit Agreement (as amended, supplemented or otherwise modified from time to time, the "**ABL DIP Agreement**") and a term loan DIP credit facility provided by the Stalking Horse Purchaser pursuant to the Term Loan Superpriority Debtor-In-Possession Credit Agreement (as amended, supplemented or otherwise modified from time to time, the "**Term Loan DIP Credit Agreement**" and together with the ABL DIP Agreement, the "**DIP Credit Agreements**") to refinance PSG's pre-filing term loan credit facility and provide incremental liquidity.

16. The time and additional breathing space provided by the DIP Financing has allowed and will continue to allow the PSG Entities to continue operations in ordinary course and also will allow them to carry out the proposed Bidding Procedures in order to canvass the market and determine whether the Stalking Horse Agreement represents the best transaction offering the highest value to PSG Entities' stakeholders. Further, the Stalking Horse Agreement provides certainty to the PSG Entities' suppliers, customers, and employees that the PSG Entities' business will continue as a going-concern and the PSG Entities will be able to emerge from creditor protection in a timely manner. Maintaining positive relationships with these key stakeholders will preserve the going-concern value of the PSG Entities' business and allow the PSG Entities to obtain the best available transaction through the sales process contemplated by the Bidding Procedures.

17. Further background on the CCAA Proceedings is set out in the affidavit of Mark Vendetti sworn October 31, 2016 in support of the Initial Order, a copy of which without exhibits is attached hereto as Exhibit "D".

B. The Stalking Horse Agreement[1]

18. The Stalking Horse Agreement sets the floor, or minimum acceptable bid, for the Bidding Procedures to follow, which is designed to achieve the highest or otherwise best offer. Given the PSG Entities' recent challenged financial performance and lack of liquidity leading up to the commencement of the CCAA Proceedings and Chapter 11 Proceedings, the Stalking Horse Agreement sets an excellent starting point for the sales process contemplated by the Bidding Procedures and presents the best option for maximizing the value for PSG Entities' stakeholders.

19. Under the Stalking Horse Agreement, the Stalking Horse Purchaser will (a) assume from the PSG Entities, the Assumed Liabilities; and (b) pay to the PSG Entities an amount, in cash, equal to (i) the Base Purchase Price of US$575 million *plus* or *minus*, as applicable, a Property Tax Adjustment, the Specified Assumed Liability Deduction Amount and the PRC AE Holdback. Part of the consideration may constitute a credit bid of the obligations under the Term Loan DIP Credit Agreement to be provided by the Stalking Horse Purchaser. The Stalking Horse Agreement ascribes significant value to the PSG Entities' business as the Base Purchase Price represents a 20.6x multiple of PSG's annualized adjusted EBITDA for the nine-months ending February 28, 2016. I am advised by Marc Puntus of Centerview that this multiple is well above PSG's historical average trading multiple.

20. Pursuant to the Stalking Horse Agreement, the PSG Entities will use the Closing Purchase Price to repay all obligations outstanding at Closing under the DIP Credit Agreements, unless the Repayable DIP Obligations are $0 as a result of a credit bid or other repayment.

21. The Acquired Assets under the Stalking Horse Agreement constitute substantially all of the properties, rights, interests and other assets of PSG Entities, whether tangible or intangible, except for certain Excluded Assets. Excluded Assets include, among other things, the assets used in the Inaria Sports Business.

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[1] All capitalized terms used and not defined in this section of the Affidavit shall have the meaning ascribed to them in the Stalking Horse Agreement. Further, this section of the affidavit is only intended to provide a summary of the Stalking Horse Agreement and is qualified in its entirety by reference to the provisions of the Stalking Horse Agreement. In the event of any inconsistencies between the summary provided herein and the Stalking Horse Agreement, the terms of the Stalking Horse Agreement shall govern.

22. Pursuant to the Stalking Horse Agreement, the Stalking Horse Purchaser will assume the Assumed Liabilities from the PSG Entities, including, among others:

(a) all trade obligations of the PSG Entities arising in the ordinary course and outstanding immediately prior to Closing;

(b) all accrued expenses of certain specified types arising in the ordinary course;

(c) all liabilities under Assigned Contracts arising after Closing;

(d) all liabilities arising from the Mississauga Collective Labour Agreement and Blainville Collective Labour Agreement, including the simplified defined contribution pension plan for the unionized employees in Blainville, Quebec; and

(e) all liabilities arising out of or relating to the Acquired Assets' non-compliance with Environmental Law first occurring after the Closing.

23. The Stalking Horse Agreement also provides that the Stalking Horse Purchaser will designate Transferred Employees to whom it will offer employment, and for which it will assume related employee obligations. The Stalking Horse Purchaser will become the successor under Mississauga Collective Labour Agreement and Blainville Collective Labour Agreement.

24. Protecting the PSG Entities and their stakeholders from closing risk, pursuant to the Stalking Horse Agreement, the Stalking Horse Purchaser has deposited $28,750,000 in cash as a "good faith deposit" into escrow, to be held pursuant to a Deposit Escrow Agreement, pending Closing of the transaction. The Deposit was made by the Stalking Horse Purchaser on the Filing Date. If the Stalking Horse Agreement is terminated by the Stalking Horse Purchaser or by the PSG Entities upon the occurrence of certain events, the Deposit will be returned to the Stalking Horse Purchaser. The Deposit becomes payable to the PSG Entities in the event the warranties, agreements or covenants of the Stalking Horse Purchaser contained in the Stalking Horse Agreement are breached or if the Stalking Horse Purchaser is unable to deliver the Closing Cash Payment at the Closing.

25. The Stalking Horse Agreement provides for certain bid protections for the Stalking Horse Purchaser. The bid protections consist of an Expense Reimbursement payment of $3.5 million and a Break-Up Fee of $20,125,000, representing 3.5% of the Base Purchase Price, if the Stalking Horse Agreement is terminated upon the occurrence of certain events, including termination by either party if an Alternative Transaction is approved and termination by the Stalking Horse Purchaser if the Sale Orders are not entered on or prior to January 16, 2017 (collectively, the "**Bid Protections**"). Additionally, the PSG Entities paid a work fee of $2.5 million (the "**Work Fee**") to the Stalking Horse Purchaser prior to the Filing Date pursuant to a letter agreement. If the Break-Up Fee becomes payable to the Stalking Horse Purchaser, it will be reduced by the amount of the Work Fee. Additionally, if the transaction contemplated by the Stalking Horse Agreement is consummated, the Stalking Horse Purchaser is required to pay an amount equal to the Work Fee to the PSG Entities or the Monitor prior to Closing, incremental to the Base Purchase Price.

26. The Bid Protections were the subject of extensive and intensive arm's length negotiation between the Stalking Horse Purchaser and the PSG Entities. Based on the negotiations and the value provided by the Stalking Horse Agreement, the PSG Entities, in their business judgement, believe the Bid Protections are reasonable in the circumstances and were necessary for the Stalking Horse Purchaser to agree to the Stalking Horse Agreement. The Stalking Horse Purchaser may terminate the Stalking Horse Agreement if the Bid Protections are not approved by this Court or the U.S. Court.

27. In addition to customary closing conditions, including approval of this Court and the U.S. Court and certain regulatory matters, the obligation of the Stalking Horse Purchaser to consummate the transaction contemplated by the Stalking Horse Agreement is subject to the satisfaction or waiver of the following conditions, among others:

(a) no breach of representations and warranties;

(b) no breach of covenants;

(c) no Material Adverse Effect having occurred;

(d) assumption and assignment of the Assigned Contracts having been authorized by this Court and the U.S. Court;

(e) all Third Party Consents having been obtained; and

(f) no event of default that has not been cured in full or waived having occurred under the DIP Credit Agreements.

28. The Stalking Horse Agreement provides that Closing shall take place at the New York offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, commencing at 10:00 a.m. local time on the date that is two (2) Business Days after the day upon which all of the conditions to Closing (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) have been satisfied or, if permissible, waived by the PSG Entities and/or Stalking Horse Purchaser (as applicable), or on such other place, date and time as shall be mutually agreed upon in writing. The target closing date is February 2, 2017 and the Outside Date is February 16, 2017, provided that the Outside Date may be extended to February 28, 2017 if certain conditions are met. The DIP Credit Agreements also mature on February 28, 2017.

29. In sum, the transaction contemplated by the Stalking Horse Agreement will provide, among other things, (i) the repayment in full of all of the PSG Entities' secured creditors, (ii) the assumption by the Stalking Horse Purchaser of certain liabilities; (iii) meaningful distributions to the PSG Entities' remaining stakeholders; and (iv) the continued operation of the PSG Entities' business as a going concern under new ownership. Based upon on the review of options available by the Special Committee, Centerview, A&M, and legal counsel, the PSG Entities believe that approval of the Stalking Horse Agreement is the best path forward to maximize value for their stakeholders and ensuring the PSG Entities' business continues as going-concern.

C. The Bidding Procedures[2]

30. As noted above, due to time and liquidity constraints, the Applicants were not able to conduct a comprehensive marketing process for their assets prior to filing for creditor protection under the CCAA and Chapter 11. The Stalking Horse Agreement represents substantial value for the PSG Entities' stakeholders; however, conducting the sales process contemplated by the Bidding Procedures will allow the PSG Entities to determine whether there are any superior alternative transactions. The Bidding Procedures, which were the subject of intensive arm's length negotiations with the Stalking Horse Purchaser and agreed to by the PSG Entities, on the advice of Centerview, A&M and legal counsel, provide a fair and efficient process to canvass the market for higher or better offers.

31. The key dates under the Bidding Procedures are as follows:[3]

(a) **January 4, 2017 at 5:00 p.m. EDT**: Bid Deadline - due date for Bidders to submit a Qualified Bid and Good Faith Deposit;

(b) **January 9, 2017 at 10:00 a.m. EDT**: Auction - held at Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019; and

(c) **January 11, 2017 at 10:00 a.m. EDT**: Sale Hearing - conducted in the U.S. and Canada, jointly, concurrently or as otherwise determined by the Courts.

32. The key dates of the Bidding Procedures correspond with the milestones provided for under the DIP Credit Agreements and were agreed to with the Stalking Horse Purchaser and the ABL Lenders. The failure to meet any of the milestones constitutes an event of default under the DIP Credit Agreements, and may result in the lenders under the DIP

[2] All capitalized terms used and not defined in this section of the Affidavit shall have the meaning ascribed to them in the Bidding Procedures. Further, this section of the affidavit is only intended to provide a summary of the Bidding Procedures and is qualified in its entirety by reference to the provisions of the Bidding Procedures. In the event of any inconsistencies between the summary provided herein and the Bidding Procedures, the terms of the Bidding Procedures shall govern. All interested bidders should read the Bidding Procedures in their entirety,

[3] These dates are subject to extension or adjournment by the Applicants in consultation with the Consultation Parties.

Credit Agreements refusing to make any further advances to the Applicants and declaring all amounts owing under the DIP Credit Agreement due and payable.

33. The Stalking Horse Agreement also provides that the PSG Entities must obtain approval by this Court and the U.S. Court of the Bidding Procedures on or prior to November 21, 2016 and the sale transaction contemplated by the Stalking Horse Agreement on or prior to January 16, 2016.

34. The Bidding Procedures contemplate a 71-day sales process, from the Filing Date to the date of the Auction, if required. Due to intensive arm's length negotiations with the Stalking Horse Purchaser, the Bidding Procedures provide that until the Successful Bid is determined and the Auction closes, the PSG Entities and their advisors are able to contact and solicit any potentially interested parties. The PSG Entities were able to negotiate the current timeline and believe in their business judgement, that it provides sufficient opportunity for potentially interested Bidders to complete due diligence and develop a Qualified Bid.

35. Further, as explained above, the PSG Entities require a timely exit from the CCAA Proceedings and Chapter 11 Proceedings to maintain critical relationships with suppliers, customers, and employees. Remaining in creditor protection through a sales process longer than the one contemplated by the Bidding Procedures is potentially harmful to the PSG Entities' business and the PSG Entities' attempt to maximize value for stakeholders. Developing a going-concern solution in a timely fashion will provide certainty to suppliers, customers and employees and therefore, ensure the necessary stability for the PSG Entities to continue operating in ordinary course, preserving the going-concern value of their business.

36. Prior to the Filing Date, Centerview, together with the PSG Entities, had prepared a fully populated data-room, a confidential information memorandum containing significant information of the PSG Entities' various businesses and a form of non-disclosure agreement for interested parties. The preparation allowed the sales process to "hit the ground running" after the Filing Date and allow potential bidders to begin due diligence without any delay.

37. Immediately after the Filing Date, Centerview began soliciting interest in the PSG Entities' business from potential interested parties. As of November 11, 2016, Centerview

has contacted 105 potentially interested parties, including 23 strategic parties and 82 financial parties. I am advised by Marc Puntus of Centerview, that the list of potentially interested parties was developed by Centerview with input from the PSG Entities' management and Centerview's Consumer Products Group who specializes in mergers and acquisitions in the retail and consumer products industry. Centerview also included any third party who has inquired about the PSG Entities' strategic alternatives. As of the date of this affidavit, the PSG Entities have executed non-disclosure agreements with 14 interested parties making such parties Preliminary Interested Investors under the Bidding Procedures. The Preliminary Interested Investors, and their respective advisors, have been given access to the data-room in order to begin their diligence and have received a copy of the confidential information memorandum. Another 16 parties have expressed an interest in participating as Preliminary Interested Investors and Centerview, together with the PSG Entities, are in the process of negotiating a non-disclosure agreement with these parties.

38. The Bidding Procedures contemplate that after the execution of a non-disclosure agreement in a form acceptable to the PSG Entities, the PSG Entities will furnish relevant information and Diligence Materials to Preliminary Interested Investors over the 65 days following the Filing Date before the Bid Deadline. The PSG Entities also retain the right to withhold any Diligence Materials that are determined, in consultation with the Consultation Parties, business-sensitive or otherwise not appropriate for disclosure to a Preliminary Interested Investor who is a competitor or customer of the PSG Entities or affiliated with any competitor or customer of the PSG Entities.

39. Centerview, along with the PSG Entities, is responsible for responding to due diligence requests and discussions with Preliminary Interested Investors. The PSG Entities will consult with various Consultation Parties during the sales process, including the Monitor and any official committee appointed by the U.S. Trustee in the Chapter 11 Proceedings. Following the Bid Deadline, if one or more Qualified Bids are received, there will be an Auction to determine the highest or otherwise best Qualified Bid.

40. To be eligible to participate in the Auction, each Bid, and each Bidder must, respectively, be reasonably determined by the PSG Entities, in consultation with the Consultation Parties, to satisfy each of the following conditions, among others:

(a) **Good Faith Deposit**: Each Bid must be accompanied by a cash deposit, paid by wire transfer of immediately available funds, in the amount of 5% of the purchase price (excluding any Assumed Liabilities) contained in the Modified Asset Purchase Agreement.

(b) **Same or Better Terms:** Any Bid for the Acquired Assets must be on terms that the Applicants, in their business judgment and after consulting with the Consultation Parties, determine are the same or better for the Applicants than the Stalking Horse Agreement.

(c) **Executed Agreement**: Each Bid must be based on the Stalking Horse Agreement and must include binding, executed Modified Asset Purchase Agreement. A Bid must also include a copy of the Modified Asset Purchase Agreement marked against the Stalking Horse Agreement to show all changes requested by the Bidder.

(d) **Scope of Bid**: A Bid must be for all or substantially all of the Acquired Assets.

(e) **Minimum Bid**: A Bid (other than the Bid pursuant to the Stalking Horse Agreement) must have a purchase price, including any assumption of liabilities, that in the Applicants' reasonable business judgment (after consultation with the Consultation Parties) has a value greater than the sum of (i) the Base Purchase Price (as defined in the Stalking Horse Agreement); *plus* (ii) $7.5 million; *plus* (iii) the Bid Protections totalling $23,625,000.

(f) **Designation of Assigned Contracts and Leases**: A Bid must identify the executory contracts and unexpired leases with respect to which the Bidder seeks assignment from the Applicants.

(g) **Designation of Assumed Liabilities**: A Bid must identify all liabilities which the Bidder proposes to assume.

(h) **<u>Disclosure of Identity of Bidder</u>**: A Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Acquired Assets. A Bid must also fully disclose any connections or agreements with the Applicants, the Stalking Horse Purchaser or any other known, potential, prospective Bidder or Qualified Bidder, and/or any officer, director or equity security holder of the Applicants.

(i) **<u>Proof of Financial Ability to Perform</u>**: A Bid must include detailed, written evidence that the Applicants may conclude, in consultation with their advisors and the Consultation Parties, demonstrates that the Bidder has and will continue to have the necessary financial ability to close the Alternate Transaction and comply with section 365 of the Bankruptcy Code and the CCAA, including providing adequate assurance of future performance under all contracts to be assumed and assigned in such Alternate Transaction.

(j) **<u>Irrevocable</u>**: Each Bid must be irrevocable until ten (10) business days after the conclusion of the Sale Hearing; provided that if such Bid is accepted as the Successful Bid or the Backup Bid, such Bid shall continue to remain irrevocable until the earlier of the closing of the Sale or the Extended Outside Date.

(k) **<u>Termination Fees</u>**: The Bid (other than the Bid pursuant to the Stalking Horse Agreement) must not entitle the Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment or reimbursement.

(l) **<u>Closing Date</u>**: The Bid must include a commitment to close the transactions contemplated by the Modified Asset Purchase Agreement by no later than February 16, 2017 and in no event shall the closing of the Sale occur later than February 28, 2017.

41. The following provides a summary of the procedures that will be used in conducting the Auction pursuant to the Bidding Procedures:

(a) **Participation**: Only the Applicants, the Consultation Parties, the Stalking Horse Purchaser and any other Qualified Bidder, in each case, along with their representatives and counsel, may attend the Auction (such attendance to be in person) and only the Stalking Horse Purchaser and such other Qualified Bidders will be entitled to make any Bids at the Auction; provided, however, that any other creditor may attend (but not participate in) the Auction if it provides the Applicants written notice of its intention to attend the Auction on or before the Bid Deadline.

(b) **Terms of Overbids**: To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

(i) *Minimum Overbid Increments*: Any Overbid for all or substantially all of the Acquired Assets after and above the Auction Baseline Bid shall be made in increments valued at not less than $2.5 million (or such other amount as shall be announced at the Auction) in cash or in cash equivalents, or other forms of consideration acceptable to the Applicants.

(ii) *Credit Bidding*: Holders of DIP Lien Claims shall be entitled to submit Overbids in cash, cash equivalents or other forms of consideration, as described above, or additional credit bid amounts up to the aggregate amount of any outstanding obligations under the DIP Credit Agreements (including any accrued but unpaid prepetition interest) to the extent permitted by applicable law, provided that only the Stalking Horse Purchaser may credit bid the amount of the Bid Protections.

(c) **Remaining Terms Are the Same as for Qualified Bids**: Except as modified in the Bidding Procedures, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Bidder to the Stalking Horse Agreement or Modified Asset Purchase Agreement, as the case may be, in connection therewith. Any Overbid must remain open and binding on the Bidder as provided by the Bidding Procedures.

(d) **Announcement of Overbids**: The Applicants shall announce at the Auction the material terms of each Overbid, the total amount of consideration offered in each such Overbid, and the basis for calculating such total consideration. The Applicants shall also provide all terms of each Overbid, including non-economic terms, to the Consultation Parties.

(e) **Consideration of Overbids**: Subject to the deadlines set forth in the Bidding Procedures, the Applicants reserve the right, in their reasonable business judgment, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Applicants and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; or give Qualified Bidders the opportunity to provide the Applicants with such additional evidence as the Applicants in their reasonable business judgment may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Alternate Transaction at the prevailing Overbid amount. When comparing Overbids to the Qualified Bid made by the Stalking Horse Purchaser, the Applicants shall treat the credit bid (including any Overbid) made by the Stalking Horse Purchaser as being made in cash or in cash equivalents.

(f) **Stalking Horse Purchaser Bid**: The Stalking Horse Purchaser shall be entitled to (i) credit bid all or a portion of its DIP Lien Claims, consistent with Bankruptcy Code section 363(k) and the CCAA; and (ii) submit additional bids and make modifications to the Stalking Horse Agreement at the Auction consistent with the Bidding Procedures.

42. The Auction will continue for additional rounds of bidding until the PSG Entities select, after consultation with the Consultation Parties, the Bid that is the highest or otherwise best offer for all or substantially all of the Acquired Assets. The Auction also shall not close until the Successful Bidder submits a fully executed sale and transaction documents memorializing the terms of its Successful Bid. After conclusion of the Auction, the PSG Entities will not consider any further submitted Bids.

43. To allow for some flexibility as the sales process progresses, subject to the Bidding Procedures, Bidding Procedures Orders, Stalking Horse Agreement and other orders of the Courts, the PSG Entities may modify the Bidding Procedures and implement additional procedural rules that they determine, in their business judgment will better promote the goals of the bidding process and discharge of their fiduciary duties.

44. The Bidding Procedures are designed to facilitate a competitive bidding process in which all potential bidders are encouraged to participate and submit competing bids for assets of the PSG Entities. In the PSG Entities' business judgement, the Bidding Procedures provide sufficient notice and opportunity to acquire information necessary to submit a timely and informed Bid. At the same time, the Bidding Procedures provide the PSG Entities with sufficient opportunity to consider all competing offers and to select, in their reasonable business judgment, and after consultation with the Consultation Parties, the highest or otherwise best offer for their assets. In short, the PSG Entities believe the Bidding Procedures provide an appropriate framework for the sales process and will obtain the best offer for their assets, maximizing value for the PSG Entities' stakeholders.

D. Stay Extension

45. The Initial Order granted a stay of proceedings up to and including November 30, 2016. The Applicants are seeking to extend the Stay Period to February 28, 2017.

46. During the Stay Period, the Applicants intend to:

(a) Continue operating their businesses in the ordinary course;

(b) Carry out the Bidding Procedures if approved by this Court and the U.S. Court;

(c) Bring the comeback motion seeking certain relief, including relief with respect to the Term Loan DIP Credit Agreement;

(d) Continue to advance operational restructuring initiatives; and

(e) Address any other issues that may arise in the CCAA Proceedings and Chapter 11 Proceedings.

47. It is my understanding that the Monitor supports the extension of the Stay Period to February 28, 2017 and will be filing a report to that effect, demonstrating that the Applicants will have sufficient funds to continue operating through the proposed Stay Period, provided the certain relief is obtained at the comeback motion scheduled for November 30, 2016 which will allow the Applicants to borrow under the Term Loan DIP Credit Agreement.

48. The Applicants have acted and continue to act in good faith and with due diligence. I do not believe that any creditor will suffer any material prejudice if the Stay Period is extended to February 28, 2017.

E. Conclusion

49. Approval of the Stalking Horse Agreement and Bidding Procedures is an appropriate first step in the CCAA Proceedings, both of which provide a pathway for completing a going concern restructuring transaction that will maximize value for stakeholders, including the PSG Entities' creditors, employees, customers and suppliers.

SWORN BEFORE ME at the City of New York, State of New York, on November 13, 2016. Commissioner for Taking Affidavits Daniel Feigenbaum Notary Public State of New York 02FE6203476 Qualified in Nassau County Commission Expires 04/06/2017	BRIAN J. FOX

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PERFORMANCE SPORTS GROUP LTD. ET. AL.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF BRIAN J. FOX
(SWORN NOVEMBER 13, 2016)

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Lawyers for the Applicants

EXHIBIT "A"

EXHIBIT "A"

referred to in the Affidavit of

Brian J. Fox

Sworn November 13, 2016

Commissioner for Taking Affidavits

Daniel Feigenbaum
Notary Public State of New York
02FE6203476
Qualified in Nassau County
Commission Expires 04/06/2013

BIDDING PROCEDURES

These bidding procedures (the "Bidding Procedures") set forth the process by which Performance Sports Group Ltd. and certain of its subsidiaries (collectively, the "Company" or the "Sellers")[1] shall conduct a sale (the "Sale") by auction (the "Auction") of all or substantially all of their assets.

On [●], 2016, the United States Bankruptcy Court for the District of Delaware (the "U.S. Court"), and the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court" and together with the U.S. Court, the "Courts" or each, a "Court") entered orders (the "Bidding Procedures Orders"), which, among other things, authorized the Sellers to determine the highest or otherwise best offer(s) for their assets through the process and procedures set forth below.

The U.S. presides over the Sellers' jointly administered chapter 11 bankruptcy cases (the "Chapter 11 Cases") captioned *In re BPS US Holdings Inc. et al.*, Ch. 11 Case No. 16-12373 (KJC) (Bankr. D. Del. Oct. 31, 2016). The Canadian Court presides over the Sellers' creditor protection proceedings (the "Canadian Proceedings" and together with the Chapter 11 Cases, the "Proceedings") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA")

On October 31, 2016, the Sellers filed in each of the Proceedings the *Motion for (I) an Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors' Assets; (B) Approving Bid Protections; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and a Hearing to Consider the Approval of the Sale; (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Claims, Liens and Encumbrances; and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* (the "Sale Motion").[2] The orders approving the Sale are referred to herein, collectively, as the "Sale Orders."

As referenced in the Sale Motion, a stalking horse asset purchase agreement (including all exhibits, schedules and ancillary agreements related thereto, and as amended and in effect, the "Stalking Horse Agreement") has been entered into by and among the Sellers, and 9938982 Canada Inc. (the "Stalking Horse Purchaser"), dated as of October 31, 2016, which Stalking Horse Agreement contemplates a purchase and sale of the Acquired Assets (as defined in Section 2.1 of the Stalking Horse Agreement) to the Stalking Horse Purchaser, on the terms

[1] The Sellers are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165) Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249).

[2] Capitalized terms used but not defined herein have the meaning ascribed to them in the Sale Motion.

and subject to the conditions provided therein. A copy of the Stalking Horse Agreement is attached as an exhibit to the Sale Motion. As further outlined herein, the Stalking Horse Purchaser is entitled to Credit Bid a portion or all of its DIP Lien Claims (as defined herein).

I. ASSETS TO BE SOLD

The Stalking Horse Agreement is an offer to purchase the Acquired Assets, which comprise substantially all of the Sellers' assets. A party may participate in the bidding process by submitting a Bid (as defined below) for all or substantially all of the Acquired Assets.

All of the Sellers' right, title and interest in and to the Acquired Assets shall be sold free and clear of any pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon (collectively, the "Liens"), with such Liens to attach to the proceeds of the sale of the Acquired Assets with the same validity and priority as such Liens applied against the Acquired Assets, except as otherwise specifically provided in the Stalking Horse Agreement or a Modified Asset Purchase Agreement (as defined below) submitted by a Successful Bidder (as defined below) (including any exhibits or schedules thereto) and reflected in the Sale Orders.

II. THE CONSULTATION PARTIES

The Sellers shall consult with Ernst & Young Inc., in its capacity as the court-appointed Monitor of the Canadian Proceedings (the "Monitor"), any official committee appointed by the U.S. Trustee in the Chapter 11 Cases, and Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, and each of their respective counsel and advisors (each, a "Consultation Party" and collectively, the "Consultation Parties") as explicitly provided for in the Bidding Procedures; provided, however, that the Sellers shall not be required to consult with any Consultation Party during the Auction process to the extent such Consultation Party has submitted a Bid (as defined below) or has had a Bid submitted on its behalf for so long as such Bid remains open, if the Sellers determine, in their reasonable business judgment, that consulting with such Consultation Party regarding any issue, selection or determination would be likely to have a chilling effect on potential bidding or otherwise be contrary to goal of maximizing value for the Sellers' estates from the sale process.

To the extent the Bidding Procedures require the Sellers to consult with any Consultation Party in connection with making a determination or taking an action, or in connection with any other matter related to the Bidding Procedures or the Auction, the Sellers shall do so in a regular and timely manner prior to making such determination or taking such action.

Subject to the terms of any Orders entered in the Proceedings, after consultation with the Consultation Parties, the Sellers shall have the right and obligation to make all decisions regarding Bids and the Auction as provided herein as it determines to be in the best interest of their estates, whether or not Consultation Parties agree with that decision.

III. BIDDING PROCESS

A. Overview

The Sellers and their advisors shall, subject to the other provisions of these Bidding Procedures, including the consultation obligations set forth herein:

1. coordinate the efforts of Preliminary Interested Investors (as defined below) in conducting their due diligence investigations;

2. receive offers from Bidders (as defined below);

3. determine whether any person is a Qualified Bidder (as defined below); and

4. conduct the Auction and further negotiate any offers made to purchase the Acquired Assets.

B. Key Dates For Potential Competing Bidders

The Bidding Procedures provide interested parties with the opportunity to qualify for and participate in the Auction to be conducted by the Sellers and to submit competing bids for the Assets. The Sellers shall assist Preliminary Interested Investors in conducting their respective due diligence investigations and shall accept Bids until **January 4, 2017 at 5:00 p.m. (prevailing Eastern Time)** (the "Bid Deadline").

The key dates for the Sale process are as follows:[3]

Wed. Jan. 4, 2017 at 5:00 p.m. EDT	Bid Deadline - Due Date to submit a Qualified Bid and Good Faith Deposit (each as defined below)
Mon. Jan. 9, 2017 at 10:00 a.m. EDT	Auction, which will be held at Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019
Wed. Jan. 11, 2017 at 10:00 a.m. EDT	Sale Hearing, which will be conducted in the US and Canada, jointly, concurrently or as otherwise determined by the Courts. (a) the Ontario Superior Court of Justice

[3] These dates are subject to extension or adjournment as provided for herein and in consultation with the Consultation Parties.

	(Commercial List) [Address] (b) the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 5th Floor, Courtroom 5, Wilmington, Delaware 19801

C. Access to Diligence Materials

To participate in the bidding process to effectuate a sale transaction for all or substantially all of the Acquired Assets (an "Alternate Transaction") and to receive access to due diligence materials (the "Diligence Materials"), a party must submit to the Sellers an executed confidentiality agreement in such form as is acceptable to the Sellers and provide preliminary evidence satisfactory to the Sellers and their advisors of such party's financial wherewithal to consummate an Alternate Transaction.

A party who executes such a confidentiality agreement for access to Diligence Materials, and provides such preliminary evidence of financial wherewithal, shall be a "Preliminary Interested Investor." The Sellers will afford any Preliminary Interested Investor the time and opportunity to conduct reasonable due diligence in accordance with a diligence protocol determined by the Sellers and their advisors; provided, however, that the Sellers shall not be obligated to furnish any due diligence information after the Bid Deadline to any party that has not submitted a Qualified Bid (as defined below) on or before the Bid Deadline and may, in consultation with the Consultation Parties (as defined below), limit the amount of further due diligence available to Qualified Bidders after the Bid Deadline.

The Sellers reserve the right to withhold any Diligence Materials that the Sellers, in consultation with the Consultation Parties, determine are business-sensitive or otherwise not appropriate for disclosure to a Preliminary Interested Investor who is a competitor or customer of the Sellers or is affiliated with any competitor or customer of the Sellers. Neither the Sellers nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Preliminary Interested Investor; *provided however* that Sellers shall provide the Stalking Horse Purchaser with access to the Diligence Materials, which are provided to Preliminary Interested Investors.

All due diligence requests must be directed to Centerview Partners LLP, Attn: Marc Puntus (mpuntus@centerviewpartners.com).

D. Due Diligence from Bidders

Each Preliminary Interested Investor and each Bidder shall comply with all reasonable requests for additional information and due diligence access by the Sellers or their advisors regarding such Preliminary Interested Investor or Bidder, as applicable, and its contemplated transaction. Failure by a Preliminary Interested Investor or Bidder (other than the Stalking Horse Purchaser) to comply with requests for additional information and due diligence access may be a basis for the Sellers to determine that such Bidder is not a Qualified Bidder.

IV. AUCTION QUALIFICATION PROCESS

A. Qualifying Bids

To be eligible to participate in the Auction, each offer, solicitation or proposal (each, a "Bid"), and each party submitting such a Bid (other than the Stalking Horse Purchaser) (each, a "Bidder"), must be reasonably determined by the Sellers, in consultation with the Consultation Parties, to satisfy each of the following conditions:

1. Good Faith Deposit: Each Bid must be accompanied by a cash deposit, paid by wire transfer of immediately available funds, in the amount of five percent (5%) of the purchase price (excluding any Assumed Liabilities) contained in the Modified Asset Purchase Agreement (as defined below), which deposit shall be held in an interest-bearing escrow account to be identified and established by the Sellers (the "Good Faith Deposit").

2. Same or Better Terms: In connection with any Bid for the Acquired Assets, such Bid must be on terms that the Sellers, in their business judgment and after consulting with the Consultation Parties, determine are the same or better for the Sellers than the terms of the Stalking Horse Agreement.

3. Executed Agreement: Each Bid must be based on the Stalking Horse Agreement and must include binding, executed, irrevocable transaction documents, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effectuate an Alternate Transaction (a "Modified Asset Purchase Agreement"). A Bid must also include a copy of the Modified Asset Purchase Agreement (including all exhibits thereto) marked against the Stalking Horse Agreement to show all changes requested by the Bidder (including those related to purchase price and to remove any provisions that apply only to the Stalking Horse Purchaser, such as the expense reimbursement and break-up fee provisions contained in the Stalking Horse Agreement, which terms shall not be in any Modified Asset Purchase Agreement). Each Modified Asset Purchase Agreement must provide a representation that the Qualified Bidder will (i) make all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if applicable, and (ii) submit and pay the fees associated with all necessary filings under the HSR Act as soon as reasonably practicable; provided, however, that the timing and likelihood of receiving HSR Act approval will be a consideration in determining the highest and best Bid.

4. Scope of Bid: A Bid must be for all or substantially all of the Acquired Assets.

5. Minimum Bid: A Bid (other than the Bid pursuant to the Stalking Horse Agreement) must have a purchase price, including any assumption of

liabilities, that, in the Sellers' reasonable business judgment (after consultation with the Consultation Parties), has a value greater than the sum of (i) the Base Purchase Price (as defined in the Stalking Horse Agreement); *plus* (ii) $7.5 million; *plus* (iii) the Bid Protections totaling $23,625,000.

6. Designation of Assigned Contracts and Leases: A Bid must identify the executory contracts and unexpired leases with respect to which the Bidder seeks assignment from the Sellers.

7. Designation of Assumed Liabilities: A Bid must identify all liabilities which the Bidder proposes to assume.

8. Corporate Authority: A Bid must include written evidence reasonably acceptable to the Sellers demonstrating appropriate corporate authorization to consummate the proposed Alternate Transaction; provided that, if the Bidder is an entity specially formed for the purpose of effectuating the Alternate Transaction then the Bidder must furnish written evidence reasonably acceptable to the Sellers of the approval of the Alternate Transaction by the equity holder(s) of such Bidder.

9. Disclosure of Identity of Bidder: A Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Acquired Assets, including any equity holders in the case of a Bidder which is an entity specially formed for the purpose of effectuating the contemplated transaction, or otherwise participating in connection with such Bid (including any co-bidder or team bidder), and the complete terms of any such participation, including any agreements, arrangements or understandings concerning a collaborative or joint bid or any other combination concerning the proposed Bid. A Bid must also fully disclose any connections or agreements with the Sellers, the Stalking Horse Purchaser or any other known, potential, prospective Bidder or Qualified Bidder, and/or any officer, director or equity security holder of the Sellers.

10. Proof of Financial Ability to Perform: A Bid must include detailed, written evidence that the Sellers may conclude, in consultation with their advisors and the Consultation Parties, demonstrates that the Bidder has and will continue to have the necessary financial ability to close the Alternate Transaction and comply with section 365 of the Bankruptcy Code and the relevant provisions of the CCAA, including providing adequate assurance of future performance under all contracts to be assumed and assigned in such Alternate Transaction. Such information must include, *inter alia*, the following:

    (a) contact names and numbers for verification of financing sources;

(b) evidence of the Bidder's internal resources and proof of unconditional debt funding commitments from a recognized banking institution and, if applicable, equity commitments in an aggregate amount equal to the cash portion of such Bid or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Sellers in the amount of the cash portion of such Bid as are needed to close the Alternate Transaction;

(c) the Bidder's current financial statements (audited if they exist) or other similar financial information reasonably acceptable to the Sellers;

(d) a description of the Bidder's pro forma capital structure; and

(e) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Sellers, in consultation with the Consultation Parties, demonstrating that such Bidder has the ability to close the Alternate Transaction.

11. Regulatory and Third Party Approvals: A Bid must set forth each regulatory and third-party approval required for the Bidder to consummate the Alternate Transaction, and the time period within which the Bidder expects to receive such regulatory and third-party approvals, and those actions the Bidder will take to ensure receipt of such approvals as promptly as possible.

12. Contact Information and Affiliates: A Bid must provide the identity and contact information for the Bidder and full disclosure of any affiliates of the Bidder.

13. Contingencies: Each Bid (a) may not contain representations and warranties, covenants, or termination rights materially more onerous in the aggregate to the Sellers than those set forth in the Stalking Horse Agreement, as determined by the Sellers, in consultation with the Consultation Parties, in good faith, and (b) may not be conditioned on obtaining financing, any internal approvals or credit committee approvals, or on the outcome or review of due diligence, including with respect to any environmental, employee, labor, health and/or safety matters.

14. Irrevocable: Each Bid must be irrevocable until ten (10) business days after the conclusion of the Sale Hearing; provided that if such Bid is accepted as the Successful Bid or the Backup Bid (each as defined herein), such Bid shall continue to remain irrevocable until the earlier of the closing of the Sale or the Extended Outside Date (as defined below).

15. Compliance with Diligence Requests: The Bidder submitting the Bid must have complied with reasonable requests for additional information and due diligence access from the Sellers to the reasonable satisfaction of the Sellers, in consultation with the Consultation Parties.

16. As-Is, Where-Is: Each Bid must include a written acknowledgement and representation that the Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Acquired Assets prior to making its offer; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Acquired Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Acquired Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Stalking Horse Agreement.

17. Confidentiality Agreement: To the extent not already executed, the Bid must include an executed confidentiality agreement in a form acceptable to the Sellers.

18. Termination Fees: The Bid (other than the Bid pursuant to the Stalking Horse Agreement) must not entitle the Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment or reimbursement and, by submitting the Bid, the Bidder waives the right to pursue a substantial contribution claim under 11 U.S.C. § 503 or under the CCAA related in any way to the submission of its Bid or participation in any Auction.

19. Adherence to Bid Procedures: By submitting its Bid, each Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction

20. Closing Date: The Bid must include a commitment to close the transactions contemplated by the Modified Asset Purchase Agreement by no later than **February 16, 2017** (the "Outside Date"). In no event shall the closing of the Sale occur later than **February 28, 2017** (the "Extended Outside Date").

21. Time Frame for Closing: The Bid must be reasonably likely (based on availability of financing, antitrust, or other regulatory issues, experience, and other considerations) to be consummated within a time frame acceptable to the Sellers, in consultation with the Consultation Parties.

22. No Late Bids. Unless otherwise ordered by a Court, the Sellers shall not consider any Bids submitted after the conclusion of the Auction and any

and all such bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

23. Bid Notice: The following parties must receive a Bid in writing (in both PDF and Word format), on or before the Bid Deadline:

(a) the Sellers, 100 Domain Dr., Exeter, New Hampshire 03885, Attention: Michael J. Wall, Esq. (Michael.Wall@bauer.com);

(b) US counsel to the Sellers, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley A. Cornish (kcornish@paulweiss.com) and Alice Eaton (aeaton@paulweiss.com); and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attention: Pauline Morgan (pmorgan@ycst.com);

(c) Canadian counsel to the Sellers, Stikeman Elliot LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9, Attention: Maria Konyukhova (mkonyukhova@stikeman.com) and Jonah Mann (jmann@stikeman.com);

(d) financial advisor to the Sellers, Centerview Partners, 31 West 52nd Street New York, N.Y. 10019, Attention: Marc Puntus (mpuntus@centerviewpartners.com);

(e) the Monitor, Ernst & Young Inc., 222 Bay Street, Toronto, ON, M5K IJ7, Attention: Brian Denega (brian.m.denega@ca.ey.com);

(f) U.S. counsel to the Monitor, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY, 10020, Attention: Ken Coleman (Ken.Coleman@AllenOvery.com);

(g) Canadian counsel to the Monitor, Thornton Grout Finnigan LLP, 100 Wellington Street West, Suite 3200, Toronto, ON, M5K IK7, Attention: Robert Thornton (rthornton@tgf.ca), D.J. Miller (djmiller@tgf.ca) and Rachel Bengino (rbengino@tgf.ca);

(h) U.S. counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola (jventola@choate.com) and Douglas R. Gooding (dgooding@choate.com);

(i) Canadian counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, Norton Rose Fulbright, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay

Street, P.O. Box 84, Toronto, Ontario M5J 2Z4, Canada, Attn: David M.A. Amato (david.amato@nortonrosefulbright.comhttp://www.nortonrosefulbright.com/) and Serge Levy (serge.levy@nortonrosefulbright.com);

(j) counsel to the UCC, [●], Attention: [●]; and

(k) financial advisor to the UCC, [●], Attention: [●].

A Bid received from a Bidder before the Bid Deadline that meets all of the above requirements for the Acquired Assets shall constitute a "Qualified Bid" and such Bidder shall constitute a "Qualified Bidder"; provided that if the Sellers receive a Bid prior to the Bid Deadline that is not a Qualified Bid, the Sellers may, in consultation with the Consultation Parties, provide the Bidder with the opportunity to remedy any deficiencies prior to the Auction; provided, further, that, for the avoidance of doubt, if any Qualified Bidder fails to comply with reasonable requests for additional information and due diligence access from the Sellers to their satisfaction, the Sellers, in consultation with the Consultation Parties, may disqualify any Qualified Bidder and Qualified Bid, in the Sellers' discretion and such Bidder shall not be entitled to attend or participate in the Auction.

Any amendments, supplements or other modifications to any Bids (including pursuant to this paragraph) shall be delivered to the parties listed in paragraph 23 above as provided therein. All Qualified Bids will be considered, but the Sellers reserve their right to reject any or all bids, in consultation with the Consultation Parties. However, bids that are unconditional and contemplate sales that may be consummated on or soon after the Sale Hearing are preferred. Additionally, notwithstanding anything herein to the contrary, the Stalking Horse Agreement submitted by the Stalking Horse Purchaser shall be deemed a Qualified Bid, and the Stalking Horse Purchaser a Qualified Bidder. The Sellers shall inform counsel to the Consultation Parties, counsel to the Stalking Horse Purchaser, and any Qualified Bidders whether the Sellers consider any Bid to be a Qualified Bid as soon as practicable but in no event later than one day before the Auction.

Each Qualified Bidder, by submitting a Bid, shall be deemed to acknowledge and agree that it is not relying upon any written or oral statements, representations, promises, warranties or guarantees of any kind whether expressed or implied, by operation of law or otherwise, made by any person or party, including the Sellers and their agents and representatives (other than as may be set forth in a definitive agreement executed by the Sellers), regarding the Sellers, any of the Acquired Assets, the Auction, these Bidding Procedures or any information provided in connection therewith.

Without the consent of the Sellers, a Qualified Bidder may not amend, modify or withdraw its Bid, except for proposed amendments to increase the amount or otherwise improve the terms of the Bid, during the period that such Bid is required to remain irrevocable and binding.

V. AUCTION

A. Auction

If one or more Qualified Bids (other than the Stalking Horse Agreement) are submitted by the Bid Deadline, the Sellers will conduct the Auction to determine the highest or otherwise best Qualified Bid with respect to Acquired Assets.

B. Assessment Criteria

The Sellers' determination of the highest or otherwise best Qualified Bid with respect to the Acquired Assets shall take into account any factors the Sellers, in consultation with the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the estates and may include, but are not limited to, the following:

1. the amount and nature of the consideration, including any assumed liabilities;

2. the type and nature of any modifications to the Stalking Horse Agreement, as applicable, requested by each Bidder in such Bidder's Modified Asset Purchase Agreement;

3. the extent to which such modifications are likely to delay closing of the sale of the applicable asset(s) and the cost to the Sellers of such modifications or delay;

4. the total consideration to be received by the Sellers and the net consideration to be received by the Sellers after taking into account the Stalking Horse Purchaser's Bid Protections with respect to each round of bidding;

5. the likelihood of the Bidder's ability to close a transaction and the timing thereof;

6. the net benefit to the Sellers' estates (collectively, the "Bid Assessment Criteria").

C. Cancellation of the Auction

If no timely, conforming Qualified Bids (other than the Qualified Bid submitted by the Stalking Horse Purchaser) for the Acquired Assets are received, the Auction for the Acquired Assets shall be canceled and the Stalking Horse Agreement shall be the Successful Bid for the Acquired Assets and the Stalking Horse Purchaser shall be the Successful Bidder for the Acquired Assets.

VI. PROCEDURES FOR THE AUCTION

If one or more Qualified Bids (other than the Stalking Horse Agreement) for all or substantially all of the Acquired Assets are submitted by the Bid Deadline, the Sellers shall commence the Auction on **Mon. Jan. 9, 2017 at 10:00 a.m.** (prevailing Eastern Time) at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019 or such other place and time as the Sellers shall notify all Qualified Bidders and the Consultation Parties.

The Auction shall be conducted according to the following procedures:

A. Participation

Only the Sellers, the Consultation Parties, the Stalking Horse Purchaser and any other Qualified Bidder, in each case, along with their representatives and counsel, may attend the Auction (such attendance to be in person) and only the Stalking Horse Purchaser and such other Qualified Bidders will be entitled to make any Bids at the Auction; provided, however, that any other material creditor may attend (but not participate in) the Auction if it provides the Sellers written notice of its intention to attend the Auction on or before the Bid Deadline. Such written notice must be sent to counsel for the Sellers via electronic mail to Kevin O'Neill (koneill@paulweiss.com).

B. The Sellers Shall Conduct the Auction

The Sellers and their advisors shall direct and preside over the Auction and the Auction shall be transcribed. Other than as expressly set forth herein, the Sellers (in consultation with the Consultation Parties) may conduct the Auction in the manner they reasonably determine will result in the highest or otherwise best Qualified Bid(s).

Prior to commencement of the Auction, the Sellers shall provide each Qualified Bidder participating in the Auction with a copy of the Modified Asset Purchase Agreement that is the highest or otherwise best Qualified Bid as determined by the Sellers (such highest or otherwise best Qualified Bid, the "Auction Baseline Bid").

In addition, at the start of the Auction, the Sellers shall describe the terms of the Auction Baseline Bid. Each Qualified Bidder participating in the Auction must confirm that it (1) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein, (2) has reviewed, understands and accepts the Bidding Procedures and (3) has consented to the core jurisdiction of the Courts.

Before submitting any Bid with co-bidding or team bidding arrangements, whether formal or informal, among a Qualified Bidder and any third party (including any other Preliminary Interested Investor or Qualified Bidder) (such a Bid, a "Joint Bid"), each Qualified Bidder must disclose such Joint Bid to the Sellers, and the Sellers shall determine, in their discretion, whether the Joint Bid constitutes a Qualified Bid for purposes of participating in the Auction. The identity of any and all co-bidders or team bidders involved in submitting any Joint Bid, if the Sellers determine that such Joint Bid constitutes a Qualified Bid, shall be disclosed on the record at the Auction.

The Sellers shall consult in good faith with the Consultation Parties throughout the Auction process to the extent reasonably practicable. Any rules developed by the Sellers will provide that all bids will be made and received in one room, on an open basis, and all other Bidders will be entitled to be present for all bidding with the understanding that the true identity of each Bidder will be fully disclosed to all other Bidders and that all material terms of each Qualified Bid submitted in response to the Auction Baseline Bid, or to any successive bids made at the Auction, will be fully disclosed to all other Bidders bidding throughout the entire Auction, and each Qualified Bidder will be permitted what the Sellers determine to be an appropriate amount of time to respond to the previous bid at the Auction.

C. Terms of Overbids

An "Overbid" is any bid made at the Auction subsequent to the Sellers' announcement of the Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

1. Minimum Overbid Increments: Any Overbid for all or substantially all of the Acquired Assets after and above the Auction Baseline Bid shall be made in increments valued at not less than $2.5 million (or such other amount as shall be announced at the Auction) in cash or in cash equivalents, or other forms of consideration acceptable to the Sellers.

2. Credit Bidding: Holders of DIP Lien Claims (defined below) shall be entitled to submit Overbids in cash, cash equivalents or other forms of consideration, as described above, or additional credit bid amounts up to the aggregate amount of any outstanding obligations under the DIP Credit Agreements (including any accrued but unpaid prepetition interest) to the extent permitted by applicable law, provided that only the Stalking Horse Purchaser may credit bid the amount of the Bid Protections (collectively, the "DIP Lien Claims").

3. Remaining Terms Are the Same as for Qualified Bids: Except as modified herein, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Bidder to the Stalking Horse Agreement or Modified Asset Purchase Agreement, as the case may be, in connection therewith. Any Overbid must remain open and binding on the Bidder as provided herein.

At the Sellers' discretion, to the extent not previously provided, a Bidder submitting an Overbid at the Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Sellers), reasonably demonstrating such Bidder's ability to close the Alternate Transaction proposed by such Overbid.

D. Announcement and Consideration of Overbids

1. Announcement of Overbids: The Sellers shall announce at the Auction the material terms of each Overbid, the total amount of consideration and form offered in each such Overbid, and the basis for calculating such total consideration. The Sellers shall also provide all terms of each Overbid, including non-economic terms, to the Consultation Parties.

2. Consideration of Overbids: Subject to the deadlines set forth herein, the Sellers reserve the right, in their reasonable business judgment, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Sellers and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; or give Qualified Bidders the opportunity to provide the Sellers with such additional evidence as the Sellers in their reasonable business judgment may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Alternate Transaction at the prevailing Overbid amount. When comparing Overbids to the Qualified Bid made by the Stalking Horse Purchaser, the Sellers shall treat the credit bid (including any Overbid) made by the Stalking Horse Purchaser as being made in cash or in cash equivalents.

E. Other Procedures

1. Jurisdiction of the Courts: All Qualified Bidders (including the Stalking Horse Purchaser) at the Auction shall be deemed to have consented to the core jurisdiction of the Courts and waive any right to a jury trial in connection with any disputes relating to the marketing process, the Auction, and the construction and enforcement of the Qualified Bidder's fully executed sale and transaction documents, as applicable.

2. Stalking Horse Purchaser Bid: The Stalking Horse Purchaser shall be entitled to (a) credit bid all or a portion of its DIP Lien Claims, consistent with these Bidding Procedures, Bankruptcy Code section 363(k) and the CCAA; and (b) submit additional bids and make modifications to the Stalking Horse Agreement at the Auction consistent with these Bidding Procedures.

3. Additional Bids; Modifications: All Qualified Bidders, including the Stalking Horse Purchaser, shall have the right to submit additional bids and make additional modifications to the Stalking Horse Agreement or the Modified Asset Purchase Agreement at the Auction, as applicable, provided that any such modifications to the Stalking Horse Agreement or Modified Asset Purchase Agreement on an aggregate basis and viewed in whole, shall not, in the Sellers' business judgment, be less favorable to the Sellers than the terms of the Stalking Horse Agreement.

4. Subsequent Bids: Each Qualified Bid must submit a subsequent Bid that satisfies the minimum bid increment in each round of bidding to continue participating in the Auction, however, Qualified Bidders shall not be allowed to skip rounds of bidding, otherwise such Qualified Bidder will be prohibited from submitting any subsequent Bid.

F. Additional Procedures

The Sellers (after consulting with the Consultation Parties) may announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bidding Procedures or the Stalking Horse Agreement. Any Auction rules adopted by the Sellers will not modify any of the terms of the Stalking Horse Agreement or the rights of the Stalking Horse Purchaser under the Bid Procedures (as may be consensually modified at the Auction) without the consent of the Stalking Horse Purchaser.

G. Sale Is As Is/Where Is

Except as otherwise provided in the Stalking Horse Agreement, any Modified Asset Purchase Agreement or any order by the Courts approving any Sale of the Acquired Assets as contemplated hereunder, the Acquired Assets sold pursuant to the Bidding Procedures shall be conveyed at the closing of the purchase and sale in their then-present condition, "**AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED**."

H. Closing the Auction

The Auction shall continue in additional rounds of bidding until the Sellers select, after consultation with the Consultation Parties, the Bid that is the highest or otherwise best offer for all or substantially all of the Acquired Assets (a "Successful Bid," and the Bidder submitting such Successful Bid, a "Successful Bidder"). The Successful Bidder shall have the rights and responsibilities of the purchaser as set forth in the Stalking Horse Agreement or Modified Asset Purchase Agreement. In selecting each Successful Bid, the Sellers, in consultation with the Consultation Parties, shall consider the Bid Assessment Criteria.

The Auction for the Acquired Assets shall close when the Successful Bidder submits a fully executed sale and transaction documents memorializing the terms of its Successful Bid.

Promptly following the Sellers' selection, after consulting with the Consultation Parties, of the Successful Bid and the conclusion of the Auction, the Sellers shall announce the Successful Bid and the Successful Bidder and shall file with the Courts notice of the Successful Bid and the Successful Bidder.

The Sellers shall not consider any Bids submitted after the conclusion of the Auction.

I. Backup Bidder

Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder with the next highest or otherwise best Bid at the Auction with respect to all or substantially all of the Acquired Assets, as determined by the Sellers, in the exercise of their business judgment and after consulting with the Consultation Parties, will be designated as the backup bidder (the "Backup Bidder"). The Backup Bidder shall be required to keep its last submitted Bid (the "Backup Bid") open and irrevocable until the earlier of the closing of the transaction with the Successful Bidder or the Extended Outside Date.

Following the Sale Hearing, if the Successful Bidder fails to consummate the purchase of the Acquired Assets, the Sellers may deem the Backup Bidder to have the new Successful Bid, and the Sellers will be authorized, without further order of the Courts, to consummate the transaction with such Backup Bidder at the price of its last bid. Such Backup Bidder will be deemed to be the Successful Bidder and the Sellers will be authorized, but not directed, to effectuate a sale to such Backup Bidder subject to the terms of the Backup Bid without further order of the Courts. All Qualified Bids (other than the Successful Bid and the Backup Bid) shall be deemed rejected by the Sellers on and as of the date that the Courts approve the Bid as the Successful Bid. The Sellers, on their behalf and on behalf of each of their respective estates, specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Backup Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures; provided, however, that the Good Faith Deposit shall be the sole and exclusive monetary remedy and liquidated damages of the Sellers for any default by a Successful Bidder under the Bidding Procedures.

For the avoidance of doubt, in the event that there is a Successful Bidder (other than the Stalking Horse Purchaser) with respect to all or substantially all of the Acquired Assets, and the Stalking Horse Purchaser is the Backup Bidder, the Stalking Horse Purchaser will be deemed to be the Backup Bidder at the price of its last overbid with respect to such Acquired Assets and will be subject to the terms contained in the immediately preceding paragraph.

VII. BID PROTECTIONS

Pursuant to the Bidding Procedures Order, the Stalking Horse Purchaser is entitled to the Bid Protections in the amounts set forth in, and in accordance with the terms of, the Stalking Horse Agreement and the Bidding Procedures Order.

Pursuant to the Bidding Procedures Order, except for the Stalking Horse Purchaser, no other party submitting an offer or Bid or a Qualified Bid shall be entitled to any expense reimbursement, breakup fee, termination or similar fee or payment.

The Stalking Horse Purchaser shall have standing to appear and be heard on all issues related to the Auction, the Sale, and related matters, including the right to object to the sale of the Acquired Assets or any portion thereof (including the conduct of the Auction and interpretation of these Bidding Procedures Order).

VIII. SALE HEARING

The Successful Bid and Backup Bid (or, if no Qualified Bid other than that of the Stalking Horse Purchaser is received, then the Stalking Horse Agreement) will be subject to approval by the Courts. The sale hearings to approve the Successful Bid and any Backup Bid (or, the Stalking Horse Agreement for the Acquired Assets, if no Qualified Bid other than that of the Stalking Horse Purchaser is received) shall take place on **Weds. Jan. 11, 2017** at [●] a.m. (EDT) before the Courts (the "Sale Hearing"). A joint hearing before both courts may take place.

The Sale Hearing may be adjourned by the Sellers, in consultation with the Consultation Parties and the Stalking Horse Purchaser, provided, however, that the Sale Orders must be entered on or before **Mon. Jan. 16, 2017.**

IX. RETURN OF GOOD FAITH DEPOSITS

The Good Faith Deposits of all Qualified Bidders (other than the Stalking Horse Purchaser) shall be held in one or more interest-bearing escrow accounts by the Sellers, but shall not become property of the Sellers' estates absent further order of the Courts or as expressly provided below. The Good Faith Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the conclusion of the Sale Hearing. The Good Faith Deposit of a Backup Bidder, if any, shall be returned to such Backup Bidder no later than seventy-two (72) hours after the closing of the transaction with the Successful Bidder. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder timely closes on the winning transaction, its Good Faith Deposit shall be credited towards the applicable purchase price. If the Successful Bidder (or Backup Bidder, if applicable) fails to consummate an Alternate Transaction because of a breach or failure to perform on the part of such Successful Bidder (or Backup Bidder, if applicable), the Sellers will not have any obligation to return the Good Faith Deposit deposited by such Successful Bidder (or Backup Bidder, if applicable), and such Good Faith Deposit shall irrevocably become property of the Sellers. The Good Faith Deposit of the Stalking Horse Purchaser shall be held in an escrow account as provided in the Stalking Horse Agreement and shall be returned to the Stalking Horse Purchaser in accordance with the Stalking Horse Agreement.

X. RESERVATION OF RIGHTS OF THE SELLERS

Except as otherwise provided in the Stalking Horse Agreement, the Bidding Procedures or the Bidding Procedures Order, the Sellers further reserve the right as they may reasonably determine to be in the best interest of their estates, in consultation with the Consultation Parties:

A. determine which Bidder(s) is a Qualified Bidder(s);

B. determine which Bid(s) is a Qualified Bid(s);

C. determine which Qualified Bid is the highest or best proposal for the Acquired Assets and which is the next highest or best proposal for the Acquired Assets;

D. reject any Bid that is (1) inadequate or insufficient, (2) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (3) contrary to the best interests of the Sellers and their estates;

E. impose additional terms and conditions with respect to all potential Bidders;

F. extend the deadlines set forth herein; and

G. modify the Bidding Procedures and implement additional procedural rules that the Sellers determine, in their business judgment will better promote the goals of the bidding process and discharge the Sellers' fiduciary duties; provided however that any modification or additions to the Bidding Procedures shall not be inconsistent with the Stalking Horse Agreement, the Bidding Procedures Order or any other Order of the Courts, unless agreed in writing by the Stalking Horse Purchaser and Sellers or otherwise ordered by the Courts.

EXHIBIT “B”

EXHIBIT "B"

referred to in the Affidavit of

Brian J. Fox

Sworn November 13, 2016

Commissioner for Taking Affidavits

Daniel Feigenbaum
Notary Public State of New York
02FE6203476
Qualified in Nassau County
Commission Expires 04/06/2013 17

BIDDING PROCEDURES

These bidding procedures (the "Bidding Procedures") set forth the process by which Performance Sports Group Ltd. and certain of its subsidiaries (collectively, the "Company" or the "Sellers")[1] shall conduct a sale (the "Sale") by auction (the "Auction") of all or substantially all of their assets.

On [●], 2016, the United States Bankruptcy Court for the District of Delaware (the "U.S. Court"), and the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court" and together with the U.S. Court, the "Courts" or each, a "Court") entered orders (the "Bidding Procedures Orders"), which, among other things, authorized the Sellers to determine the highest or otherwise best offer(s) for their assets through the process and procedures set forth below.

The U.S. presides over the Sellers' jointly administered chapter 11 bankruptcy cases (the "Chapter 11 Cases") captioned *In re BPS US Holdings Inc. et al.*, Ch. 11 Case No. 16-~~[●]~~**12373 (KJC)** (Bankr. D. Del. Oct.~~●~~ **31**, 2016). The Canadian Court presides over the Sellers' creditor protection proceedings (the "Canadian Proceedings" and together with the Chapter 11 Cases, the "Proceedings") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA")

On October 31, 2016, the Sellers filed in each of the Proceedings the *Motion for (I) an Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors' Assets; (B) Approving Bid Protections; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and a Hearing to Consider the Approval of the Sale; (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Claims, Liens and Encumbrances; and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* (the "Sale Motion").[2] The orders approving the Sale are referred to herein, collectively, as the "Sale Orders."

As referenced in the Sale Motion, a stalking horse asset purchase agreement (including all exhibits, schedules and ancillary agreements related thereto, and as amended and in effect, the "Stalking Horse Agreement") has been entered into by and among the Sellers, and 9938982 Canada Inc. (the "Stalking Horse Purchaser"), dated as of October 31, 2016, which Stalking Horse Agreement contemplates a purchase and sale of the Acquired Assets (as defined

[1] The Sellers are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165) Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249).

[2] Capitalized terms used but not defined herein have the meaning ascribed to them in the Sale Motion.

in Section 2.1 of the Stalking Horse Agreement) to the Stalking Horse Purchaser, on the terms and subject to the conditions provided therein. A copy of the Stalking Horse Agreement is attached as an exhibit to the Sale Motion. As further outlined herein, the Stalking Horse Purchaser is entitled to Credit Bid a portion or all of its DIP Lien Claims (as defined herein).

I. ASSETS TO BE SOLD

The Stalking Horse Agreement is an offer to purchase the Acquired Assets, which comprise substantially all of the Sellers' assets. A party may participate in the bidding process by submitting a Bid (as defined below) for all or substantially all of the Acquired Assets.

All of the Sellers' right, title and interest in and to the Acquired Assets shall be sold free and clear of any pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon (collectively, the "Liens"), with such Liens to attach to the proceeds of the sale of the Acquired Assets with the same validity and priority as such Liens applied against the Acquired Assets, except as otherwise specifically provided in the Stalking Horse Agreement or a Modified Asset Purchase Agreement (as defined below) submitted by a Successful Bidder (as defined below) (including any exhibits or schedules thereto) and reflected in the Sale Orders.

II. THE CONSULTATION PARTIES

The Sellers shall consult with Ernst & Young Inc., in its capacity as the court-appointed Monitor of the Canadian Proceedings (the "Monitor"), any official committee appointed by the U.S. Trustee in the Chapter 11 Cases, and Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, and each of their respective counsel and advisors (each, a "Consultation Party" and collectively, the "Consultation Parties") as explicitly provided for in the Bidding Procedures; provided, however, that the Sellers shall not be required to consult with any Consultation Party during the Auction process to the extent such Consultation Party has submitted a Bid (as defined below) or has had a Bid submitted on its behalf for so long as such Bid remains open, if the Sellers determine, in their reasonable business judgment, that consulting with such Consultation Party regarding any issue, selection or determination would be likely to have a chilling effect on potential bidding or otherwise be contrary to goal of maximizing value for the Sellers' estates from the sale process.

To the extent the Bidding Procedures require the Sellers to consult with any Consultation Party in connection with making a determination or taking an action, or in connection with any other matter related to the Bidding Procedures or the Auction, the Sellers shall do so in a regular and timely manner prior to making such determination or taking such action.

Subject to the terms of any Orders entered in the Proceedings, after consultation with the Consultation Parties, the Sellers shall have the right and obligation to make all decisions regarding Bids and the Auction as provided herein as it determines to be in the best interest of their estates, whether or not Consultation Parties agree with that decision.

III. BIDDING PROCESS

A. Overview

The Sellers and their advisors shall, subject to the other provisions of these Bidding Procedures, including the consultation obligations set forth herein:

1. coordinate the efforts of Preliminary Interested Investors (as defined below) in conducting their due diligence investigations;
2. receive offers from Bidders (as defined below);
3. determine whether any person is a Qualified Bidder (as defined below); and
4. conduct the Auction and further negotiate any offers made to purchase the Acquired Assets.

B. Key Dates For Potential Competing Bidders

The Bidding Procedures provide interested parties with the opportunity to qualify for and participate in the Auction to be conducted by the Sellers and to submit competing bids for the Assets. The Sellers shall assist Preliminary Interested Investors in conducting their respective due diligence investigations and shall accept Bids until **January 4, 2017 at 5:00 p.m. (prevailing Eastern Time)** (the "Bid Deadline").

The key dates for the Sale process are as follows:[3]

Wed. Jan. 4, 2017 at 5:00 p.m. EDT	Bid Deadline - Due Date to submit a Qualified Bid and Good Faith Deposit (each as defined below)
Mon. Jan. 9, 2017 at 10:00 a.m. EDT	Auction, which will be held at Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019
Wed. Jan. 11, 2017 at 10:00 a.m. EDT	Sale Hearing, which will be conducted in the US and Canada, jointly, concurrently or as otherwise determined by the Courts.

[3] These dates are subject to extension or adjournment as provided for herein and in consultation with the Consultation Parties.

	(a) the Ontario Superior Court of Justice (Commercial List) [Address] (b) the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, ~~[●]~~5th Floor, Courtroom ~~[●]~~5, Wilmington, Delaware 19801

C. Access to Diligence Materials

To participate in the bidding process to effectuate a sale transaction for all or substantially all of the Acquired Assets (an "Alternate Transaction") and to receive access to due diligence materials (the "Diligence Materials"), a party must submit to the Sellers an executed confidentiality agreement in such form as is acceptable to the Sellers and provide preliminary evidence satisfactory to the Sellers and their advisors of such party's financial wherewithal to consummate an Alternate Transaction.

A party who executes such a confidentiality agreement for access to Diligence Materials, and provides such preliminary evidence of financial wherewithal, shall be a "Preliminary Interested Investor." The Sellers will afford any Preliminary Interested Investor the time and opportunity to conduct reasonable due diligence in accordance with a diligence protocol determined by the Sellers and their advisors; provided, however, that the Sellers shall not be obligated to furnish any due diligence information after the Bid Deadline to any party that has not submitted a Qualified Bid (as defined below) on or before the Bid Deadline and may, in consultation with the Consultation Parties (as defined below), limit the amount of further due diligence available to Qualified Bidders after the Bid Deadline.

The Sellers reserve the right to withhold any Diligence Materials that the Sellers, in consultation with the Consultation Parties, determine are business-sensitive or otherwise not appropriate for disclosure to a Preliminary Interested Investor who is a competitor or customer of the Sellers or is affiliated with any competitor or customer of the Sellers. Neither the Sellers nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Preliminary Interested Investor; *provided however* that Sellers shall provide the Stalking Horse Purchaser with access to the Diligence Materials, which are provided to Preliminary Interested Investors.

All due diligence requests must be directed to Centerview Partners LLP, Attn: Marc Puntus (mpuntus@centerviewpartners.com).

D. Due Diligence from Bidders

Each Preliminary Interested Investor and each Bidder shall comply with all reasonable requests for additional information and due diligence access by the Sellers or their advisors regarding such Preliminary Interested Investor or Bidder, as applicable, and its contemplated transaction. Failure by a Preliminary Interested Investor or Bidder (other than the Stalking Horse Purchaser) to comply with requests for additional information and due diligence access may be a basis for the Sellers to determine that such Bidder is not a Qualified Bidder.

IV. AUCTION QUALIFICATION PROCESS

A. Qualifying Bids

To be eligible to participate in the Auction, each offer, solicitation or proposal (each, a "Bid"), and each party submitting such a Bid (other than the Stalking Horse Purchaser) (each, a "Bidder"), must be reasonably determined by the Sellers, in consultation with the Consultation Parties, to satisfy each of the following conditions:

1. Good Faith Deposit: Each Bid must be accompanied by a cash deposit, paid by wire transfer of immediately available funds, in the amount of five percent (5%) of the purchase price (excluding any Assumed Liabilities) contained in the Modified Asset Purchase Agreement (as defined below), which deposit shall be held in an interest-bearing escrow account to be identified and established by the Sellers (the "Good Faith Deposit").

2. Same or Better Terms: In connection with any Bid for the Acquired Assets, such Bid must be on terms that the Sellers, in their business judgment and after consulting with the Consultation Parties, determine are the same or better for the Sellers than the terms of the Stalking Horse Agreement.

3. Executed Agreement: Each Bid must be based on the Stalking Horse Agreement and must include binding, executed, irrevocable transaction documents, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effectuate an Alternate Transaction (a "Modified Asset Purchase Agreement"). A Bid must also include a copy of the Modified Asset Purchase Agreement (including all exhibits thereto) marked against the Stalking Horse Agreement to show all changes requested by the Bidder (including those related to purchase price and to remove any provisions that apply only to the Stalking Horse Purchaser, such as the expense reimbursement and break-up fee provisions contained in the Stalking Horse Agreement, which terms shall not be in any Modified Asset Purchase Agreement). Each Modified Asset Purchase Agreement must provide a representation that the Qualified Bidder will (i) make all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if applicable, and (ii) submit and pay the fees associated with all necessary filings under the HSR Act as soon as reasonably practicable; provided, however, that the timing and likelihood of receiving HSR Act approval will be a consideration in determining the highest and best Bid.

4. Scope of Bid: A Bid must be for all or substantially all of the Acquired Assets.

5. Minimum Bid: A Bid **(other than the Bid pursuant to the Stalking Horse Agreement)** must have a purchase price, including any assumption of liabilities, that, in the Sellers' reasonable business judgment (after consultation with the Consultation Parties), has a value greater than the sum of (i) the Base Purchase Price (as defined in the Stalking Horse Agreement); *plus* (ii) $7.5 million**; *plus* (iii) the Bid Protections totaling $23,625,000**.

6. Designation of Assigned Contracts and Leases: A Bid must identify the executory contracts and unexpired leases with respect to which the Bidder seeks assignment from the Sellers.

7. Designation of Assumed Liabilities: A Bid must identify all liabilities which the Bidder proposes to assume.

8. Corporate Authority: A Bid must include written evidence reasonably acceptable to the Sellers demonstrating appropriate corporate authorization to consummate the proposed Alternate Transaction; provided that, if the Bidder is an entity specially formed for the purpose of effectuating the Alternate Transaction then the Bidder must furnish written evidence reasonably acceptable to the Sellers of the approval of the Alternate Transaction by the equity holder(s) of such Bidder.

9. Disclosure of Identity of Bidder: A Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Acquired Assets, including any equity holders in the case of a Bidder which is an entity specially formed for the purpose of effectuating the contemplated transaction, or otherwise participating in connection with such Bid (including any co-bidder or team bidder), and the complete terms of any such participation, including any agreements, arrangements or understandings concerning a collaborative or joint bid or any other combination concerning the proposed Bid. A Bid must also fully disclose any connections or agreements with the Sellers, the Stalking Horse Purchaser or any other known, potential, prospective Bidder or Qualified Bidder, and/or any officer, director or equity security holder of the Sellers.

10. Proof of Financial Ability to Perform: A Bid must include detailed, written evidence that the Sellers may conclude, in consultation with their advisors and the Consultation Parties, demonstrates that the Bidder has and will continue to have the necessary financial ability to close the Alternate Transaction and comply with section 365 of the Bankruptcy Code and the relevant provisions of the CCAA, including providing adequate assurance of future performance under all contracts to be

assumed and assigned in such Alternate Transaction. Such information must include, *inter alia*, the following:

(a) contact names and numbers for verification of financing sources;

(b) evidence of the Bidder's internal resources and proof of unconditional debt funding commitments from a recognized banking institution and, if applicable, equity commitments in an aggregate amount equal to the cash portion of such Bid or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Sellers in the amount of the cash portion of such Bid as are needed to close the Alternate Transaction;

(c) the Bidder's current financial statements (audited if they exist) or other similar financial information reasonably acceptable to the Sellers;

(d) a description of the Bidder's pro forma capital structure; and

(e) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Sellers, in consultation with the Consultation Parties, demonstrating that such Bidder has the ability to close the Alternate Transaction.

11. Regulatory and Third Party Approvals: A Bid must set forth each regulatory and third-party approval required for the Bidder to consummate the Alternate Transaction, and the time period within which the Bidder expects to receive such regulatory and third-party approvals, and those actions the Bidder will take to ensure receipt of such approvals as promptly as possible.

12. Contact Information and Affiliates: A Bid must provide the identity and contact information for the Bidder and full disclosure of any affiliates of the Bidder.

13. Contingencies: Each Bid (a) may not contain representations and warranties, covenants, or termination rights materially more onerous in the aggregate to the Sellers than those set forth in the Stalking Horse Agreement, as determined by the Sellers, in consultation with the Consultation Parties, in good faith, and (b) may not be conditioned on obtaining financing, any internal approvals or credit committee approvals, or on the outcome or review of due diligence, including with respect to any environmental, employee, labor, health and/or safety matters.

14. Irrevocable: Each Bid must be irrevocable until ten (10) business days after the conclusion of the Sale Hearing; provided that if such Bid is accepted as the Successful Bid or the Backup Bid (each as defined herein), such Bid shall continue to remain irrevocable until the earlier of the closing of the Sale or the Extended Outside Date (as defined below).

15. Compliance with Diligence Requests: The Bidder submitting the Bid must have complied with reasonable requests for additional information and due diligence access from the Sellers to the reasonable satisfaction of the Sellers, in consultation with the Consultation Parties.

16. As-Is, Where-Is: Each Bid must include a written acknowledgement and representation that the Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Acquired Assets prior to making its offer; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Acquired Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Acquired Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Stalking Horse Agreement.

17. Confidentiality Agreement: To the extent not already executed, the Bid must include an executed confidentiality agreement in a form acceptable to the Sellers.

18. Termination Fees: The Bid (other than the Bid pursuant to the Stalking Horse Agreement) must not entitle the Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment or reimbursement and, by submitting the Bid, the Bidder waives the right to pursue a substantial contribution claim under 11 U.S.C. § 503 or under the CCAA related in any way to the submission of its Bid or participation in any Auction.

19. Adherence to Bid Procedures: By submitting its Bid, each Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction

20. Closing Date: The Bid must include a commitment to close the transactions contemplated by the Modified Asset Purchase Agreement by no later than **February 16, 2017** (the "Outside Date"). In no event shall the closing of the Sale occur later than **February 28, 2017** (the "Extended Outside Date").

21. Time Frame for Closing: The Bid must be reasonably likely (based on availability of financing, antitrust, or other regulatory issues, experience, and other considerations) to be consummated within a time frame acceptable to the Sellers, in consultation with the Consultation Parties.

22. No Late Bids. Unless otherwise ordered by a Court, the Sellers shall not consider any Bids submitted after the conclusion of the Auction and any and all such bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

23. Bid Notice: The following parties must receive a Bid in writing (in both PDF and Word format), on or before the Bid Deadline:

(a) the Sellers, 100 Domain Dr., Exeter, New Hampshire 03885, Attention: Michael J. Wall, Esq. (Michael.Wall@bauer.com);

(b) US counsel to the Sellers, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley A. Cornish (kcornish@paulweiss.com) and Alice Eaton (aeaton@paulweiss.com); and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attention: Pauline Morgan (pmorgan@ycst.com);

(c) Canadian counsel to the Sellers, Stikeman Elliot LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9, Attention: Maria Konyukhova (mkonyukhova@stikeman.com) and Jonah Mann (jmann@stikeman.com);

(d) financial advisor to the Sellers, Centerview Partners, 31 West 52nd Street New York, N.Y. 10019, Attention: Marc Puntus (mpuntus@centerviewpartners.com);

(e) the Monitor, Ernst & Young Inc., 222 Bay Street, Toronto, ON, M5K IJ7, Attention: Brian Denega (brian.m.denega@ca.ey.com);

(f) U.S. counsel to the Monitor, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY, 10020, Attention: Ken Coleman (Ken.Coleman@AllenOvery.com);

(g) Canadian counsel to the Monitor, Thornton Grout Finnigan LLP, 100 Wellington Street West, Suite 3200, Toronto, ON, M5K IK7, Attention: Robert Thornton (rthornton@tgf.ca), D.J. Miller (djmiller@tgf.ca) and Rachel Bengino (rbengino@tgf.ca);

(h) U.S. counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola (jventola@choate.com) and Douglas R. Gooding (dgooding@choate.com);

(i) Canadian counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, Norton Rose Fulbright, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4, Canada, Attn: David M.A. Amato (david.amato@nortonrosefulbright.comhttp://www.nortonrosefulbright.com/) and Serge Levy (serge.levy@nortonrosefulbright.com);

(j) counsel to the UCC, [●], Attention: [●]; and

(k) financial advisor to the UCC, [●], Attention: [●].

A Bid received from a Bidder before the Bid Deadline that meets all of the above requirements for the Acquired Assets shall constitute a "<u>Qualified Bid</u>" and such Bidder shall constitute a "<u>Qualified Bidder</u>"; <u>provided</u> that if the Sellers receive a Bid prior to the Bid Deadline that is not a Qualified Bid, the Sellers may, in consultation with the Consultation Parties, provide the Bidder with the opportunity to remedy any deficiencies prior to the Auction; <u>provided</u>, <u>further</u>, that, for the avoidance of doubt, if any Qualified Bidder fails to comply with reasonable requests for additional information and due diligence access from the Sellers to their satisfaction, the Sellers, in consultation with the Consultation Parties, may disqualify any Qualified Bidder and Qualified Bid, in the Sellers' discretion and such Bidder shall not be entitled to attend or participate in the Auction.

Any amendments, supplements or other modifications to any Bids (including pursuant to this paragraph) shall be delivered to the parties listed in paragraph 23 above as provided therein. All Qualified Bids will be considered, but the Sellers reserve their right to reject any or all bids, in consultation with the Consultation Parties. However, bids that are unconditional and contemplate sales that may be consummated on or soon after the Sale Hearing are preferred. Additionally, notwithstanding anything herein to the contrary, the Stalking Horse Agreement submitted by the Stalking Horse Purchaser shall be deemed a Qualified Bid, and the Stalking Horse Purchaser a Qualified Bidder. The Sellers shall inform counsel to the Consultation Parties, counsel to the Stalking Horse Purchaser, and any Qualified Bidders whether the Sellers consider any Bid to be a Qualified Bid as soon as practicable but in no event later than one day before the Auction.

Each Qualified Bidder, by submitting a Bid, shall be deemed to acknowledge and agree that it is not relying upon any written or oral statements, representations, promises, warranties or guarantees of any kind whether expressed or implied, by operation of law or otherwise, made by any person or party, including the Sellers and their agents and representatives (other than as may be set forth in a definitive agreement executed by the Sellers), regarding the Sellers, any of the Acquired Assets, the Auction, these Bidding Procedures or any information provided in connection therewith.

Without the consent of the Sellers, a Qualified Bidder may not amend, modify or withdraw its Bid, except for proposed amendments to increase the amount or otherwise improve the terms of the Bid, during the period that such Bid is required to remain irrevocable and binding.

V. AUCTION

A. Auction

If one or more Qualified Bids (other than the Stalking Horse Agreement) are submitted by the Bid Deadline, the Sellers will conduct the Auction to determine the highest or otherwise best Qualified Bid with respect to Acquired Assets.

B. Assessment Criteria

The Sellers' determination of the highest or otherwise best Qualified Bid with respect to the Acquired Assets shall take into account any factors the Sellers, in consultation with the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the estates and may include, but are not limited to, the following:

1. the amount and nature of the consideration, including any assumed liabilities;

2. the type and nature of any modifications to the Stalking Horse Agreement, as applicable, requested by each Bidder in such Bidder's Modified Asset Purchase Agreement;

3. the extent to which such modifications are likely to delay closing of the sale of the applicable asset(s) and the cost to the Sellers of such modifications or delay;

4. the total consideration to be received by the Sellers and the net consideration to be received by the Sellers after taking into account the Stalking Horse Purchaser's Bid Protections with respect to each round of bidding;

5. the likelihood of the Bidder's ability to close a transaction and the timing thereof;

6. the net benefit to the Sellers' estates (collectively, the "Bid Assessment Criteria").

C. Cancellation of the Auction

If no timely, conforming Qualified Bids (other than the Qualified Bid submitted by the Stalking Horse Purchaser) for the Acquired Assets are received, the Auction for the Acquired Assets shall be canceled and the Stalking Horse Agreement shall be the Successful Bid for the Acquired Assets and the Stalking Horse Purchaser shall be the Successful Bidder for the Acquired Assets.

VI. PROCEDURES FOR THE AUCTION

If one or more Qualified Bids (other than the Stalking Horse Agreement) for all or substantially all of the Acquired Assets are submitted by the Bid Deadline, the Sellers shall commence the Auction on **Mon. Jan. 9, 2017 at 10:00 a.m.** (prevailing Eastern Time) at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019 or such other place and time as the Sellers shall notify all Qualified Bidders and the Consultation Parties.

The Auction shall be conducted according to the following procedures:

A. Participation

Only the Sellers, the Consultation Parties, the Stalking Horse Purchaser and any other Qualified Bidder, in each case, along with their representatives and counsel, may attend the Auction (such attendance to be in person) and only the Stalking Horse Purchaser and such other Qualified Bidders will be entitled to make any Bids at the Auction; provided, however, that any other material creditor may attend (but not participate in) the Auction if it provides the Sellers written notice of its intention to attend the Auction on or before the Bid Deadline. Such written notice must be sent to counsel for the Sellers via electronic mail to Kevin O'Neill (koneill@paulweiss.com).

B. The Sellers Shall Conduct the Auction

The Sellers and their advisors shall direct and preside over the Auction and the Auction shall be transcribed. Other than as expressly set forth herein, the Sellers (in consultation with the Consultation Parties) may conduct the Auction in the manner they reasonably determine will result in the highest or otherwise best Qualified Bid(s).

Prior to commencement of the Auction, the Sellers shall provide each Qualified Bidder participating in the Auction with a copy of the Modified Asset Purchase Agreement that is the highest or otherwise best Qualified Bid as determined by the Sellers (such highest or otherwise best Qualified Bid, the "Auction Baseline Bid").

In addition, at the start of the Auction, the Sellers shall describe the terms of the Auction Baseline Bid. Each Qualified Bidder participating in the Auction must confirm that it (1) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein, (2) has reviewed, understands and accepts the Bidding Procedures and (3) has consented to the core jurisdiction of the Courts.

Before submitting any Bid with co-bidding or team bidding arrangements, whether formal or informal, among a Qualified Bidder and any third party (including any other Preliminary Interested Investor or Qualified Bidder) (such a Bid, a "Joint Bid"), each Qualified Bidder must disclose such Joint Bid to the Sellers, and the Sellers shall determine, in their discretion, whether the Joint Bid constitutes a Qualified Bid for purposes of participating in the Auction. The identity of any and all co-bidders or team bidders involved in submitting any Joint Bid, if the Sellers determine that such Joint Bid constitutes a Qualified Bid, shall be disclosed on the record at the Auction.

The Sellers shall consult in good faith with the Consultation Parties throughout the Auction process to the extent reasonably practicable. Any rules developed by the Sellers will provide that all bids will be made and received in one room, on an open basis, and all other Bidders will be entitled to be present for all bidding with the understanding that the true identity of each Bidder will be fully disclosed to all other Bidders and that all material terms of each Qualified Bid submitted in response to the Auction Baseline Bid, or to any successive bids made at the Auction, will be fully disclosed to all other Bidders bidding throughout the entire Auction, and each Qualified Bidder will be permitted what the Sellers determine to be an appropriate amount of time to respond to the previous bid at the Auction.

C. Terms of Overbids

An "Overbid" is any bid made at the Auction subsequent to the Sellers' announcement of the Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

1. Minimum Overbid Increments: Any Overbid for all or substantially all of the Acquired Assets after and above the Auction Baseline Bid shall be made in increments valued at not less than $2.5 million (or such other amount as shall be announced at the Auction) in cash or in cash equivalents, or other forms of consideration acceptable to the Sellers.

2. Credit Bidding: Holders of DIP Lien Claims (defined below) shall be entitled to submit Overbids in cash, cash equivalents or other forms of consideration, as described above, or additional credit bid amounts up to the aggregate amount of any outstanding obligations under the DIP Credit Agreements (including any accrued but unpaid prepetition interest) to the extent permitted by applicable law, provided that only the Stalking Horse Purchaser may credit bid the amount of the Bid Protections (collectively, the "DIP Lien Claims").

3. Remaining Terms Are the Same as for Qualified Bids: Except as modified herein, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Bidder to the Stalking Horse Agreement or Modified Asset Purchase Agreement, as the case may be,

in connection therewith. Any Overbid must remain open and binding on the Bidder as provided herein.

At the Sellers' discretion, to the extent not previously provided, a Bidder submitting an Overbid at the Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Sellers), reasonably demonstrating such Bidder's ability to close the Alternate Transaction proposed by such Overbid.

D. Announcement and Consideration of Overbids

1. Announcement of Overbids: The Sellers shall announce at the Auction the material terms of each Overbid, the total amount of consideration and form offered in each such Overbid, and the basis for calculating such total consideration. The Sellers shall also provide all terms of each Overbid, including non-economic terms, to the Consultation Parties.

2. Consideration of Overbids: Subject to the deadlines set forth herein, the Sellers reserve the right, in their reasonable business judgment, to make one or more continuances of the Auction to, among other things: facilitate discussions between the Sellers and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; or give Qualified Bidders the opportunity to provide the Sellers with such additional evidence as the Sellers in their reasonable business judgment may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Alternate Transaction at the prevailing Overbid amount. When comparing Overbids to the Qualified Bid made by the Stalking Horse Purchaser, the Sellers shall treat the credit bid (including any Overbid) made by the Stalking Horse Purchaser as being made in cash or in cash equivalents.

E. Other Procedures

1. Jurisdiction of the Courts: All Qualified Bidders (including the Stalking Horse Purchaser) at the Auction shall be deemed to have consented to the core jurisdiction of the Courts and waive any right to a jury trial in connection with any disputes relating to the marketing process, the Auction, and the construction and enforcement of the Qualified Bidder's fully executed sale and transaction documents, as applicable.

2. Stalking Horse Purchaser Bid: The Stalking Horse Purchaser shall be entitled to (a) credit bid all or a portion of its DIP Lien Claims, consistent with these Bidding Procedures, Bankruptcy Code section 363(k) and the CCAA; and (b) submit additional bids and make

modifications to the Stalking Horse Agreement at the Auction consistent with these Bidding Procedures.

3. Additional Bids; Modifications: All Qualified Bidders, including the Stalking Horse Purchaser, shall have the right to submit additional bids and make additional modifications to the Stalking Horse Agreement or the Modified Asset Purchase Agreement at the Auction, as applicable, provided that any such modifications to the Stalking Horse Agreement or Modified Asset Purchase Agreement on an aggregate basis and viewed in whole, shall not, in the Sellers' business judgment, be less favorable to the Sellers than the terms of the Stalking Horse Agreement.

4. Subsequent Bids: Each Qualified Bid must submit a subsequent Bid that satisfies the minimum bid increment in each round of bidding to continue participating in the Auction, however, Qualified Bidders shall not be allowed to skip rounds of bidding, otherwise such Qualified Bidder will be prohibited from submitting any subsequent Bid.

F. Additional Procedures

The Sellers (after consulting with the Consultation Parties) may announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bidding Procedures or the Stalking Horse Agreement. Any Auction rules adopted by the Sellers will not modify any of the terms of the Stalking Horse Agreement or the rights of the Stalking Horse Purchaser under the Bid Procedures (as may be consensually modified at the Auction) without the consent of the Stalking Horse Purchaser.

G. Sale Is As Is/Where Is

Except as otherwise provided in the Stalking Horse Agreement, any Modified Asset Purchase Agreement or any order by the Courts approving any Sale of the Acquired Assets as contemplated hereunder, the Acquired Assets sold pursuant to the Bidding Procedures shall be conveyed at the closing of the purchase and sale in their then-present condition, "**AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED**."

H. Closing the Auction

The Auction shall continue in additional rounds of bidding until the Sellers select, after consultation with the Consultation Parties, the Bid that is the highest or otherwise best offer for all or substantially all of the Acquired Assets (a "Successful Bid," and the Bidder submitting such Successful Bid, a "Successful Bidder"). The Successful Bidder shall have the rights and responsibilities of the purchaser as set forth in the Stalking Horse Agreement or Modified Asset Purchase Agreement. In selecting each Successful Bid, the Sellers, in consultation with the Consultation Parties, shall consider the Bid Assessment Criteria.

The Auction for the Acquired Assets shall close when the Successful Bidder submits a fully executed sale and transaction documents memorializing the terms of its Successful Bid.

Promptly following the Sellers' selection, after consulting with the Consultation Parties, of the Successful Bid and the conclusion of the Auction, the Sellers shall announce the Successful Bid and the Successful Bidder and shall file with the Courts notice of the Successful Bid and the Successful Bidder.

The Sellers shall not consider any Bids submitted after the conclusion of the Auction.

I. Backup Bidder

Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder with the next highest or otherwise best Bid at the Auction with respect to all or substantially all of the Acquired Assets, as determined by the Sellers, in the exercise of their business judgment and after consulting with the Consultation Parties, will be designated as the backup bidder (the "Backup Bidder"). The Backup Bidder shall be required to keep its last submitted Bid (the "Backup Bid") open and irrevocable until the earlier of the closing of the transaction with the Successful Bidder or the Extended Outside Date.

Following the Sale Hearing, if the Successful Bidder fails to consummate the purchase of the Acquired Assets, the Sellers may deem the Backup Bidder to have the new Successful Bid, and the Sellers will be authorized, without further order of the Courts, to consummate the transaction with such Backup Bidder at the price of its last bid. Such Backup Bidder will be deemed to be the Successful Bidder and the Sellers will be authorized, but not directed, to effectuate a sale to such Backup Bidder subject to the terms of the Backup Bid without further order of the Courts. All Qualified Bids (other than the Successful Bid and the Backup Bid) shall be deemed rejected by the Sellers on and as of the date that the Courts approve the Bid as the Successful Bid. The Sellers, on their behalf and on behalf of each of their respective estates, specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Backup Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures; provided, however, that the Good Faith Deposit shall be the sole and exclusive monetary remedy and liquidated damages of the Sellers for any default by a Successful Bidder under the Bidding Procedures.

For the avoidance of doubt, in the event that there is a Successful Bidder (other than the Stalking Horse Purchaser) with respect to all or substantially all of the Acquired Assets, and the Stalking Horse Purchaser is the Backup Bidder, the Stalking Horse Purchaser will be deemed to be the Backup Bidder at the price of its last overbid with respect to such Acquired Assets and will be subject to the terms contained in the immediately preceding paragraph.

VII. BID PROTECTIONS

Pursuant to the Bidding Procedures Order, the Stalking Horse Purchaser is entitled to the Bid Protections in the amounts set forth in, and in accordance with the terms of, the Stalking Horse Agreement and the Bidding Procedures Order.

Pursuant to the Bidding Procedures Order, except for the Stalking Horse Purchaser, no other party submitting an offer or Bid or a Qualified Bid shall be entitled to any expense reimbursement, breakup fee, termination or similar fee or payment.

The Stalking Horse Purchaser shall have standing to appear and be heard on all issues related to the Auction, the Sale, and related matters, including the right to object to the sale of the Acquired Assets or any portion thereof (including the conduct of the Auction and interpretation of these Bidding Procedures Order).

VIII. SALE HEARING

The Successful Bid and Backup Bid (or, if no Qualified Bid other than that of the Stalking Horse Purchaser is received, then the Stalking Horse Agreement) will be subject to approval by the Courts. The sale hearings to approve the Successful Bid and any Backup Bid (or, the Stalking Horse Agreement for the Acquired Assets, if no Qualified Bid other than that of the Stalking Horse Purchaser is received) shall take place on **Weds. Jan. 11, 2017** at [●] a.m. (EDT) before the Courts (the "Sale Hearing"). A joint hearing before both courts may take place.

The Sale Hearing may be adjourned by the Sellers, in consultation with the Consultation Parties and the Stalking Horse Purchaser, provided, however, that the Sale Orders must be entered on or before **Mon. Jan. 16, 2017.**

IX. RETURN OF GOOD FAITH DEPOSITS

The Good Faith Deposits of all Qualified Bidders (other than the Stalking Horse Purchaser) shall be held in one or more interest-bearing escrow accounts by the Sellers, but shall not become property of the Sellers' estates absent further order of the Courts or as expressly provided below. The Good Faith Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the conclusion of the Sale Hearing. The Good Faith Deposit of a Backup Bidder, if any, shall be returned to such Backup Bidder no later than seventy-two (72) hours after the closing of the transaction with the Successful Bidder. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder timely closes on the winning transaction, its Good Faith Deposit shall be credited towards the applicable purchase price. If the Successful Bidder (or Backup Bidder, if applicable) fails to consummate an Alternate Transaction because of a breach or failure to perform on the part of such Successful Bidder (or Backup Bidder, if applicable), the Sellers will not have any obligation to return the Good Faith Deposit deposited by such Successful Bidder (or Backup Bidder, if applicable), and such Good Faith Deposit shall irrevocably become property of the Sellers. The Good Faith Deposit of the Stalking Horse

Purchaser shall be held in an escrow account as provided in the Stalking Horse Agreement and shall be returned to the Stalking Horse Purchaser in accordance with the Stalking Horse Agreement.

X. RESERVATION OF RIGHTS OF THE SELLERS

Except as otherwise provided in the Stalking Horse Agreement, the Bidding Procedures or the Bidding Procedures Order, the Sellers further reserve the right as they may reasonably determine to be in the best interest of their estates, in consultation with the Consultation Parties:

A. determine which Bidder(s) is a Qualified Bidder(s);

B. determine which Bid(s) is a Qualified Bid(s);

C. determine which Qualified Bid is the highest or best proposal for the Acquired Assets and which is the next highest or best proposal for the Acquired Assets;

D. reject any Bid that is (1) inadequate or insufficient, (2) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (3) contrary to the best interests of the Sellers and their estates;

E. impose additional terms and conditions with respect to all potential Bidders;

F. extend the deadlines set forth herein; and

G. modify the Bidding Procedures and implement additional procedural rules that the Sellers determine, in their business judgment will better promote the goals of the bidding process and discharge the Sellers' fiduciary duties; provided however that any modification or additions to the Bidding Procedures shall not be inconsistent with the Stalking Horse Agreement, the Bidding Procedures Order or any other Order of the Courts, unless agreed in writing by the Stalking Horse Purchaser and Sellers or otherwise ordered by the Courts.

EXHIBIT “C”

EXHIBIT "C"

referred to in the Affidavit of

Brian J. Fox

Sworn November 13, 2016

Commissioner for Taking Affidavits

Daniel Feigenbaum
Notary Public State of New York
02FE6203476
Qualified in Nassau County
Commission Expires 04/06/2013

EXECUTION VERSION

ASSET PURCHASE AGREEMENT

BY AND AMONG

PERFORMANCE SPORTS GROUP LTD.

AND

THE OTHER ENTITIES IDENTIFIED HEREIN AS SELLERS

AND

9938982 CANADA INC.

DATED AS OF OCTOBER 31, 2016

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EXHIBITS

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement, dated as of October 31, 2016, is entered into by and among Performance Sports Group Ltd., an entity formed under the Laws of British Columbia (the "Company"), the Subsidiaries of the Company listed in Exhibit A hereto (collectively, together with the Company, "Sellers") and 9938982 Canada Inc., a corporation organized under the Laws of Canada ("Purchaser").

W I T N E S S E T H:

WHEREAS, Sellers beneficially own and operate the Business (as defined below);

WHEREAS, on October 31, 2016 (the "Petition Date"), the Company, 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., and PSG Innovation Inc. (collectively, the "Canadian Debtors") will file with the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court") an initial application for relief under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") (the proceedings commenced by such application, the "CCAA Proceedings");

WHEREAS, on the Petition Date, the Company, 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., and PSG Innovation Inc. (collectively, the "U.S. Debtors") will commence voluntary proceedings (the "Chapter 11 Cases") under Chapter 11 of the U.S. Bankruptcy Code by filing petitions for relief in the United States Bankruptcy Court for the District of Delaware (the "U.S. Bankruptcy Court");

WHEREAS, Sellers have agreed to transfer to Purchaser or the Designated Purchasers, and Purchaser has agreed to purchase and assume, or cause the Designated Purchasers to purchase and assume, the Acquired Assets and the Assumed Liabilities from Sellers upon the terms and subject to the conditions set forth hereinafter (including the Auction);

WHEREAS, on October 27, 2016, the Company and Purchaser entered into that certain letter agreement, pursuant to which the Company paid Purchaser a fee equal to $2,500,000 (the "Work Fee") in connection with, among other things, the negotiation, documentation and consummation of the transactions contemplated by this Agreement; and

WHEREAS, in connection with the entry into this Agreement, Purchaser is causing to be deposited on its behalf an aggregate amount equal to $28,750,000 in cash as a "good faith deposit" (the "Deposit") by wire transfer of immediately available funds to Citibank, N.A. (the "Deposit Escrow Agent"), to be held in escrow in accordance with the terms of the escrow agreement (the "Deposit Escrow Agreement") entered into on the date hereof between and among Purchaser, the Company and Deposit Escrow Agent;

NOW, THEREFORE, in consideration of the respective covenants, representations and warranties made herein, and of the mutual benefits to be derived hereby (the sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE I
INTERPRETATION

Section 1.1 Definitions. Capitalized terms used but not otherwise defined herein shall have the meanings set forth below:

"280G Approval" has the meaning set forth in Section 7.4(e)(ii).

"ABL DIP Credit Agreement" means the senior secured asset-based revolving credit facility in a principal amount not to exceed $200,000,000 among Bank of America, N.A. and certain lenders thereunder.

"Acceptable Confidentiality Agreement" means a confidentiality agreement that contains confidentiality, non-use and other provisions that are no less favorable in the aggregate to the Company than those contained in the Confidentiality Agreement.

"Accounts Receivable" has the meaning set forth in Section 2.1(b)(iv).

"Acquired Assets" has the meaning set forth in Section 2.1(b).

"Acquired Entities" means (a) each of the following Subsidiaries of the Company: Performance Sports Group Hong Kong Limited, an entity formed under the Laws of Hong Kong; Bauer Hockey AB, an entity formed under the Laws of Sweden; Bauer Hockey GmbH, an entity formed under the Laws of Germany; and Jacmal BV, an entity formed under the Laws of the Netherlands, and (b) for all purposes in this Agreement other than Section 8.3(j), each of the non-North American Subsidiaries of such Subsidiaries listed in the forgoing clause (a).

"Acquired Investments" means the Equity Interests in the Persons set forth on Schedule 1.1(a) of the Sellers Disclosure Letter.

"Acquired Person Organizational Documents" has the meaning set forth in Section 4.2(d).

"Acquired Tax Assets" has the meaning set forth in Section 2.1(b)(xv).

"Action" means any action, cause of action, claim, charge, formal complaint, summons, demand, lawsuit, litigation, arbitration, mediation, proceeding (including any civil, criminal, administrative, regulatory, investigative or appellate proceeding), prosecution, contest, hearing, formal inquiry or inquest, audit, examination, subpoena or formal investigation commenced, brought, conducted or heard by or before any Government Entity.

"Adequate Assurance Deposit" means all deposits (whether maintained in escrow or otherwise) or other security provided in favor of a utility as adequate assurance of payment pursuant to section 366 of the U.S. Bankruptcy Code.

"Advance Ruling Certificate" means an advance ruling certificate issued by the Commissioner pursuant to section 102 of the Competition Act with respect to the transactions contemplated by this Agreement.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person; *provided*, *however*, that no Seller or any Subsidiary of any Seller shall be deemed an "Affiliate" of Purchaser or any of its Controlling Persons.

"Agreement" means this Asset Purchase Agreement, the Sellers Disclosure Letter and all Exhibits and Schedules attached hereto and thereto and all amendments, restatements or supplements hereto and thereto made in accordance with Section 10.4.

"Alternative DIP Credit Agreement" means any agreement providing for debtor-in-possession debt financing, other than the ABL DIP Credit Agreement or the Sponsor DIP Credit Agreement.

"Alternative Financing" has the meaning set forth in Section 5.17(b).

"Alternative Transaction" means the sale, transfer or other disposition, directly or indirectly, including through an asset sale, share sale, merger, amalgamation, foreclosure or other transaction, including a plan of arrangement and compromise approved by the CCAA Court or a plan of arrangement approved by any other Canadian Court, any plan of reorganization or plan of liquidation approved by the U.S. Bankruptcy Court, or resulting from the Auction, of any material portion of the assets or Equity Interests of any Seller or any Subsidiary, in a single transaction or a series of transactions, with one or more Persons other than Purchaser and/or its Affiliates; *provided*, *however*, that any sale or other disposition of the Inaria Sports Business shall not be deemed an Alternative Transaction.

"Anti-Corruption Laws" means all U.S. and non-U.S. Laws relating to the prevention of corruption and bribery, including the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the UK Bribery Act of 2010.

"Antitrust Approvals" means the HSR Approval, the Mandatory Antitrust Approvals, and, if the Parties determine that the transactions contemplated by this agreement are subject to notification under Part IX of the Competition Act, the Competition Act Approval.

"Antitrust Laws" means the Competition Act, the HSR Act, and any competition, merger control and antitrust Law of any other applicable supranational, national, federal, state, provincial or local Law designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolizing or restraining trade or lessening competition of any other country or jurisdiction, to the extent applicable to the transactions contemplated by this Agreement.

"Asset Allocation Schedule(s)" has the meaning set forth in Section 2.6(c)(ii).

"Assigned Actions" has the meaning set forth in Section 2.3(a)(vi).

"Assigned Contracts" means all Designated Seller Contracts other than Non-Assigned Contracts.

"Assumed Liabilities" has the meaning set forth in Section 2.3(a).

"Assumption Schedule" has the meaning set forth in Section 2.5(g).

"Auction" has the meaning set forth in the definition of Sale Motions.

"Avoidance Action" means any Action of any Seller or its estate arising under (a) Chapter 5 of the U.S. Bankruptcy Code and any analogous state law Action relating to the Acquired Assets or the Business, and (b) the *Bankruptcy and Insolvency Act* (Canada), as incorporated into the CCAA, to void preferences and transfers at undervalue, or oppression remedies, or any other analogous Action under Canadian federal or provincial law relating to the Acquired Assets or the Business to the extent such assignment is permitted by Canadian law.

"Back-up Bidder" has the meaning set forth in Section 5.1(g).

"Bankruptcy Consents" has the meaning set forth in Section 4.1(a).

"Bankruptcy Court" means any or all of, as the context may require, the CCAA Court, the U.S. Bankruptcy Court and any other court before which Bankruptcy Proceedings are held.

"Bankruptcy Laws" means the CCAA, the *Bankruptcy and Insolvency Act* (Canada), the U.S. Bankruptcy Code and the other applicable insolvency Laws of any jurisdiction where Bankruptcy Proceedings are held.

"Bankruptcy Proceedings" means the CCAA Proceedings and the Chapter 11 Cases, in each case, any proceedings thereunder, as well as any other voluntary or involuntary bankruptcy, insolvency, administration or similar judicial proceedings concerning any Sellers or any of their Subsidiaries that are held from time to time.

"Base Purchase Price" means $575,000,000.

"Bidding Procedures Order" means one or more orders setting forth the bidding procedures in connection with the sale of the Acquired Assets in form and substance as set forth on Exhibit D-1 (in the case of the CCAA Court) and Exhibit D-2 (in the case of the U.S. Bankruptcy Court) or otherwise in form and substance reasonably acceptable to Purchaser.

"Blainville Collective Labor Agreement" means the Collective Agreement effective December 1, 2012, between Bauer Hockey Corp. and United Steelworkers, Union Local 967.

"Break-Up Fee" has the meaning set forth in Section 9.2(b).

"Business" means the business of Sellers including design, manufacture, sale and distribution of sports equipment, apparel and related accessories for hockey, lacrosse, baseball, soccer and softball.

"Business Day" means a day on which banks are opened for business (but expressly excluding Saturdays, Sundays, and statutory or civic holidays) in both (i) New York, New York, U.S. and (ii) Toronto, Ontario, Canada.

"Business Information" has the meaning set forth in Section 2.1(b)(xi).

"Business Marks" has the meaning set forth in Section 5.16.

"Business Systems" has the meaning set forth in Section 4.6(f).

"Canadian Court" means the CCAA Court, the Ontario Court of Appeal, the Supreme Court of Canada or any other court of competent jurisdiction overseeing the CCAA Proceedings (including any appeals) from time to time.

"Canadian Debtors" has the meaning set forth in the recitals.

"Canadian Securities Laws" means, collectively, the securities laws of each province and territory of Canada and the respective regulations, rules, blanket rulings, orders and notices made thereunder and the national, multilateral and local instruments and published policies adopted by the Canadian Securities Regulators.

"Canadian Securities Regulators" means, collectively, the securities commission or securities regulatory authority in each of the provinces and territories of Canada.

"Capitalized Leases" means any Leases that (x) have been capitalized by Sellers in the Most Recent Seller Financial Statements or (y) are required under GAAP to be treated as capitalized leases.

"Cash and Cash Equivalents" means cash (including petty cash, checks received prior to the close of business on the Closing Date and restricted cash supporting letters of credit), checking account balances, marketable securities, certificates of deposits, time deposits, bankers' acceptances, commercial paper, security entitlements, securities accounts, commodity Contracts, commodity accounts, government securities and any other cash equivalents, whether on hand, in transit, in banks or other financial institutions, or otherwise held (but specifically excluding any cash payable by Purchaser to any Seller pursuant to this Agreement and expressly excluding any Purchased Deposits).

"CCAA" has the meaning set forth in the recitals.

"CCAA Court" has the meaning set forth in the recitals.

"CCAA Proceedings" has the meaning set forth in the recitals.

"Change" and/or "Changes" has the meaning set forth in the definition of "Material Adverse Effect."

"Chapter 11 Cases" has the meaning set forth in the recitals.

"Claim" has the meaning set forth in section 101(5) of the U.S. Bankruptcy Code or in Section 2 of the CCAA.

"Cleanup" means all actions required by a Government Entity or under Environmental Laws to: (i) investigate, monitor, cleanup, remove, transport, treat or remediate Hazardous Materials in the environment; (ii) prevent the Release of Hazardous Materials into the environment; or (iii) perform pre-remedial studies and investigations and post-remedial monitoring and care.

"Clearance Certificate" has the meaning set forth in Section 6.1(a).

"Closing" has the meaning set forth in Section 2.7(a).

"Closing Cash Payment" has the meaning set forth in Section 2.6(b).

"Closing Date" has the meaning set forth in Section 2.7(a).

"Closing Purchase Price" has the meaning set forth in Section 2.6(a).

"Code" means the United States *Internal Revenue Code of 1986*, as amended.

"Collective Labor Agreement" means any Contract that a Person has entered into with any union, collective bargaining agent, works council, or other labor organization.

"Commissioner" means the Commissioner of Competition appointed under the Competition Act or any person duly authorized to exercise the powers and perform the duties of the Commissioner of Competition.

"Commitment Letters" has the meaning set forth in Section 3.6.

"Company" has the meaning set forth in the preamble.

"Company Board" means the Board of Directors of the Company.

"Company Related Party" means each of (a) the Company, (b) Sellers, (c) each of their respective former, current and future Affiliates and (d) any directors, officers, employees, representatives, equityholders, members, managers, partners, Affiliates, successors or permitted assigns of any of the foregoing.

"Competition Act" means the *Competition Act* (Canada), as amended.

"Competition Act Approval" means: (a) the issuance of an Advance Ruling Certificate and such Advance Ruling Certificate has not been rescinded prior to Closing; (b) Purchaser and Sellers have given the notice required under section 114 of the Competition Act with respect to the transactions contemplated by this Agreement and the applicable waiting period under section 123 of the Competition Act has expired or has been waived in accordance with the Competition Act; or (c) the parties are exempt from the obligation to give the requisite notice pursuant to paragraph 113(c) of the Competition Act, and, in the case of clauses (b) or (c), Purchaser has been advised in writing by the Commissioner that he does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the transactions contemplated by this Agreement ("no-action letter"), and such advice has not been rescinded prior to Closing.

"Confidential Information" means, in relation to a Party (the "Discloser"): (a) all information, in whatever form communicated or maintained, whether orally, in writing, electronically, in computer readable form or otherwise, that the Discloser discloses to, or that is gathered by inspection by a Party (the "Recipient") or any of the Recipient's Representatives in the course of the Recipient's review of the transactions contemplated by this Agreement, whether provided before, on or after the date of this Agreement, including information that contains or otherwise reflects information concerning the Discloser or its businesses, affairs, financial condition, assets, liabilities, operations, prospects or activities, and specifically includes financial information, budgets, business plans, ways of doing business, business results, prospects, customer lists, forecasts, engineering reports, environmental reports, evaluations, legal opinions, names of venture partners and contractual parties, and any information provided to the Discloser by third parties under circumstances in which the Discloser has an obligation to protect the confidentiality of such information; (b) all plans, proposals, reports, analyses, notes, studies, forecasts, compilations or other information, in any form, that are based on, contain or reflect any confidential information regardless of the identity of the Person preparing the same ("Notes"); (c) the existence and terms of this Agreement; and (d) the fact that information has been disclosed or made available to the Recipient or the Recipient's Representatives; but does not include any information that: (x) is at the time of disclosure to the Recipient or thereafter becomes generally available to the public, other than as a result of a disclosure by the Recipient or any of the Recipient's Representatives in breach of this Agreement; (y) is or was received by the Recipient on a non-confidential basis from a source other than the Discloser or its Representatives if such source is not known to the Recipient to be prohibited from disclosing the information to the Recipient by a confidentiality agreement with, or a contractual, fiduciary or other legal confidentiality obligation to, the Discloser; or (z) was known by the Recipient prior to disclosure in connection with the transactions contemplated by this Agreement and was not subject to any contractual, fiduciary or other legal confidentiality obligation on the part of the Recipient.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of September 2, 2016, by and between Sagard Capital Partners, L.P. and the Company and any letters of adherence thereto.

"Consent" means any approval, authorization, consent, order, license, permission, permit, qualification, exemption or waiver by any Government Entity or other Third Party, including any Environmental Permit.

"Contract" means any legally binding contract, agreement, obligation, license, sublicense, undertaking, instrument, lease, sublease, ground lease, mortgage, commitment or other arrangement, whether written or oral.

"Control", including, with its correlative meanings, "Controlled by", "Controlling" and "under common Control with", means, in connection with a given Person, the possession, directly or indirectly, of the power to either (a) elect more than fifty percent (50%) of the directors of such Person or (b) direct or cause the direction of the management and policies of such Person, whether through the ownership of securities, Contract or otherwise.

"Copyrights" means all U.S., Canadian and other non-U.S. copyrights and works of authorship, whether registered or unregistered, including all U.S. and Canadian copyright registrations and applications for registration and equivalents outside of the U.S. and Canada, all moral rights and rights of attribution and integrity, all common law copyright rights, and all rights to register and obtain renewals and extensions of copyright registrations, together with all other copyright interests accruing by reason of any international copyright convention or treaty.

"Courts" has the meaning set forth in Section 10.6(b).

"Covered Assets and Persons" has the meaning set forth in Section 5.13(a).

"CRA" means the Canada Revenue Agency.

"Credit Bid Amount" has the meaning set forth in Section 2.6(b).

"Cure Cost" means, as applicable, (a) with respect to any U.S. Debtor, any amounts or assurances required by Section 365(b)(1) of the U.S. Bankruptcy Code under any applicable Designated Seller Contract or (b) with respect to any Canadian Debtor, any amounts required to satisfy monetary defaults in relation to the applicable Designated Seller Contract pursuant to Section 11.3 of the CCAA. For the avoidance of doubt, for all purposes hereof, "Cure Costs" shall also include defaults, if any, during the period after the Petition Date and prior to the Closing Date.

"Debt Commitment Letter" has the meaning set forth in Section 3.6.

"Debt Financing" has the meaning set forth in Section 3.6.

"Debt Financing Sources" means the entities that have committed to provide the Debt Financing, any Alternative Financing or other debt financings in connection with the transactions contemplated hereby (including the parties to the Debt Commitment Letter and any joinder agreements relating thereto) and their respective Affiliates and such entities' and their respective Affiliates', officers, directors, employees, attorneys, advisors, agents and representatives involved in such debt financings and their successors and permitted assigns.

"Debtor Estates" means the estates of the U.S. Debtors.

"Deposit" has the meaning set forth in the recitals.

"Deposit Escrow Agent" has the meaning set forth in the recitals.

"Designated Purchaser" has the meaning set forth in Section 2.8(a).

“Designated Seller Contracts” has the meaning set forth in Section 2.1(b)(i).

“DIP Credit Agreement” means either (a) a Sponsor DIP Credit Agreement, or (b) any Alternative DIP Credit Agreement, as applicable, in either case, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and as permitted hereunder.

“Discloser” has the meaning set forth in the definition of Confidential Information.

“Easton Hockey Acquisition” means the acquisition by one or more Sellers of certain assets and liabilities of Easton Hockey Holdings, Inc.

“Effective Hire Date” means the day on which the employment of an Employee commences with Purchaser or its Affiliates as provided in this Agreement.

“Employee” means each employee of any Seller or any of their respective Subsidiaries engaged in the Business, whether active or inactive.

“Employee Information” has the meaning set forth in Section 4.12(b).

“Employee Records” has the meaning set forth in Section 2.1(b)(xi).

“Employee Transfer Time” means, with respect to each jurisdiction where Employees will become Transferred Employees in accordance with this Agreement, 12:01 a.m. local time in such jurisdiction on the calendar day immediately following the Closing.

“Environmental Claim” means any Action, written notice, ministerial order, court order, notice of infraction, administrative penalty or statement of offence by any Person alleging potential Liability (including potential Liability for investigatory costs, Cleanup costs, Government Entity response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, Release or threatened Release of, or exposure to, any Hazardous Materials at any location, whether or not owned or operated by Sellers, or in any Products, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

“Environmental Law” means any Law relating to pollution or protection of the environment, natural resources or public or worker health and safety (as it relates to exposure to Hazardous Materials), including Laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Materials and all Laws with regard to marketing, labeling, registration, packaging, import, recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials.

“Environmental Permit” means any permit, approval, license, certificate, consent, registration, certificate of authorization and depollution attestation or other authorization required under any Environmental Law to (a) conduct the Business or (b) in relation to the Acquired Assets.

"Equity Commitment Letter" has the meaning set forth in Section 3.6.

"Equity Financing" has the meaning set forth in Section 3.6.

"Equity Interest" means, with respect to any Person, (a) any share or other similar interest, however designated, in the equity of such Person, including shares, capital stock, partnership interests and membership interests (including any phantom equity interests or similar payment rights, whether or not constituting securities), (b) any option or warrant with respect thereto and any other right to acquire any such interest (including any subscription, call, or other right relating to the grant, issuance, exchange, purchase, voting or transfer of any of the foregoing) and any securities or other rights convertible into or exercisable or exchangeable for any such interest or (iii) any Indebtedness issued by such Person that has the right to vote on any matters on which the holders of Equity Interests described in clauses (a) or (b) of this definition of such Person are entitled to vote.

"ERISA" means the *Employee Retirement Income Security Act* of 1974, as amended.

"Ex-Im Laws" means all U.S., Canadian and other Laws relating to export, reexport, transfer, import and import controls, including (a) the Export Administration Regulations, (b) the customs and import Laws administered by U.S. Customs and Border Protection, (c) the customs and import Laws of Canada such as the Customs Act (Canada), Customs Tariff (Canada), and Export and Import Permits Act (Canada) among others, and (d) similar laws of the EU including but not limited to the EU Dual Use Regulation.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Employee Liabilities" has the meaning set forth in Section 7.3.

"Excluded Liabilities" has the meaning set forth in Section 2.4.

"Excluded Seller Contract" means any Seller Contract that is not a Designated Seller Contract.

"Expense Reimbursement" has the meaning set forth in Section 9.2(b).

"Extended Outside Date" has the meaning set forth in Section 9.1(a)(ii).

"Final Order" means (a) in the case of a Government Entity, other than the Canadian Court, an action taken or order issued by the applicable Government Entity as to which: (i) no request for stay of the action or order is pending, no such stay is in effect, and, if any deadline for filing any such request is designated by statute or regulation, it has passed, including any extensions thereof; (ii) no petition for rehearing or reconsideration of the action or order, or protest of any kind, is pending before the Government Entity and the time for filing any such petition or protest has passed; (iii) the Government Entity does not have the action or order under reconsideration or review on its own motion and the time for such reconsideration or review has passed; and (iv) the action or order is not then under judicial review, there is no notice of leave to appeal, appeal or other application for judicial review pending, and the deadline for filing such notice of appeal or other application for judicial review has passed, including any extensions thereof, and (b) in the case of an Order of a Canadian Court, an Order: (i) as to which no appeal, leave to appeal, notice of appeal, motion to amend or make additional findings of fact, motion to alter or amend judgment, motion for rehearing or motion for new trial has been timely filed (in cases in which there is a date by which such filing is required to occur, it being understood that with respect to an order issued by the CCAA Court, the time period for seeking leave to appeal shall be deemed to have elapsed on the date that is twenty-two (22) days after the rendering of such order unless a motion has been made to extend such time period) or, if any of the foregoing has been timely filed, it has been disposed of in a manner that upholds and affirms the subject order in all material respects without the possibility for further appeal thereon; (ii) in respect of which the time period for instituting or filing an appeal, leave to appeal, motion for rehearing or motion for new trial shall have expired (in cases in which such time period is capable of expiring, it being understood that with respect to an order issued by the CCAA Court, the time period for seeking leave to appeal shall be deemed to have elapsed on the date that is 22 days after the rendering of such order unless a motion has been made to extend such time period); and (iii) as to which no stay is in effect.

"Financings" has the meaning set forth in Section 3.6.

"GAAP" means the United States generally accepted accounting principles.

"Government Entity" means any U.S., Canadian, foreign, domestic, federal, territorial, provincial, state, municipal or local governmental authority, quasi-governmental authority, instrumentality, court, government or self-regulatory organization, bureau, commission, stock exchange, tribunal or organization, or any government owned or controlled corporation or other body or authority that is established to perform a public duty on behalf of government, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing, or any arbitral body (public or private), or any public international organization that is formed by two or more states or governments.

"Government Official" shall mean any officer or employee of a Government Entity.

"GST" means goods and services tax, including harmonized sales tax, payable under Part IX of the *Excise Tax Act* (Canada).

"Hazardous Materials" means petroleum, petroleum products, asbestos in any form that is friable, toxic mold, urea formaldehyde foam insulation, lead based paints, polychlorinated biphenyls or any other material or substance regulated pursuant to Environmental Laws, as "hazardous", "hazardous waste", "residual", "residual hazardous", "radioactive", "deleterious", "toxic", "caustic", "dangerous", a contaminant, a pollutant, a "waste", a "special waste", a "source of contamination" or "source of pollution" or with words of similar meaning or regulatory effect.

"HSR Act" means the *United States Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended.

"HSR Approval" means expiration of all applicable waiting periods under the HSR Act (including any voluntary agreed extensions) or earlier termination thereof.

"Inaria Sports Business" means the business of designing, developing, marketing, manufacturing, selling and distributing soccer equipment, products, gear, apparel and related accessories carried on by Bauer Performance Sports Uniforms Corp. and Bauer Performance Sports Uniforms Inc. under the "INARIA" brand name.

"Indebtedness" of any Person means, without duplication, (a) the interest in respect of, principal of and premium (if any) in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (b) all Liabilities of such Person with respect to any Contracts relating to the deferred and unpaid purchase price of property or services, including any interest accrued thereon and prepayment or similar penalties and expenses; (c) all Liabilities of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (d) all Liabilities of the types referred to in clauses (a) through (c) of any Person for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (e) all obligations of the types referred to in clauses (a) through (d) of other Persons secured by any Lien (other than Permitted Encumbrances), on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"Initial Allocation" has the meaning set forth in Section 2.6(c)(i).

"Initial Allocation Principle" has the meaning set forth in Section 2.6(c)(i).

"Intellectual Property" means all U.S., Canadian and other intellectual and industrial property rights of any kind worldwide, including all: (a) Trademarks; (b) Patents; (c) inventions, processes, methods and designs, whether or not patentable and whether or not a patent has been issued or a patent application has been made therefor; (d) Copyrights; (e) mask works; (f) Trade Secrets, Know-How, and other proprietary, confidential, or business information; (g) Software; (h) usernames, keywords, tags, and other social media identifiers; (i) rights in the foregoing, and all rights and remedies (including the right to sue for and recover damages, profits and any other remedy) for past, present, or future infringement, misappropriation, or other violation relating to any of the foregoing; and (j) rights of publicity.

"Investment Canada Act" means the *Investment Canada Act* (Canada), as amended.

"IRS" means the United States Internal Revenue Service.

"Know-How" means scientific, engineering, mechanical, electrical, financial, marketing, practical and other knowledge or experience.

"Knowledge of Purchaser" or a similar phrase shall mean, the actual knowledge of Samuel Robinson and Jeff Johnson.

"Knowledge of Sellers" or a similar phrase shall mean, the actual knowledge, after reasonable inquiry of such Persons' respective direct reports, of Harlan Kent, Mark Vendetti and Michael Wall.

"Law" means any U.S., Canadian, foreign, domestic, federal, territorial, state, provincial, local or municipal statute, law, common law, ordinance, rule, regulation or Order.

"Leased Real Property" has the meaning set forth in Section 4.10(a).

"Leases" has the meaning set forth in Section 4.10(a).

"Liabilities" means debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or undeterminable, including those arising under any Law or Action and those arising under any Contract or otherwise, including Tax liabilities.

"Lien" means any lien, mortgage, pledge or security interest, hypothec (including legal hypothecs), encumbrance, servitude, easement, encroachment, right-of-way, restrictive covenant on real or immovable property, real property license, contingent rights (including options and rights of first refusal), other real rights in favor of Third Parties, charge, prior claim, lease, occupancy agreement, leasing agreement, statutory or deemed trust or conditional sale arrangement.

"Local Sale Agreements" has the meaning set forth in Section 2.8(c).

"Mandatory Antitrust Approvals" means, where Purchaser determines (acting reasonably and in good faith) that a jurisdiction must be notified and a decision authorizing or not objecting (including the expiry of any applicable waiting period) to the transactions contemplated by this Agreement prior to the Closing is required, a decision, in whatever form (including a declaration of lack of jurisdiction or a mere filing or notification, if the Closing can take place, pursuant to the applicable Antitrust Law, without a decision or the expiry of any waiting period), by any Government Entity under the Laws of that jurisdiction or the expiry of the applicable waiting period, as applicable, under the Antitrust Laws of that jurisdiction, authorizing or not objecting to the transactions contemplated by this Agreement; *provided*, that any terms or conditions attached to such decision are reasonably acceptable to the Parties.

"Material Adverse Effect" means any effect, event, change, occurrence, state of facts or circumstance (each, a "Change", and collectively, "Changes") that (a) has had or would reasonably be expected to have, individually or in the aggregate with other Changes, a material adverse effect on the Acquired Assets or the operations, results of operations or condition (financial or otherwise) of the Business, in each case taken as a whole, excluding (with respect to this clause (a) alone) any effect resulting from (i) general economic conditions, (ii) any economic conditions affecting the industry or markets in which Sellers conduct the Business, (iii) the execution, announcement or performance of this Agreement or the transactions contemplated hereby, in each case, other than with respect to the breach of any representation or warranty in this Agreement relating to non-contravention of this Agreement or the transactions contemplated hereby with any Contract or other binding agreement, (iv) changes or disruptions in securities or capital markets, interest rates indexes, currency exchange rates or general financial or credit market conditions, (v) acts of God, natural disasters and other force majeure events, (vi) acts of war, armed conflict, sabotage or terrorism, (vii) changes in Law or GAAP, or (viii) any failure of the Business to achieve external or internal forecasts or financial projections (*provided*, that any

Change giving rise to such failure may be taken into account in determining whether there has been a Material Adverse Effect); except, in the case of clauses (a)(i), (ii), (v) and (vi) of this definition, for Changes that disproportionately affect in any material respect, individually or together with any other Change, the Acquired Assets or the operations, results of operations or condition (financial or otherwise) of the Business, in each case taken as a whole, relative to other industry or market participants, or (b) prevents, materially impairs, materially delays or otherwise has a material adverse effect on the ability of Sellers to consummate the transactions contemplated hereby, and excluding, in each case of clauses (a) and (b) of this definition, any reasonably anticipated effects of the commencement, pendency or prosecution of the Bankruptcy Proceedings and any Action approved by, or motion made before, the Bankruptcy Courts.

"Material Contract" has the meaning set forth in Section 4.5(a).

"Material Customers" means the ten (10) largest customers of the Company and its Subsidiaries, taken as a whole, calculated based on the aggregate revenues generated by such customers during the twelve (12) month period ended on and as of September 30, 2016; *provided*, that for the purpose of such definition, all sales to Affiliated customers shall be aggregated and shall be counted as a single customer.

"Material Licensors" means the licensors of the Company and its Subsidiaries, taken as a whole, to whom aggregate royalties and other fees of more than $200,000 were paid during the twelve (12) month period ended on and as of May 31, 2016; *provided*, that for purposes of such definition, all royalties and other such payments paid to Affiliated licensors shall be aggregated and shall be counted as a single licensor

"Material Owned Trademarks" has the meaning set forth in Section 4.6(a).

"Material Suppliers" means the ten (10) largest suppliers or vendors (other than licensors of licensed Intellectual Property) of the Company and its Subsidiaries, taken as a whole, calculated based on the aggregate amounts paid to such supplier or vendor by the Company and the Subsidiaries during the twelve (12) month period ended on and as of September 30, 2016, in each case, excluding for purposes of such calculations any license fees paid by the Company and the Subsidiaries; *provided*, that for the purpose of such definition, all purchases from Affiliated suppliers shall be aggregated and shall be counted as a single supplier.

"Mississauga Collective Labor Agreement" means the Collective Agreement, dated July 7, 2014, between Bauer Hockey Corp. and Glass, Molders, Pottery, Plastics & Allied Workers International Union, AFL-CIO-CLC through its Local #366.

"Monitor" means Ernst & Young Inc., in its capacity as the CCAA Court-appointed Monitor in connection with the CCAA Proceedings and not in its personal or corporate capacity.

"Monitor's Certificate" means the certificate filed with the CCAA Court by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from Sellers and Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties.

"Most Recent Seller Financial Statements" means the consolidated, unaudited financial statements of the Company and its Subsidiaries as of and for the three months ended August 31, 2016.

"NI 52-109" means National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*.

"Non-Assigned Contract" has the meaning set forth in Section 2.5(e).

"Non-Union Employee" means an Employee whose terms and conditions of employment are not governed by the Blainville Collective Labor Agreement or the Mississauga Collective Labor Agreement.

"Notes" has the meaning set forth in the definition of Confidential Information.

"Objections Notice" has the meaning set forth in Section 2.6(c)(ii).

"Order" means any order, injunction, judgment, decree, ruling, writ, determination, assessment or arbitration award of a Government Entity.

"Ordinary Course" means the ordinary course of the Business consistent with past practice, as such practice is, or may have been, modified as a result of the Bankruptcy Proceedings.

"Organizational Documents" means, with respect to any Person (a) declaration of trust, the certificate or articles of incorporation or organization or limited partnership or limited liability company, and any joint venture, limited liability company, operating or partnership agreement and other similar documents adopted or filed in connection with the creation, formation or organization of such Person, and (b) all by-laws, shareholder agreements, voting agreements and similar documents, instruments or agreements relating to the organization or governance of such Person, in each case, as amended or supplemented.

"Outside Date" has the meaning set forth in Section 9.1(a)(ii).

"Owned Equipment" has the meaning set forth in Section 2.1(b)(vi).

"Owned Inventory" has the meaning set forth in Section 2.1(b)(v).

"Party" or "Parties" means individually or collectively, as the case may be, Sellers and Purchaser.

"Patents" means all U.S., Canadian and other non-U.S. (whether national or multinational), patents (including certificates of invention and other patent equivalents), patent applications, provisional patent applications and patents issuing therefrom, industrial designs, as well as all reissues, divisionals, substitutions, continuations, continuations-in-part, patent disclosures, extensions and reexaminations, and all rights therein provided by multinational treaties or conventions.

"PCR AE Holdback Amount" means such amount, if any, not to exceed $2,500,000, payable after Closing related to the Pre-Closing Reorganization, as such amount will be mutually agreed to by the Parties on or before the Closing Date.

"Periodic Taxes" has the meaning set forth in Section 6.5.

"Permitted Encumbrances" means (a) any Liens that are expressly permitted by the Sale Orders to remain attached to the Acquired Assets after the Closing; and (b) any Lien on the Acquired Assets that will be expunged, released or discharged at the Closing by operation of the Sale Orders.

"Person" means an individual, a partnership, a corporation, an association, a limited or unlimited liability company, a joint stock company, a trust, a trustee, a joint venture, an unincorporated organization or other legal entity or Government Entity.

"Petition Date" has the meaning set forth in the recitals.

"Post-Closing Tax Period" has the meaning set forth in Section 6.5.

"Pre-Closing Reorganization" has the meaning set forth in Section 5.18.

"Pre-Closing Tax Period" has the meaning set forth in Section 6.5.

"Prevailing Bidder" has the meaning set forth in Section 5.1(g).

"Products" means any and all products that were developed, manufactured, marketed, distributed or sold by or on behalf of Sellers as part of the Business within the past three (3) years, including all products in development by Sellers.

"Property Tax Adjustment" has the meaning set forth in Section 6.5.

"Purchased Deposits" means deposits (including customer deposits and security deposits for rent, electricity and otherwise) and prepaid charges and expenses of Sellers, including the right to receive any refund of any unutilized amounts thereof and including all amounts deposited with respect to Q30 or any of its Subsidiaries, other than any (a) deposits or prepaid charges and expenses paid in connection with or relating exclusively to any Excluded Assets, and (b) the Adequate Assurance Deposit.

"Purchaser" has the meaning set forth in the preamble.

"Purchaser Related Party" means each of (a) Purchaser, (b) any Debt Financing Source, (c) any of their respective former, current and future Affiliates (including, with respect to Purchaser, each Sponsor and its Affiliates), and (d) any directors, officers, employees, representatives, equityholders, members, managers, partners, successors or permitted assigns of any of the foregoing.

"Q30" means Q30 Sports Science, LLC.

"QST" means Quebec sales taxes payable under *An Act respecting the Québec Sales Tax.*

"Recipient" has the meaning set forth in the definition of Confidential Information.

"Release" means any release, spill, emission, discharge, leaking, pumping, pouring, emptying, escaping, injection, deposit, disposal, dispersal or leaching into or through the indoor or outdoor environment (including ambient air, surface water, sewers, groundwater and surface or subsurface strata).

"Repayable DIP Obligations" has the meaning set forth in Section 2.6(b).

"Representatives" has the meaning set forth in Section 5.10(a).

"Reserve Payment Amount Matters" has the meaning set forth in Section 5.15.

"Response Period" has the meaning set forth in Section 2.6(c)(ii).

"Revenu Quebec" means Revenu Québec.

"Sale Hearing" has the meaning set forth in the definition of Sale Motions.

"Sale Motions" means the motions in form and substance reasonably acceptable to Purchaser, (a) seeking approval of (i) the applicable Bidding Procedures Order, (ii) the form of this Agreement and the U.S. Debtors' and Canadian Debtors' authority to enter into this Agreement, as applicable, and (iii) the Break-Up Fee and the Expense Reimbursement and (b) seeking the scheduling of an auction on or prior to January 9, 2017 and sale hearing with respect to this Agreement and the transactions contemplated hereby on or prior to January 11, 2017 (the "Auction" and "Sale Hearing", respectively).

"Sale Orders" means the orders in substantially the form and substance set forth on Exhibit E-1 (in the case of the CCAA Court) and Exhibit E-2 (in the case of the U.S. Bankruptcy Court) or otherwise in form and substance acceptable to Purchaser, in each case, approving the sale of the Acquired Assets to Purchaser pursuant to this Agreement, which shall, among other things: (a) approve of the consummation of the transactions contemplated by the Agreement; (b) authorize and empower Sellers to assume and assign to Purchaser the Assigned Contracts; (c) in the case of the U.S. Bankruptcy Court, find that Purchaser is a "good faith" buyer within the meaning of Section 363(m) of the U.S. Bankruptcy Code, not a successor to any Seller and grant Purchaser the protections of Section 363(m) of the U.S. Bankruptcy Code; (d) order that Purchaser shall have no Liability or responsibility for any Liability or other obligation of any Seller arising under or related to the Acquired Assets other than as expressly set forth in this Agreement, including successor or vicarious Liabilities of any kind or character, including any theory of antitrust, environmental, successor or transferee Liability, labor law, de facto merger or substantial continuity; and (e) order that Purchaser shall have no Liability for any Excluded Liability.

"Sanctioned Country" means any country or region that is the target of comprehensive sanctions under Sanctions Laws (including, as of the date of this Agreement, Belarus, Cuba, Iran, North Korea, Sudan, Syria and the Crimea region of Ukraine).

"Sanctioned Person" means any individual or entity that is the target of sanctions or restrictions under Sanctions Laws, including: (e) any individual or entity listed on OFAC's Specially Designated Nationals and Blocked Persons List or other lists issued pursuant to Sanctions Laws of the United States, lists issued pursuant to Sanctions Laws of Canada, and the EU Consolidated List; (b) any entity that is, in the aggregate, fifty percent (50%) or greater owned, directly or indirectly, or otherwise controlled by a person or persons described in clause (a); or (c) any entity or individual resident, organized, or located in a Sanctioned Country.

"Sanctions Laws" means all United States, Canadian, United Kingdom, and European Union Laws relating to economic or trade sanctions, as well as sanctions measures adopted by the United Nations Security Council.

"Seller Contract" means any Contract (including any Lease) to which any Seller is a party.

"Seller Employee Plan" means any "employee benefit plan" within the meaning of Section 3(3) of ERISA (whether or not covered by ERISA) and any other benefit or compensation plan, program, Contract, agreement, policy or arrangement, whether written or oral, including any profit sharing, savings, bonus, performance awards, change of control, incentive compensation, deferred compensation, stock purchase, stock option, equity or equity-based, vacation, leave of absence, employee assistance, automobile leasing/subsidy/allowance, meal allowance, severance, relocation, family support, pension, supplemental pension, retirement, retirement savings, post retirement, medical, health, hospitalization or life insurance, disability, sick leave, retention, education assistance, expatriate assistance, or death benefit plan, program or arrangement or any other similar plan, program, arrangement or policy that is maintained or otherwise contributed to, or required to be maintained or contributed to, by or on behalf of any Seller, any Subsidiary of any Seller or any of their respective Affiliates with respect to Employees, former Employees, retirees or their respective dependents, or with respect to which any Seller, any Subsidiary of any Seller or any of their respective Affiliates has any direct or contingent Liability, other than government-sponsored pension, health care, social security, employment insurance, workers compensation, parental insurance, prescription drugs and similar plans.

"Seller Insurance Policies" has the meaning set forth in Section 5.13(a).

"Sellers" has the meaning set forth in the preamble.

"Sellers Disclosure Letter" means the disclosure schedules delivered by Sellers to Purchaser on the date hereof.

"SERP Liabilities" means any Liabilities arising under the Retirement Arrangement for Designated Employees of Bauer Nike Hockey U.S.A., Inc. or the Retirement Arrangement for Designated Employees of Bauer Nike Hockey, Inc.

"Shortfall Amount" has the meaning set forth in Section 2.6(b).

"Software" means all computer software programs (whether in source code, object code, or other form) and software systems, related documentation and any rights relating to the foregoing.

"Source Deduction Claim" has the meaning set forth in the definition of "Reserve Payment Amount."

"Source Deduction Liability" has the meaning set forth in Section 2.4.

"Specified Assumed Liability" means any (a) Liabilities of under Capitalized Leases, (b) Tooling Requirements Liabilities and (c) SERP Liabilities.

"Specified R&Ws" has the meaning set forth in Section 8.3(a).

"Specified Assumed Liability Deduction Amount" means the aggregate amount of all Specified Assumed Liabilities at and as of the Closing.

"Sponsor DIP Credit Agreement" means the credit agreement dated as of the date hereof, providing for debtor-in-possession debt financing Purchaser, as lender, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and as permitted hereunder.

"Sponsors" has the meaning set forth in Section 3.6.

"Straddle Period" has the meaning set forth in Section 6.5.

"Subsidiary" means, with respect to any Person, any corporation, company, limited liability company, partnership, association, or other business entity of which (a) if a corporation or a company, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or Controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof or (b) if a limited liability company, partnership, association, or other business entity (other than a corporation or a company), a majority of the partnership or other similar ownership interests thereof is at the time owned or Controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation or a company) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be a, or Control any, managing director, member or general partner of such business entity (other than a corporation or a company). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Tax" means (a) all U.S., Canadian, or other federal, provincial, territorial, state, municipal, local, domestic, or other taxes, imposts, duties, fees, levies, assessments and other charges imposed by any Tax Authority, including ad valorem, capital, capital stock, branch, alternative or add-on minimum, estimated, customs and import duties, disability, documentary stamp, employment, unemployment, excise, escheat and unclaimed property, franchise, gains, goods and services, gross income, gross receipts, income, intangible, inventory, license, mortgage recording, net income, occupation, payroll, workers' compensation, employer health, severance, production, profits, property, recording, rent, sales, use, business rates, environmental, social security, Quebec Pension Plan, Canada Pension Plan, stamp, transfer, transfer gains, value added, windfall profits, and withholding, together with any interest, additions, fines or penalties, whether disputed or not, (b) any liability for the payment of any amount of a type described in clause (a) arising as a result of being or having been a member of any consolidated, combined, unitary or other group or being or having been included or required to be included in any Tax Return related thereto; and (c) any liability for or in respect of the payment of any amount described in clauses (a) or (b) of this definition payable by reason of transferee or successor liability, Contract (other than a Contract entered into in the Ordinary Course that does not principally relate to the items described in clauses (a) or (b) of this definition), operation of Law or otherwise.

"Tax Act" means the *Income Tax Act* (Canada).

"Tax Authority" means any local, municipal, governmental, state, provincial, territorial, federal, including any U.S., Canadian or other fiscal, customs or excise authority, body or officials anywhere in the world with responsibility for, and competent to impose, collect or administer, any form of Tax.

"Tax Returns" means all returns, reports (including elections, declarations, disclosures, schedules, estimates and information returns) and other information filed or required to be filed with any Tax Authority relating to Taxes and any amendments thereto.

"Taxation Act" means the *Taxation Act* (Quebec).

"Third Party" means any Person that is neither a Party nor an Affiliate of a Party.

"Tooling Requirements Liabilities" means all Liabilities owed to any manufacturing partners on tooling requirements under Designated Seller Contracts, calculated in a manner consistent with Liability in the Company's Form 10-Q for the quarterly period ended February 29, 2016, as filed with the Securities Exchange Commission on April 14, 2016.

"Trade Control Laws" means all Canadian, U.S. and other Laws respecting the import and export of merchandise and intangibles and other trade related Laws including the Sanctions Laws and Ex-Im Laws.

"Trade Secrets" means trade secrets and other confidential or proprietary ideas, concepts, methods, processes and information (including customer and supplier lists, business plans, market surveys and market research studies).

"Trademarks" means, together with the goodwill associated therewith, all U.S., Canadian, state, provincial and other non-U.S. trademarks, service marks, trade dress, logos, slogans, trade names (including all assumed or fictitious names under which the Business has been conducted), corporate names, business names, domain names, social media identifiers, and any other indicia of source or sponsorship of goods or services, whether or not registered, including all common law rights, and registrations, applications for registration and renewals thereof, including all marks registered in the Canadian Intellectual Property Office, the United States Patent and

Trademark Office, the trademark offices of the states and territories of the U.S., and the trademark offices of other nations and other jurisdictions throughout the world and all rights therein, including those provided by multinational treaties or conventions.

"Transaction Documents" means this Agreement and all other ancillary agreements to be entered into by, or documentation delivered by, any Party and/or any Designated Purchaser pursuant to this Agreement (including any Local Sale Agreements).

"Transfer Taxes" means all GST, QST, sales, excise, use, transfer, gross receipts, documentary, filing, recordation, value-added, stamp, stamp duty reserve, and all other similar taxes, duties, fees or other like charges, however denominated (including any real or immovable property transfer taxes or duties (including duties pursuant to *An Act respecting duties on transfers of immovables* (Quebec)) and conveyance and recording fees).

"Transferred Employee" means (a) each Employee who accepts an offer of employment by, and commences employment with, Purchaser or a Designated Purchaser in accordance with the terms of Section 7.1, and (b) each Employee whose employment transfers to Purchaser or a Designated Purchaser by operation of Law, which shall include all Union Employees.

"Transferred Employee Plan" means any Seller Employee Plan to the extent expressly assumed by Purchaser or a Designated Purchaser pursuant to Section 2.3(a)(v) of this Agreement or otherwise assumed in connection with the Blainville Collective Labor Agreement, the Mississauga Collective Labor Agreement, and in each case set forth on Schedule 2.3(a)(v) of the Sellers Disclosure Letter.

"Transferred Intellectual Property" has the meaning set forth in Section 2.1(b)(vii).

"Union Employee" means an Employee whose terms and conditions of employment are covered by the Blainville Collective Labor Agreement or the Mississauga Collective Labor Agreement.

"U.S." means the United States of America.

"U.S. Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. § 101 et seq.

"U.S. Bankruptcy Court" has the meaning set forth in the recitals.

"U.S. Debtors" has the meaning set forth in the recitals.

"Van Nuys Claim" means the Cure Cost payable, if any, in connection with the lease for 7855 Haskell Ave., Van Nuys, California.

"Work Fee" has the meaning set forth in the recitals.

Section 1.2 Interpretation.

(a) Certain Phrases. Unless the context of this Agreement clearly requires otherwise, (i) references to the plural include the singular, the singular the plural, the part the whole; (ii) references to any gender include all genders; (iii) wherever the word "include," "includes" or "including" is used in this Agreement, it shall be deemed to be followed by the words "without limitation"; (iv) references to "hereof", "hereto", "hereunder" or "herein" and words of similar import relate to this Agreement as a whole and not merely to a specific section, paragraph or clause in which the respective word appears; (v) the word "or" is disjunctive but not necessarily exclusive; (vi) the words "writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form; (vii) references to any Person include the successors and permitted assigns of that Person; (viii) the word "day" means calendar day unless Business Day is expressly specified; (ix) the phrase "to the extent" means the degree by which; (x) the terms "deliver," "delivered," "provided to" or "made available" mean posted to the online data room hosted by Merrill Datasite located as https://us1.merrillcorp.com under the project name "*Breakaway*" at least one (1) Business Day prior to the date hereof; and (xi) the references to the "date hereof" mean the date of this Agreement. Any determination as to whether a situation is material shall be made by taking into account the effect of all other provisions of this Agreement that contain a qualification with respect to materiality so that the determination is made after assessing the aggregate effect of all such situations. Each accounting term used herein that is not specifically defined herein shall have the meaning given to it under GAAP, unless the context clearly indicates otherwise.

(b) Calculation of Time. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to and including". When calculating the period of time "within" which, "prior to" or "following" which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is excluded from the calculation. If any action under this Agreement is required to be done or taken on a day that is not a Business Day, then such action shall be required to be done or taken not on such day but on the first succeeding Business Day thereafter.

(c) Headings, etc. The inclusion of a table of contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

(d) Currency. All monetary amounts in this Agreement, unless otherwise specifically indicated, are stated in U.S. currency. All calculations and estimates to be performed or undertaken, unless otherwise specifically indicated, are to be expressed in U.S. currency. All payments required under this Agreement shall be paid in U.S. currency in immediately available funds, unless otherwise specifically indicated herein. Where another currency is to be converted into U.S. currency or where a currency is to be converted into Canadian currency, in either case, it shall be converted on the basis of the exchange rate published in the Wall Street Journal for the day in question.

(e) Statutory References. Unless otherwise specifically indicated, any reference to a statute in this Agreement refers to that statute and to the regulations made under that statute as in force from time to time.

(f) Quebec References. For purposes of any assets, liabilities or Persons located in the Province of Quebec, references in this Agreement to (i) "personal property" shall include "movable property," (ii) "real property" or "real estate" shall include "immovable property," (iii) "construction liens" shall include "legal hypothecs of persons having taken part in the construction or renovation of an immovable," (iv) "beneficial ownership" shall include "ownership on behalf of another as mandatary," (v) "easement" shall include "servitude," (vi) "survey" shall include "certificate of location and plan," and (vii) "fee simple title" shall include "absolute ownership".

ARTICLE II
PURCHASE AND SALE OF ACQUIRED ASSETS

Section 2.1 Acquired Assets.

(a) On the terms and subject to the conditions set forth in this Agreement and the Sales Orders, at the Closing, Purchaser shall, and shall cause the relevant Designated Purchasers to, purchase or be assigned and assume from the relevant Sellers, and each Seller shall sell, transfer, assign, convey and deliver to Purchaser or the relevant Designated Purchasers, as applicable, all of such Sellers' right, title and interest in and to the Acquired Assets, free and clear of all Liens and Claims (other than Permitted Encumbrances and Assumed Liabilities).

(b) The term "Acquired Assets" means all of the properties, rights, interests and other assets of Sellers, whether tangible or intangible, real, personal or mixed, wherever located and whether or not required to be reflected on a balance sheet prepared in accordance with GAAP, as the same shall exist as of Closing, and including the following assets of Sellers, as the same shall exist as of Closing, but in each case, expressly excluding all Excluded Assets:

(i) each Seller Contract listed on Schedule 2.1(b)(i) of the Sellers Disclosure Letter, as such Schedule may be updated from time to time in accordance with Section 2.5(c) (the "Designated Seller Contracts");

(ii) all Cash and Cash Equivalents held by Sellers;

(iii) all Purchased Deposits;

(iv) all (A) accounts receivable, notes receivable and other amounts receivable owed to any Seller (whether current or non-current), together with all security or collateral therefor and any interest or unpaid financing charges accrued thereon, including all Actions pertaining to the collection of amounts payable, or that may become payable, to any Seller with respect to Products sold or services performed on or prior to the Closing Date, (B) construction allowances and other amounts due from landlords (including in respect of prior overcharges and insurance recoveries), (C) license and royalty receivables, (D) rebate receivables from suppliers, (E) insurance claims receivables (other than to the extent related to any Excluded Liabilities) and (F) other amounts due to any Seller consistent with what the Company has classified under "trade and other receivables" in the Most Recent Seller Financial Statements (collectively, the items described in clauses (A) through (F), the "Accounts Receivable");

(v) all inventories of raw materials, manufactured and purchased parts, work in process, packaging, stores and supplies and unassigned finished goods inventories (which are finished goods not yet assigned to a specific customer order) and all other inventories consistent with what the Company has classified under "inventories" in the Most Recent Seller Financial Statements, in each case owned by any Seller and held or used in connection with the Business, including any of the above items which is owned by a Seller but remains in the possession or control of a Third Party (collectively, the "Owned Inventory");

(vi) all (A) items of tangible personal or movable property owned by any Seller that are held or used in connection with the Business, and (B) other items of tangible personal or movable property owned by Sellers, excluding, in each case, any Owned Inventory, but including all express or implied warranties with respect thereto (collectively, the "Owned Equipment");

(vii) all Intellectual Property owned by Sellers, licensed (to the extent licensed pursuant to a Designated Seller Contract) to any Seller, or which a Seller otherwise possesses valid rights to use or otherwise exploit, and that is used or held for use by a Seller in connection with the Business, including (A) the Patents listed in Schedule 2.1(b)(vii)(A) of the Sellers Disclosure Letter, (B) the Trademarks set forth in Schedule 2.1(b)(vii)(B) of the Sellers Disclosure Letter, and (C) any other Intellectual Property set forth in Schedule 2.1(b)(vii)(C) of the Sellers Disclosure Letter (collectively, the "Transferred Intellectual Property"), together with all copies and tangible embodiments of any of the foregoing (in whatever form or medium);

(viii) all Products owned by any Seller, including all products in development by Sellers;

(ix) all goodwill associated with the Business or the Acquired Assets, including the right to carry on the Business under the names "BAUER", "MISSION", "MAVERIK", "CASCADE", "EASTON" or "COMBAT";

(x) all telephone, telex and telephone facsimile numbers and other directory listings and e-mail and website addresses used in connection with the Business;

(xi) all books, records, files, documentation and sales literature owned by Sellers and in the possession or under control of Sellers that are used or held for use in connection with the Business (collectively, the "Business Information"), including (A) information, policies and procedures, Owned Equipment manuals and materials and procurement documentation used in the Business, (B) all customer lists, files, data and information relating to past and present customers and prospective customers of the Business, (C) copies of Tax records related to the Acquired Assets and (D) all books, records, files, or other documentation with respect to Employees or any former employee of any Seller (the "Employee Records"), in each case, expressly excluding any Employee Records for Employees or former employees who are not Transferred Employees except to the extent that such Employee Records are necessary to maintain and administer any Transferred Employee Plans;

(xii) all Actions of Sellers against Third Parties arising out of events occurring prior to the Closing, including and, for the avoidance of doubt, arising out of events occurring prior to the Petition Date (including those Actions listed in Schedule 2.1(b)(xii) of the Sellers Disclosure Letter) (the "Assigned Actions"), and including any rights under or pursuant to any and all warranties, representations and guarantees made by suppliers, manufacturers and contractors relating to Products sold, or services provided, to Sellers (including any refunds due from, or payments due on, claims with the insurers of any Seller in respect of losses arising prior to the Closing, but excluding any insurance proceeds to the extent related to any Excluded Liabilities);

(xiii) the Consents of Government Entities (including those listed in Schedule 2.1(b)(xiii) of the Sellers Disclosure Letter) in respect of the Business to the extent transferable at Law;

(xiv) the sponsorship of and all rights and assets under or maintained pursuant to or in connection with any Transferred Employee Plan;

(xv) (A) Periodic Tax cash refunds to the extent related to the Acquired Assets or the Business to the extent attributable to a Post-Closing Tax Period (determined in accordance with Section 6.5) and (B) refunds, credits or benefits owned by any of the Acquired Entities (collectively, the items described in clauses (A) and (B), the "Acquired Tax Assets");

(xvi) all Avoidance Actions and all rights thereunder;

(xvii) all of the Equity Interests of the Acquired Entities and the Acquired Investments and all rights (whether arising under Contract or otherwise) of Sellers in respect of the Acquired Entities and Acquired Investments; and

(xviii) all other assets (including manufacturing and intangible assets) of Sellers not specifically included in the definition of Excluded Assets.

Section 2.2 Excluded Assets. Notwithstanding anything in this Agreement or in any of the Transaction Documents to the contrary, Sellers shall retain their respective right, title and interest in and to, and Purchaser and the Designated Purchasers shall have no rights or Liabilities with respect to the right, title and interest of Sellers in and to, the following items, assets, interests and properties (collectively, the "Excluded Assets"):

(a) except with respect to any Transferred Employee Plan, the sponsorship of and all rights and assets under or maintained pursuant to or in connection with any Seller Employee Plan or any other benefit or compensation plan, program, policy, Contract, agreement or arrangement;

(b) other than the Assigned Contracts, any rights of Sellers under any Contract (including, for the avoidance of doubt, the Excluded Seller Contracts and the Non-Assigned Contracts);

(c) other than the Equity Interests of the Acquired Entities and the Acquired Investments, all shares of capital stock or other equity interests of any Seller or any of their respective Subsidiaries or securities convertible into, exchangeable or exercisable for any such shares of capital stock or other equity interests;

(d) the minute books and stock ledgers of Sellers;

(e) (i) except for those Employee Records that are necessary to maintain and administer any Transferred Employee Plan, the Employee Records for Employees or former employees who are not Transferred Employees, (ii) such portion of the Business Information to the extent that Sellers are required by Law, including Laws relating to privacy, not to disclose (*provided*, that copies of such information shall be provided to Purchaser to the extent permitted by applicable Law) and (iii) all communications, information and documents involving this Agreement, any Transaction Document or the transactions contemplated hereby or thereby;

(f) all rights of Sellers under this Agreement and the other Transaction Documents;

(g) (i) other than the Avoidance Actions, all Actions of Sellers available to such Sellers under the Bankruptcy Laws and (ii) other than those Actions listed on Schedule 2.3(a)(vi) of the Sellers Disclosure Letter, all Actions against Sellers arising out of events occurring prior to the Closing;

(h) all records prepared in connection with the sale of the Acquired Assets to Purchaser and the Designated Purchasers;

(i) any assets set forth on Schedule 2.2(i) of the Sellers Disclosure Letter;

(j) any deposits held in trust accounts to secure payment of the reasonable fees and disbursements of the professional advisors of the Canadian Debtors and U.S. Debtors and of the Monitor;

(k) other than the Acquired Tax Assets, all rights to Tax refunds, credits or similar benefits;

(l) all properties, rights, interests and other assets of Sellers to the extent exclusively used in the Inaria Sports Business;

(m) all Tax records other than the copies of such Tax records described in Section 2.1(b)(xi);

(n) all rights of any Seller and the directors and officers of any Seller under any director and officer insurance policies, including any proceeds received or receivable by such Persons thereunder; and

(o) copies of any other book, record, literature, list and any other written or recorded information constituting Business Information (the original of which has already been assigned or transferred to Purchaser or a Designated Purchaser) to which Sellers in good faith determine they are reasonably likely to need access for *bona fide* Tax or legal purposes following the Closing.

Section 2.3 Assumed Liabilities.

(a) On the terms and subject to the conditions set forth in this Agreement and the Sale Orders, at the Closing, Purchaser shall, and shall cause the relevant Designated Purchasers to, assume, become responsible for, and agree to discharge and perform when due the following Liabilities of Sellers (the "Assumed Liabilities"):

(i) all trade obligations of Sellers arising in the Ordinary Course and outstanding as of immediately prior to the Closing and that would be included in the line item "Accounts Payable" in a consolidated balance sheet of the Business as of immediately prior to the Closing prepared in accordance with GAAP and using the same accounting policies, principles and practices as were used to prepare the Most Recent Seller Financial Statements;

(ii) all accrued expenses of Sellers of the type set forth on Schedule 2.3(a)(ii) of the Sellers Disclosure Letter arising in the Ordinary Course and outstanding as of immediately prior to the Closing to the extent such accrued expenses would be included in the line item "Accrued Liabilities" in a consolidated balance sheet of the Business as of immediately prior to the Closing prepared in accordance with GAAP and using the same accounting policies, principles and practices as were used to prepare the Most Recent Seller Financial Statements;

(iii) all Liabilities of Sellers under the Assigned Contracts arising after the Closing;

(iv) all Liabilities for, or related to any obligation for, any Tax that Purchaser or any Designated Purchaser bears under Article VI;

(v) (A) the specific Liabilities of any Seller (if any) related to Employees as identified on Schedule 2.3(a)(v)(A) of the Sellers Disclosure Letter or allocated to Purchaser pursuant to Article VII, and (B) all Liabilities under any Transferred Employee Plan;

(vi) all Liabilities related to the Assigned Actions, but excluding any court costs, attorney's fees or other costs, fees or expenses accrued but unpaid as of the Closing arising from the defense or prosecution of such Assigned Actions prior to Closing;

(vii) all Liabilities of any Seller to the extent arising out of or relating to the Consents of Government Entities (including those listed in Schedule 2.3(a)(vii) of the Sellers Disclosure Letter) in respect of the Business to the extent such Consents are actually assigned to Purchaser, including (A) compliance with performance obligations or standards under such Consents and associated requirements under applicable Law, and (B) obligations to replace and/or increase bonds or other financial assurance instruments associated with such Consents, if any;

(viii) all Liabilities in connection with regulatory violations and obligations on or in relation to the Consents of Government Entities (including those listed in

Schedule 2.3(a)(viii) of the Sellers Disclosure Letter) in respect of the Business to the extent the violation or obligation first arises post-Closing;

(ix) all Liabilities to the extent arising out of or relating to the Acquired Assets' non-compliance with Environmental Law first occurring after the Closing; excluding, for the avoidance of doubt all Liabilities under Environmental Law arising from facts, conditions or circumstances first existing or first occurring on or prior to the Closing Date (whether or not disclosed on the Sellers Disclosure Letter) and also excluding any monetary fines and penalties imposed by any Government Entity for which Sellers or any of their Affiliates have received a written notice of violation or notice of claim (or other written notice of similar legal intent or meaning;

(x) Cure Costs in accordance with Section 2.5(g) (the "Assumed Cure Costs"), in an amount not to exceed, in the aggregate, an amount equal to $1,000,000, except as otherwise provided in Section 2.5(g) (the "Assumed Cure Costs Cap"); *provided*, that for the avoidance of doubt, to the extent the Cure Costs exceed the Assumed Cure Costs Cap, the amount of the Cure Costs in excess of such Assumed Cure Costs Cap (the "Excess Cure Costs") shall be not be included in the Assumed Liabilities or the Assumed Cure Costs, except as otherwise provided in Section 2.5(g); and

(xi) the Specified Assumed Liabilities.

(b) Notwithstanding the foregoing and for the avoidance of doubt, the Assumed Liabilities shall not include any fines or penalties relating to or arising out of any violation of Law by, or any Action against, any Seller or any breach, default or violation by any Seller of or under any Assigned Contract or any Transferred Employee Plan, in either case, other than amounts constituting Assumed Cure Costs.

Section 2.4 **Excluded Liabilities**. Notwithstanding any provision in this Agreement to the contrary, other than the Assumed Liabilities, neither Purchaser nor any of the Designated Purchasers shall assume or shall be obligated to assume or be obligated to pay, perform or otherwise discharge any Liability of Sellers or their Affiliates, and Sellers shall be solely and exclusively liable with respect to all Liabilities of Sellers, including the Excluded Employee Liabilities and any Liabilities arising in connection with the Van Nuys Claim (collectively, the "Excluded Liabilities"). Without limiting the generality of the foregoing, notwithstanding any other provision herein to the contrary, Purchaser is not assuming, and shall not be deemed to have assumed, and hereby disclaims, and the Excluded Liabilities shall include, each of the Liabilities of any Seller (whether arising prior to, at the time of or subsequent to Closing) set forth on Schedule 2.4 of the Sellers Disclosure Letter, as well as any Excess Cure Costs (except as otherwise provided in Section 2.5(g)), and all Liabilities resulting from any source deduction claim in favor of Revenu Quebec and/or the CRA arising from the failure to deduct, withhold or remit amounts under Tax Law on a timely basis in accordance with applicable Law (each such Liability, a "Source Deduction Liability"), and Sellers shall be solely and exclusively liable for any and all Excluded Liabilities. To the extent Purchaser assumes the Van Nuys Lease as an Assigned Contract, Sellers covenant and agree to satisfy the Van Nuys Claim in full prior to the Closing.

Section 2.5 Certain Covenants Related to Seller Contracts.

(a) Obligation to Maintain Seller Contracts Until Closing. From and after the date hereof, Sellers shall not reject or alter in any material respect (other than alterations in the Ordinary Course) the terms of Seller Contracts unless otherwise agreed to in writing by Purchaser or as provided below in Section 2.5(f). Sellers shall provide timely and proper written notice of the motion seeking entry of the Sale Orders to all parties to the Seller Contracts (excluding any Seller or Subsidiary thereof) and take all other actions reasonable and necessary to cause such Seller Contracts to be assumed by Sellers and assigned to Purchaser pursuant to Section 365 of the U.S. Bankruptcy Code or section 11.3 of the CCAA to the extent that such Seller Contracts are Assigned Contracts at Closing or are assumed and assigned to Purchaser pursuant to Section 2.1(a) of this Agreement. Without limiting or otherwise amending Seller's obligations hereunder, at the Closing or at such time as a Designated Seller Contract is assigned to Purchaser pursuant to Section 2.1(a) of this Agreement, as applicable, Purchaser shall assume the obligations under each Assigned Contract pursuant to Section 365 of the U.S. Bankruptcy Code and Section 11.3 of the CCAA and shall use commercially reasonable efforts to comply with all of the requirements of Section 365 of the U.S. Bankruptcy Code and Section 11.3 of the CCAA necessary to permit such assumption and assignment.

(b) Amendments. At Purchaser's request and sole cost and expense, Sellers shall reasonably cooperate with Purchaser (i) to allow Purchaser to enter into an amendment to any Designated Seller Contract, to be effective upon assumption by Purchaser of such Designated Seller Contract as an Assigned Contract, and shall cooperate with Purchaser to the extent reasonably requested in negotiations with the counterparties thereto, or (ii) to otherwise amend any Seller Contracts, to be effective upon assumption by Purchaser of such Designated Seller Contract as an Assigned Contract, to the extent such amendments would not adversely affect any Seller; *provided*, that Sellers shall not be required to enter into any such amendment if such amendment would result in (x) any Liability to any Seller that is not an Assumed Liability (other than *de minimis* Liabilities) or (y) an assumption by any Seller of such Designated Seller Contract, unless such Designated Seller Contract will be assigned to Purchaser or a Designated Purchaser at the time of such assumption.

(c) Excluding or Adding Assigned Contracts Prior to Closing. Purchaser shall have the right, in its sole and absolute discretion, (i) during the period commencing on the date hereof and ending on the day that is one (1) Business Day prior to the Closing Date, to notify Sellers in writing of any Designated Seller Contract that it does not wish to assume, or (ii) during the period commencing on the date hereof and ending on the day that is ten (10) Business Days prior to the date on which the Sale Hearings occur, to notify Sellers in writing of any Seller Contract (including any Contract considered an Excluded Seller Contract) that it wishes to add as a Designated Seller Contract, and Schedule 2.1(b)(i) of the Sellers Disclosure Letter shall be deemed amended accordingly for all purposes hereunder upon receipt of any such notice, in each case, without any adjustment to the Closing Purchase Price. Any Contract removed from Schedule 2.1(b)(i) of the Sellers Disclosure Letter pursuant to this Section 2.5(c) shall be deemed an Excluded Seller Contract. Any Contract added to Schedule 2.1(b)(i) of the Sellers Disclosure Letter pursuant to this Section 2.5(c) shall be deemed a Designated Seller Contract.

(d) Third Party Consents. Sellers shall (x) provide notice of the transactions contemplated by this Agreement to each counterparty to each Seller Contract and (y) use commercially reasonable efforts to obtain all Consents required to permit the assignment to Purchaser or a Designated Purchaser, as applicable, of the Acquired Assets (including each of the Designated Seller Contracts). As part of the Sale Motion (or, as necessary in one or more separate motions), Sellers shall request that by virtue of a Seller providing no less than ten (10) Business Days' notice of its intent to assume and assign to Purchaser the Designated Seller Contracts, the Bankruptcy Courts deem any non-debtor party to any such Designated Seller Contract that does not file an objection with the Bankruptcy Courts during such notice period to have given any required Consent to the assumption of such Designated Seller Contract by such Seller and assignment to Purchaser if, and to the extent that, pursuant to the Sale Order or other Order of the Bankruptcy Court, such Seller is authorized to assume and assign such Designated Seller Contract to Purchaser and Purchaser is authorized to accept such Designated Seller Contract pursuant to Section 365 of the U.S. Bankruptcy Code and Section 11.3 of the CCAA.

(e) Non-Assigned Acquired Assets. Notwithstanding anything in this Agreement to the contrary, if any Acquired Asset (including any Designated Seller Contract) is not capable of being assigned under Section 363 and Section 365 of the U.S. Bankruptcy Code or Section 11.3 of the CCAA (or, if applicable, pursuant to other applicable Laws or the terms of such Contract, Lease, or Consent) to Purchaser or a Designated Purchaser, as applicable, at the Closing without the Consent of any Third Party (including a Government Entity) and such requisite Consent has not been obtained (or deemed to have been obtained) as of the Closing (in the case of any such Contract, a "Non-Assigned Contract"), then, unless such Consent is subsequently obtained, this Agreement shall not constitute an agreement to sell, transfer or assign, directly or indirectly, such Acquired Asset (including any Non-Assigned Contract) or any obligation or benefit arising thereunder if an attempted direct or indirect sale, transfer or assignment thereof, without the Consent of a Third Party (including a Government Entity), would constitute a breach, default, violation or other contravention of the rights of such Third Party or would be ineffective with respect to any party to a Contract concerning such Acquired Asset. Any payment to be made in order to obtain any Consent required by the terms of any Non-Assigned Contract shall be the sole responsibility of Purchaser. From and after the Closing, Sellers shall (x) continue to maintain (and shall not reject or alter (or attempt to alter) the terms of) any Non-Assigned Contract unless otherwise agreed to in writing by Purchaser, (y) upon request therefor from Purchaser, provide reasonable cooperation in obtaining the Consent of any Third Party required for the assignment of such Non-Assigned Contract to Purchaser or a Designated Purchaser, as applicable, and (z) during the four (4) month period following Closing (or, if earlier, until the conversion or dismissal of the Bankruptcy Proceedings), and subject to any approval of the Bankruptcy Courts that may be required, reasonably cooperate with Purchaser, at Purchaser's sole cost and expense and as Purchaser directs, to provide to Purchaser the benefits enjoyed by Sellers in respect of such Non-Assigned Contract (including by enforcing for the account of Purchaser any rights of such Seller under such Contract (including the right to elect to terminate such Contract in accordance with the terms thereof upon the written direction of Purchaser)); *provided*, *however*, that nothing in this Section 2.5(e) shall require Purchaser to reimburse Sellers for any attorneys' fees and expenses.

(f) Rejection of Excluded Seller Contracts. As soon as practicable after the Closing Date, Sellers shall reject all Excluded Seller Contracts; *provided*, *however*, that for the avoidance of doubt, in no event shall Sellers reject any Seller Contract related to any Non-Assigned Contract without the prior written consent of Purchaser. Sellers shall be responsible for any rejection damages owing to the counterparty to an Excluded Seller Contract.

(g) Cure Costs. Sellers shall prepare an exhibit of all Designated Seller Contracts (the "Assumption Schedule") which shall (x) be filed with the Bankruptcy Courts no later than December 12, 2016 and (y) set forth the proposed Cure Costs (which proposed Cure Costs shall be submitted to Purchaser for review and comment reasonably in advance prior to filing thereof and shall provide Purchaser with such information in Sellers' possession as may be reasonably requested by Purchaser so that it may verify such Cure Costs) and an objection deadline for any counterparty to object to such proposed amounts which deadline shall be at least five (5) days prior to the Sale Hearing. On or before December 12, 2016, Sellers shall properly serve each counterparty to a Designated Seller Contract a notice, in form and substance reasonably satisfactory to Purchaser, setting forth the amount necessary to satisfy any Cure Cost. Purchaser shall pay all Assumed Cure Costs and Sellers shall pay all Excess Cure Costs, in each case, at the Closing (except to the extent later payment is otherwise agreed by the other party to each such Designated Seller Contract; *provided*, that, Purchaser may, at Sellers' option, cause a portion of the Closing Cash Payment to be paid on behalf of Sellers directly to the counterparties to the Designated Seller Contracts that are owed Excess Cure Costs and the amount so paid by Purchaser shall reduce the Closing Cash Payment paid to Sellers on a dollar-for-dollar basis. For purposes of this Agreement, Cure Costs shall be the amount included on the Assumption Schedule, as updated as specified below (without regard to any increased amount agreed to by Purchaser) or otherwise determined by the Bankruptcy Courts. Sellers shall deliver to Purchaser an updated estimate as of the Closing Date of the Cure Costs no later than ten (10) days in advance of the Closing Date. To the extent Seller Contracts are identified after the date which is ten (10) Business Days prior to the date on which the Sale Hearings occur, by Sellers or Purchaser as Seller Contracts that will be Designated Seller Contracts and, as such, added to Schedule 2.1(b)(i) of the Sellers Disclosure Letter, including pursuant to Section 2.5(c) or Section 2.5(j), Sellers shall use commercially reasonable efforts to determine the Cure Costs, if any, with respect to such Designated Seller Contracts and the Parties shall cooperate in good faith to allocate payment of such Cure Costs among the Parties.

(h) Adequate Assurances. With respect to each Assigned Contract, Purchaser will provide adequate assurance of future performance on its behalf and on behalf of its Designated Purchasers as required under the U.S. Bankruptcy Code, including Section 365(f)(2)(B) thereof, and under Section 11.3 of the CCAA and shall cause its Designated Purchasers to perform thereunder as required. Purchaser and Sellers agree that they will promptly take all actions reasonably required to assist in obtaining a Bankruptcy Court finding that there has been an adequate demonstration of adequate assurance of future performance under each Assigned Contract, such as furnishing affidavits, non-confidential financial information or other documents or information for filing with the Bankruptcy Courts and making Purchaser's and Sellers' employees and representatives available to testify before the Bankruptcy Court.

(i) Deemed Consent. For the purposes of this Agreement, the relevant Sellers shall be deemed to have obtained all required Consents in respect of the assignment of any Designated Seller Contract if, and to the extent that, pursuant to the Sale Orders, Sellers are authorized to assume and assign to the Designated Purchasers such Designated Seller Contract pursuant to Section 365 of the U.S. Bankruptcy Code or Section 11.3 of the CCAA, as applicable, and any applicable Cure Cost has been satisfied as provided in Section 2.5(g).

(j) Seller Contract Identification. Prior to the Closing, Sellers shall use reasonable commercial efforts to identify any Seller Contracts that are not listed on Schedule 2.1(b)(i) or otherwise expressly excluded from the Acquired Assets in the Sellers Disclosure Letter, and following the Closing, Purchaser and Sellers shall cooperate in identifying any such Seller Contracts, and the party identifying any such Seller Contract shall promptly notify the other party in writing of the existence thereof. Any such Seller Contract identified prior to the tenth (10th) Business Day prior to the date on which the Sale Hearings occur, shall be subject to the provisions of this Section 2.5 (including with respect to Purchaser's rights to exclude or add it under Section 2.5(c)). With respect to any such Seller Contract identified following the tenth (10th) Business Day prior to the date on which the Sale Hearings occur, Purchaser shall have the right to notify Sellers in writing that it wishes to accept the assignment of or reject such Seller Contract, and Sellers shall use reasonable commercial efforts to take all actions reasonably necessary to cause such Seller Contracts to be assigned to Purchaser or rejected by Sellers, as the case may be (including by providing notice and paying any Excess Cure Costs in a manner otherwise consistent with this Section 2.5). For the avoidance of doubt, no further purchase price or other amounts shall be payable by Purchaser to Sellers in respect of any such assignment or rejection.

Section 2.6 Purchase Price.

(a) Payment of Purchase Price. Pursuant to the terms and subject to the conditions set forth in this Agreement, in consideration of the sale of the Acquired Assets pursuant to the terms hereof, Purchaser, on its own behalf and as agent for the relevant Designated Purchasers, shall (a) assume from Sellers the Assumed Liabilities, and (b) subject to the remaining provisions of this Section 2.6 and provisions of this Agreement regarding application of the Deposit, pay to Sellers an amount (the "Closing Purchase Price") in cash equal to (i) the Base Purchase Price, *plus* or *minus*, as applicable (ii) the amount of the Property Tax Adjustment, as determined in accordance with the terms of Section 6.5, *minus* (iii) the Specified Assumed Liability Deduction Amount, *minus* (iv) the PCR AE Holdback Amount. Purchaser and Sellers shall use reasonable commercial efforts to agree, in good faith, upon a mutually acceptable value of the Specified Assumed Liability Deduction Amount at least two (2) Business Days prior to the Closing Date.

(b) Credit Bidding; Deposit. It is understood and agreed that a portion of the Closing Purchase Price will be used by Sellers to repay all outstanding obligations outstanding at the Closing under the DIP Credit Agreement (the "Repayable DIP Obligations"). Unless the Repayable DIP Obligations are or will be $0 as of Closing as a result of borrowings under an Alternative DIP Credit Agreement (disregarding, for the avoidance of doubt, any repayment or deemed repayment as a result of the consummation of the transactions), at any time prior to the Closing, Purchaser may deliver written notice to Sellers that it has elected to pay a portion of the Closing Purchase Price by offsetting amounts owed to Purchaser or one or more direct or indirect investors in Purchaser, or an Affiliate of the foregoing, in an aggregate amount not to exceed the Repayable DIP Obligations. The portion of the Closing Purchase Price so specified by Purchaser (the "Credit Bid Amount") shall reduce, on a dollar-for-dollar basis, the cash portion of the

Closing Purchase Price payable by Purchaser at Closing and Purchaser shall, subject to the remaining provisions of this Section 2.6, pay the portion of Closing Purchase Price in excess of the Credit Bid Amount to Sellers in cash (the "Closing Cash Payment"). The offset will be effected by Purchaser tendering the obligation underlying the Credit Bid Amount to the appropriate Seller, determined in accordance with Section 2.6. To the extent that the Credit Bid Amount is less than the Repayable DIP Obligations (the "Shortfall Amount"), Sellers shall remain liable to repay the Shortfall Amount to the lenders under the DIP Credit Agreement. The Deposit Escrow Agent shall hold the Deposit pursuant to the Deposit Escrow Agreement. The Deposit, plus all accrued interest or earnings thereon (net of any amounts withheld in accordance with Section 6.3(a)), if any, shall be returned to Purchaser or paid to Sellers as provided for in Section 9.2(g) or upon Closing, applied towards the Closing Cash Payment in accordance with Section 2.7 hereof.

(c) Purchase Price Allocation.

(i) Prior to the Closing, Sellers and Purchaser shall mutually agree on an allocation of the Closing Purchase Price between assets to be acquired from Sellers that are organized in the U.S., Sellers that are organized in Canada and Sellers, if any, that are organized outside of the U.S. and Canada (the "Initial Allocation"), which allocation shall (1) allocate between fifty-five percent (55%) and sixty-seven percent (67%) percent of the amount by which the Closing Purchase Price exceeds the net book value of current assets acquired by Purchaser from Sellers, to the non-current assets acquired by Purchaser from Sellers that are organized in the U.S, and (2) allocate a portion of the Closing Purchase Price to current assets acquired by Purchaser from Sellers based on the net book value of such current assets ("Initial Allocation Principle"); *provided*, that, if Sellers and Purchaser are unable to agree on such Initial Allocation at least ten (10) Business Days prior to Closing, then the Initial Allocation shall be resolved by a nationally recognized accounting firm mutually agreed upon by Sellers and Purchaser, and Sellers, on the one hand, and Purchaser, on the other, shall each bear 50% of the costs of such accounting firm. The accounting firm shall resolve such dispute in a manner consistent with the Initial Allocation Principle.

(ii) Within thirty (30) days of the Closing, Purchaser shall deliver to Sellers a proposed allocation schedule(s) (the "Asset Allocation Schedule(s)") allocating the Closing Purchase Price (plus specific allocation of the Assumed Liabilities that are treated as part of the purchase price for income Tax purposes, as applicable) on a dollar basis among Sellers, the Acquired Entities, the Acquired Investments and the remaining Acquired Assets; *provided*, that, (A) such schedule shall be prepared in a manner consistent with the principles described on Schedule 2.6(c) (unless otherwise required by a change in applicable Law), and (B) with respect to the Acquired Assets that were acquired from Sellers that are United States persons within the meaning of Section 7701(a)(30) of the Code, such schedule shall be prepared in a manner consistent with Section 1060 of the Code. The parties shall file all Tax Returns in accordance with the Asset Allocation Schedule(s) and not take any other action inconsistent therewith unless otherwise required by a final determination of a Tax Authority.

(iii) Sellers shall have a period of ten (10) Business Days after the delivery of the Asset Allocation Schedule (the "Response Period") to present in writing to Purchaser notice of any objections Sellers may have to the allocations set forth therein (an

"Objections Notice"). Unless Sellers timely object, such Asset Allocation Schedule shall be binding on the parties without further adjustment, absent manifest error.

(iv) If Sellers shall raise any objections within the Response Period, Purchaser and Sellers shall negotiate in good faith and use their reasonable best efforts to resolve such dispute. If the parties fail to agree within fifteen (15) Business Days after the delivery of the Objections Notice, then the dispute shall be resolved by a nationally recognized accounting firm mutually agreed upon by Sellers and Purchaser, and Sellers, on the one hand, and Purchaser, on the other, shall each bear fifty percent (50%) of the costs of such accounting firm.

(v) The parties shall file their Tax Returns consistent with the Initial Allocation and the Asset Allocation Schedule, in each case, as finally determined pursuant to this Section 2.6(c).

(vi) For purposes of calculating any Transfer Taxes payable by Purchaser (and any Designated Purchasers) in connection with Acquired Assets situated in Canada under Section 6.1(a), the Initial Allocation shall include any relevant categories of property necessary to determine the applicable Transfer Taxes and the provinces in which the Acquired Assets are situated.

Section 2.7 Closing of the Transactions Contemplated by this Agreement.

(a) Closing; Closing Date. The completion of the purchase and sale of the Acquired Assets and the assumption of the Assumed Liabilities (the "Closing") shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019, commencing at 10:00 a.m. local time on the date that is two (2) Business Days after the day upon which the Monitor's Certificate has been delivered, all of the conditions set forth under Article VIII (other than conditions to be satisfied at the Closing, but subject to the waiver or fulfillment of those conditions) have been satisfied or, if permissible, waived by Sellers and/or Purchaser (as applicable), or on such other place, date and time as shall be mutually agreed upon in writing by Purchaser and Sellers (the day on which the Closing takes place being the "Closing Date"). Legal title, equitable title and risk of loss with respect to the Acquired Assets will transfer to Purchaser or the relevant Designated Purchasers, and the Assumed Liabilities will be assumed by Purchaser or the relevant Designated Purchasers, at the Closing. Notwithstanding any provision herein to the contrary, at the Closing, the purchase and sale of any Equity Interests included in the Acquired Assets will occur immediately before the sale of the other Acquired Assets and the assumption of the Assumed Liabilities.

(b) Deliveries at the Closing.

(i) Deliveries by Purchaser and the Designated Purchasers. At the Closing, on the terms and subject to the conditions set forth herein, (A) Purchaser shall deliver to (1) the Monitor, in the case of the Canadian Debtors, and (2) the Debtor Estates, in the case of the U.S. Debtors, as distribution agents for Sellers, an aggregate amount equal to (x) the Closing Cash Payment, *minus* (y) the Deposit, *plus* (z) an amount equal to the Work Fee, by wire transfer in immediately available funds to accounts designated at least two (2) Business Days prior to the Closing Date by the Monitor, in the case of the Canadian Debtors, and the Debtor Estates, in the case of the U.S. Debtors, in each case, in a written notice to Purchaser; and (B) Purchaser and each Designated Purchaser shall deliver to Sellers one or more Local Sale Agreements, executed by a duly authorized representative of Purchaser and each Designated Purchaser.

(ii) Deliveries by Sellers. At the Closing, Sellers shall deliver to Purchaser and each Designated Purchaser one or more Local Sale Agreements, executed by a duly authorized representative of each Seller, an executed copy of the Monitor's Certificate and such other instruments of assignment or transfer as Purchaser or any Designated Purchaser may reasonably deem necessary in order to effect the sale, transfer and conveyance of the Acquired Assets to Purchaser or such Designated Purchaser (including applicable short-form assignments to record and perfect, to the extent possible, any issued, registered or applied for U.S. or Canadian Transferred Intellectual Property owned by any Seller).

(iii) Joint Deliveries. Each Party shall deliver, or cause to be delivered, to such other Party (A) a duly executed counterpart to each Transaction Document to which such Party is a party, (B) an executed instruction letter instructing the Deposit Escrow Agent to disburse the Deposit at the Closing to Sellers in immediately available funds to accounts designated at least two (2) Business Days prior to the Closing Date by Sellers in a written notice to the Deposit Escrow Agent, and (C) any other documents reasonably requested by such other Party in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

(iv) Other Deliveries. The closing certificates and other documents required to be delivered pursuant to this Agreement with respect to the Closing pursuant to Article VIII will be exchanged.

Section 2.8 Designated Purchaser(s); Local Sale Agreements.

(a) Designated Purchasers. Purchaser shall be entitled to designate, in accordance with the terms and subject to the limitations set forth in this Section 2.8(a), one or more of its Affiliates to (i) purchase specified Acquired Assets (including specified Assigned Contracts), (ii) assume specified Assumed Liabilities, and/or (iii) employ specified Transferred Employees on and after the Closing Date (any such Affiliate of Purchaser that shall be properly designated by Purchaser in accordance with this clause, a "Designated Purchaser"), and any reference herein to Purchaser shall be accordingly modified to include such Designated Purchaser as necessary to give effect to such designation; *provided*, *however*, that no such designation shall relieve Purchaser of any of its obligations hereunder, but any payment or performance by any Designated Purchaser shall be deemed to satisfy such payment or performance obligation of Purchaser hereunder.

(b) Notice of Designation. The designation referred to in Section 2.8(a) shall be made by Purchaser by way of a written notice to be delivered to Sellers prior to the Closing (and in no event later than the tenth (10^{th}) Business Day prior to Closing), which written notice shall identify the applicable Designated Purchaser(s) and shall indicate which Acquired Assets, Assumed Liabilities and Transferred Employees (other than Employees which are transferred by operation of Law) Purchaser intends such Designated Purchaser(s) to purchase, assume and/or employ, as applicable, hereunder and include a signed counterpart to this Agreement in the form attached hereto as Exhibit C, agreeing to be bound by the terms of this Agreement and authorizing Purchaser to act as such Designated Purchaser(s)' agent for all purposes hereunder.

(c) Local Sale Agreements. On the terms and subject to the conditions set forth herein, to the extent necessary to effect the Closing on the terms hereof, the relevant Sellers shall, and Purchaser shall, and shall cause the relevant Designated Purchasers to, enter into such agreements or instruments, including bills of sale and/or assignment and assumption agreements (the "Local Sale Agreements"), providing for (i) the sale, transfer, assignment or other conveyance to Purchaser and relevant Designated Purchasers, in accordance with the requirements of applicable local Law and this Agreement, and (ii) the assumption by the Designated Purchasers of any Assumed Liability that Purchaser intends to allocate to them. Such Local Sale Agreements shall promptly be negotiated in good faith between Sellers and Purchaser, but Sellers shall not be required to give any representations, warranties or indemnities pursuant to such Local Sale Agreements which are greater in scope or liability than those provided for in this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Sellers as of the date hereof and as of the Closing as follows:

Section 3.1 Organization and Corporate Power.

(a) Purchaser is duly organized and validly existing under the Laws of Canada. Each Designated Purchaser other than Purchaser is (or will be as of the Closing, if not yet formed or incorporated) duly organized and validly existing under the Laws of the jurisdiction in which it is organized. Each of Purchaser and the Designated Purchasers has (or will have as of the Closing, if not yet formed or incorporated) the requisite corporate power and authority to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party.

(b) Each of the Designated Purchasers is (or will be as of the Closing, if not yet formed or incorporated) qualified to do business as contemplated by this Agreement and the other Transaction Documents and to own or lease and operate its properties and assets, including the Acquired Assets, except to the extent that the failure to be so qualified would not prevent or materially delay Purchaser's or any such Designated Purchaser's ability to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement and the other Transaction Documents to which it is or will become a party.

Section 3.2 Authorization; Binding Effect; No Breach.

(a) The execution, delivery and performance of each Transaction Document to which Purchaser or any of the Designated Purchasers is a party, or is to become a party, have been duly authorized by Purchaser and the relevant Designated Purchasers, as applicable, at the time of its execution and delivery. Assuming due authorization, execution and delivery by the relevant Sellers, each Transaction Document to which Purchaser or any Designated Purchaser is a party constitutes, or upon execution thereof will constitute, a valid and binding obligation of Purchaser or such Designated Purchaser, as applicable, enforceable against such Person in accordance with its respective terms, except as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of public policy or equity.

(b) The execution, delivery and performance by each of Purchaser and the Designated Purchasers of the Transaction Documents to which Purchaser or such Designated Purchaser is, or on the Closing Date will be, a party do not and will not conflict with or result in a breach of the terms, conditions or provisions of, constitute a default under, result in a violation of, or require any Consent (other than the Antitrust Approvals) pursuant to (i) the current or eventual articles, charter, by-laws, partnership agreement or operating agreement of Purchaser or the relevant Designated Purchaser, (ii) any Contract or other document to which Purchaser or the relevant Designated Purchaser is or will become a party or to which any of its assets is or will become subject or (iii) any Laws to which Purchaser, the Designated Purchaser, or any of their assets is or will become subject, except, in the case of clause (ii) and (iii) above, for such defaults, violations, actions and notifications that would not individually or in the aggregate materially hinder, delay or impair the performance by Purchaser or the Designated Purchasers of any of their obligations under any Transaction Document.

Section 3.3 Purchaser's Acknowledgments.

(a) Purchaser is experienced and sophisticated with respect to transactions of the type contemplated by this Agreement and the other Transaction Documents. In consultation with experienced counsel and advisors of its choice, Purchaser has conducted its own independent review, analysis and investigations of the Business, the Acquired Assets, the Assumed Liabilities, and the rights and obligations it is acquiring and assuming under this Agreement and the other Transaction Documents, as it deems necessary and appropriate in connection with the execution and delivery of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby.

(b) Purchaser acknowledges and agrees that:

(i) except for the representations and warranties expressly set forth in Article IV, Purchaser has not relied on any representation or warranty from Sellers or any Affiliate of any such Person or any employee, officer, director, accountant, financial, legal or other representative of Sellers, in determining whether to enter into this Agreement and none of Sellers or any other Person (including any officer, director, member or partner of any Seller or its Affiliates) shall have or be subject to any liability to Purchaser, or any other Person, resulting from Purchaser's use of any information, documents or materials made available to Purchaser in any "data rooms", management presentations, due diligence or in any other form in expectation of the transactions contemplated by this Agreement or the other Transaction Documents;

(ii) except for the representations and warranties expressly set forth in Article IV, none of Sellers or any employee, officer, director, accountant, financial, legal or other representative of Sellers, has made or will be deemed to have made any representation or warranty, statutory, express or implied, written or oral, at Law or in equity, as to the Business (or the value or future thereof, including with respect to pro forma financial information, financial projections or other forward-looking statements of Sellers), the Acquired Assets (including any implied representation or warranty as to the condition, merchantability, suitability or fitness for a particular purpose of any of the Acquired Assets, the Assumed Liabilities or any Affiliate of any such Person or the accuracy or completeness of any information regarding any of the foregoing that Sellers or any other Person furnished or made available to Purchaser and its representatives (including any projections, estimates, budgets, offering memoranda, management presentations or due diligence materials)), Sellers' operations, assets, stock, Liabilities or prospects, or the transactions contemplated by this Agreement or the Transaction Documents, and Purchaser will make no claim with respect thereto;

(iii) except for the representations and warranties expressly set forth in Article IV, and subject to the terms of the Bankruptcy Consents, Purchaser or any Designated Purchaser shall acquire the Acquired Assets on an "as is" and "where is" basis without any warranty whatsoever, legal or conventional, at Purchaser's own risk;

(iv) the enforceability of this Agreement against Sellers is subject to receipt of the Bankruptcy Consents; and

(v) notwithstanding anything to the contrary contained herein, Purchaser's obligations to consummate the transactions contemplated by this Agreement or other Transaction Documents are not conditioned or contingent in any way upon the receipt of financing from any Person.

(c) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN Article IV, PURCHASER ACKNOWLEDGES THAT SELLERS HAVE NOT GIVEN AND WILL NOT BE DEEMED TO HAVE GIVEN ANY OTHER REPRESENTATIONS OR WARRANTIES, STATUTORY, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AND, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ANY AND ALL CONDITIONS, WARRANTIES OR REPRESENTATIONS EXPRESSED OR IMPLIED PURSUANT TO THE *SALE OF GOODS ACT* (ONTARIO), THE CIVIL CODE OF QUÉBEC OR SIMILAR LEGISLATION DO NOT APPLY HERETO AND ARE HEREBY WAIVED BY PURCHASER.

Section 3.4 Brokers. Except for fees and commissions that will be paid by Purchaser, no broker, finder or investment banker is entitled to any brokerage, finder's or similar fee or commission in connection with the transactions contemplated by this Agreement and the other Transaction Documents based upon arrangements made by or on behalf of Purchaser or any of its Affiliates.

Section 3.5 GST and QST Registration. Purchaser, if it is acquiring Acquired Assets in Canada, and each Designated Purchaser that acquires Acquired Assets in Canada, shall be duly registered for the purposes of the Tax imposed under Part IX of the *Excise Tax Act* (Canada) and under *An Act respecting the Québec Sales Tax*, effective on or before the Closing Date, and shall provide to Sellers its registration numbers under those statutes promptly upon receipt of same from the relevant Tax Authority.

Section 3.6 Financing. Purchaser has delivered to Sellers true and correct copies of (i) an executed equity commitment letter (the "Equity Commitment Letter") to Purchaser from Sagard Holdings Inc. and Fairfax Financial Holdings Limited (the "Sponsors") pursuant to which the Sponsors have committed to provide Purchaser with equity financing in the amount, and on the terms and subject to the conditions, set forth therein (the "Equity Financing") for purpose of funding a portion of the Closing Purchase Price, and (ii) an executed debt commitment letter to Purchaser from the Debt Financing Sources party thereto (including all exhibits, schedules, annexes and amendments thereto in effect as of the date hereof (other than any fee letters), collectively, the "Debt Commitment Letter" and, together with the Equity Commitment Letter, the "Commitment Letters") pursuant to which the Debt Financing Sources named therein have committed to lend to Purchaser the amounts set forth therein (the "Debt Financing" and, together with the Equity Financing, the "Financings") for the purpose of funding a portion of the Closing Purchase Price. As of the date hereof, the Commitment Letters are in full force and effect and to the knowledge of Purchaser, have not been (and the respective commitments contemplated thereby have not been) withdrawn or terminated or otherwise amended or modified in any respect (except in a manner contemplated or permitted by Section 5.17), and, to the knowledge of Purchaser, no such amendment, modification, withdrawal or termination is contemplated. Assuming satisfaction of the conditions set forth in Section 8.1 and Section 8.3, the net proceeds from the Financings available at the Closing for such purposes will be sufficient to consummate the transactions contemplated by this Agreement at Closing. Each Commitment Letter is a legal, valid, binding and enforceable obligation of Purchaser and of the Sponsors (in the case of the Equity Commitment Letter) and, to the knowledge of Purchaser, the other parties to the Commitment Letters, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of public policy and equity. There are no agreements, side letters or other arrangements relating to the Commitment Letters that could adversely affect the availability or amount of the Debt Financing or the Equity Financing, other than as set forth in the Debt Commitment Letter and compliance with the terms of any fee letter related to the Debt Financing (which fee letter does not contain any conditions precedent or other contingencies related to the funding of the full amount of the Financings in an amount sufficient to consummate the transactions contemplated by this Agreement at Closing). As of the date hereof, no event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of Purchaser under any term or condition of the Commitment Letters. There are no conditions precedent or other contingencies related to the funding of the full amount of the Financings, other than as expressly set forth in the Commitment Letters. As of the date hereof, Purchaser has fully paid (or caused to be paid) any and all commitment fees or other fees due and payable in connection with the Commitment Letters. Assuming the satisfaction of the conditions set forth in Section 8.1 and Section 8.3, as of the date hereof and the compliance by Sellers with their obligations under Section 5.17(a), Purchaser has no reason to believe that any of the conditions to availability and funding of the Debt Financing contained in the Commitment Letters will not be able to be satisfied.

Section 3.7 **Investment Canada Act**. Purchaser is not a Non-Canadian within the meaning of the Investment Canada Act.

Section 3.8 **Qualification**.

(a) To the Knowledge of Purchaser, there exist no facts or circumstances that would cause, or be reasonably expected to cause, Purchaser and/or its Affiliates not to qualify as "good faith" purchasers under Section 363(m) of the U.S. Bankruptcy Code.

(b) As of the Closing, Purchaser reasonably believes it will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f)(2)(B) of the U.S. Bankruptcy Code with respect to the Assigned Contracts.

(c) Purchaser reasonably believes that, as of the Closing, it will be capable of satisfying the conditions contained in Section 11.3 of the CCAA with respect to the Assigned Contracts as of the date of the Sale Motion. As of the Closing, Purchaser will be capable of satisfying the conditions contained in Section 36(7) of the CCAA.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLERS

Each of Sellers jointly and severally represents and warrants to Purchaser, subject to such exceptions as are disclosed in the Sellers Disclosure Letter (but in each case subject to the qualifications, limitations and other provisions of the Sellers Disclosure Letter, including as set forth on the cover page thereto), as of the date hereof and as of the Closing as follows:

Section 4.1 **Organization and Corporate Power**.

(a) Each Seller is duly organized and validly existing under the Laws of the jurisdiction in which it is organized. Each Seller is in good standing in each of the jurisdictions in which the ownership or leasing of its properties or the conduct of its businesses requires such qualification, except where the failure to so qualify or be licensed has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Subject to the entry of the Bidding Procedures Orders and the Sale Orders from the U.S. Bankruptcy Court and the CCAA Court in connection with the transactions contemplated hereby and in the other Transaction Documents (collectively, the "Bankruptcy Consents"), each of Sellers has the requisite corporate or partnership power and authority to own or lease and to operate and use the Acquired Assets and carry on the Business as now conducted and to enter into, deliver and perform its obligations pursuant to each of the Transaction Documents to which it is or will become a party.

(b) Each of Sellers is qualified to do business and to own and operate its Acquired Assets, as applicable in each jurisdiction in which its ownership of property or conduct of business relating to the Business requires it to so qualify, except to the extent that the failure to be so qualified has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.2 Subsidiaries and Investments.

(a) Schedule 4.2(a) of the Sellers Disclosure Letter sets forth, with respect to each Seller, the name of each Person in which such Seller holds any Equity Interests, as well as the number, type, class and series of such Equity Interests issued to such Seller. Except as set forth in Schedule 4.2 of the Sellers Disclosure Letter, Sellers do not, directly or indirectly, own, of record or beneficially, any Equity Interest in any Person.

(b) Each of the Acquired Entities is duly formed or organized, validly existing and in good standing (or its equivalent, if applicable) under the applicable Laws of the jurisdiction of its incorporation or organization, has all requisite corporate or other organizational power and authority to own its properties and to carry on its businesses as now conducted and is qualified to do business and is in good standing (or its equivalent) in every jurisdiction in which its ownership of property or its conduct of business as now conducted requires it to qualify, except in each such case where the failure to be so qualified would not have a Material Adverse Effect. Except as set forth on Schedule 4.2(b) of the Sellers Disclosure Letter, with respect to each Acquired Entity, there are no (i) authorized, issued or outstanding Equity Interests of such Acquired Entity, or agreement regarding the sale or transfer of Equity Interests of such Acquired Entity, (ii) securities convertible or exchangeable into any Equity Interest of such Acquired Entity, (iii) options, warrants, purchase rights, subscription rights, preemptive rights, conversion rights, exchange rights, calls, puts, rights of first refusal or other rights, contracts or agreements that provide for or require such Acquired Entity to issue, sell or otherwise cause to become outstanding or to acquire, repurchase or redeem any Equity Interest of such Acquired Entity, or (iv) stock appreciation, phantom stock, profit participation or similar rights with respect to such Acquired Entity. Except as set forth on Schedule 4.2(b) of the Sellers Disclosure Letter, each outstanding Equity Interest of each Acquired Entity held by any Seller or any Acquired Entity is duly authorized, validly issued, fully paid and nonassessable (as applicable), was issued free of preemptive or similar rights and has been issued pursuant to a valid exemption from registration under all applicable Laws.

(c) Schedule 4.2(c) of the Sellers Disclosure Letter sets forth (i) the address (including city, county, state, or other jurisdiction and zip code) of each Acquired Investment and (ii) the jurisdiction of formation or organization of each Acquired Investment. Schedule 4.2(c) of the Sellers Disclosure Letter sets forth an accurate and, to the Knowledge of Sellers, a complete listing of the percentage of outstanding Equity Interests of each Acquired Investment held by any Seller or, as applicable, any Acquired Entity.

(d) A list of all of the Organizational Documents of each Acquired Entity and (to the extent in Sellers' possession) each Acquired Investment, in each case as amended, as of the date hereof (collectively, the "Acquired Person Organizational Documents"), is set forth on Schedule 4.2(d) of the Sellers Disclosure Letter; true and complete copies of each of the Acquired Person Organizational Documents have been made available for review by Purchaser, which, in the case of any Acquired Investment, is only to the extent in such Seller's possession and to the Knowledge of Sellers. Except as set forth on Schedule 4.2(d) of the Sellers Disclosure

Letter, none of Sellers is, directly or indirectly, subject to any obligation or requirement to provide capital contributions to, or invest in any Person other than as set forth in the Acquired Person Organizational Documents.

(e) Except as set forth in the Acquired Person Organizational Documents, no Person is a party or subject to any agreement or understanding which affects or relates to the voting or giving of written consents (i) with respect to any Equity Interest in any Acquired Entity, or (ii) by a member of the board of managers, board of directors or other similar body of such Acquired Entity.

Section 4.3 Authorization; Binding Effect; No Breach.

(a) Subject to the receipt of the Bankruptcy Consents, the execution, delivery and performance of this Agreement by each Seller has been duly authorized by such Seller. Subject to receipt of the Bankruptcy Consents, and assuming due authorization, execution and delivery by Purchaser, this Agreement will constitute a legal, valid and binding obligation of each Seller, enforceable against it in accordance with its terms.

(b) Except as a result of the Bankruptcy Proceedings, the execution, delivery and, subject to the receipt of the Bankruptcy Consents, performance by each Seller of the Transaction Documents to which such Seller is, or on the Closing Date will be, a party do not and will not conflict with or result in a material breach of the terms, conditions or provisions of, constitute a material default under, result in a material violation of, result in the creation or imposition of any Lien (other than a Permitted Encumbrance or Assumed Liability) upon any of the Acquired Assets, or require any Consent (other than the Antitrust Approvals and the Bankruptcy Consents) or other action by or declaration or notice to any Government Entity pursuant to (i) the articles, charter, by-laws, partnership agreement or operating agreement of the relevant Sellers or any Acquired Entity, (ii) any Material Contract (assuming each Material Contract is an Assigned Contract) to which the relevant Seller is a party or to which any of its Acquired Assets is subject, (iii) any material Order to which any Seller or any of the Acquired Assets are subject, or (iv) any material Laws to which any Seller or any of the Acquired Assets are subject.

Section 4.4 Title to Tangible Assets. Immediately prior to Closing, Sellers will have, and, upon delivery to Purchaser on the Closing Date of the instruments of transfer contemplated by Section 2.8(c), and subject to the terms of the Sale Orders, Sellers will thereby transfer to Purchaser good, legal, and valid title to, or, in the case of property leased or licensed by Sellers, a valid leasehold or licensed interest in, all of the Acquired Assets, free and clear of all Liens, except (i) for the Assumed Liabilities and (ii) for Permitted Encumbrances.

Section 4.5 Material Contracts.

(a) Schedule 4.5(a) of the Sellers Disclosure Letter sets forth a complete list, as of the date hereof, of each of the following Contracts to which a Seller or an Acquired Entity is a party (each such Contract set forth, or required to be set forth, upon Schedule 4.5(a) of the Sellers Disclosure Letter, a "Material Contract"):

(i) in the most recent fiscal year of Sellers resulted in, or is reasonably expected by its terms in the future to result in, the payment or receipt by Sellers or the Acquired Entities, taken as a whole, of more than $1,000,000 per annum in the aggregate;

(ii) materially restricts the Business from engaging in any business activity anywhere in the world;

(iii) is a material joint venture Contract or partnership or which otherwise involves the sharing of profits, losses, costs or liabilities in any material fashion with any other Person;

(iv) is a material Contract (x) pursuant to which rights in, to, or under Transferred Intellectual Property are granted (including pursuant to which such Intellectual Property is licensed by or to the Company), or (y) that contains a covenant not to sue or a co-existence agreement involving Transferred Intellectual Property, in each case, other than (A) non-exclusive licenses of generally commercially available Software with aggregate annual license, maintenance, or other fees of less than $100,000, and (B) confidentiality agreements executed in the Ordinary Course;

(v) has as a party thereto any Material Customer, Material Supplier or Material Licensor (other than purchase orders executed or submitted in the Ordinary Course);

(vi) is an employment or consulting Contract (other than customary offer letters that do not contain direct severance terms), transaction bonus or retention agreement, or change in control or severance agreement;

(vii) is a Collective Labor Agreement;

(viii) is a Contract relating to any loan or advances to, or any investments in, any Person (other than another Seller or Acquired Entity or advances of expenses to employees in the Ordinary Course);

(ix) is a Contract relating to any Indebtedness of any Seller or Acquired Entity (A) mortgaging, pledging or otherwise placing a Claim or Lien on any material portion of the assets of any Seller, (B) guarantying any obligation of any Third Party or (C) that otherwise involves Indebtedness in excess of $1,000,000; *provided*, that any Contract that is solely between or among Sellers, on the one hand, or solely between and among the Acquired Entities, on the other hand, shall be excluded from this clause (ix);

(x) is a letter of credit, performance bond or similar guarantee or credit support obligation;

(xi) is a Lease;

(xii) is a Contract under which any Seller or Acquired Entity is the lessor or sublessor of any real property; or

(xiii) is a Contract under which any Seller or Acquired Entity is lessee of, or holds or operates any personal property owned by any other party, involving annual payments by Sellers or the Acquired Entities in excess of $250,000.

(b) Each Material Contract is in full force and effect and is a valid and binding obligation of the Seller party thereto and, to the Knowledge of Sellers, the other parties thereto, in accordance with its terms and conditions, except as such enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors' rights generally or general principles of public policy or equity. Upon entry of the Sale Orders and payment of any applicable Cure Costs, (i) no Seller or Acquired Entity will be in material breach or material default of its obligations under any of the Material Contract that are Assigned Contracts (ii) no condition will exist that with notice or lapse of time or both would constitute a default under any of the Material Contracts that are Assigned Contracts, and (iii) to the Knowledge of Sellers, no other party to any of the Material Contracts that are Assigned Contracts is in material breach or material default thereunder.

(c) Sellers have made available to Purchaser a true, correct and complete copy of each Material Contract, together with all amendments, waivers or other changes thereto.

Section 4.6 Intellectual Property.

(a) Except as set forth on Schedule 4.6(a)(i) of the Sellers Disclosure Letter, the Transferred Intellectual Property includes all of the material Intellectual Property that is necessary for the conduct of the Business, and Sellers own, or have a valid right to use, free and clear of all Liens (other than Permitted Encumbrances), all material Transferred Intellectual Property. (i) To the Knowledge of Sellers, all material Trademarks owned by Sellers and included in the Transferred Intellectual Property (the "Material Owned Trademarks") that are registered with the United States Patent and Trademark Office or applicable foreign offices are in compliance with all material requirements of such applicable registration offices; (ii) to the Knowledge of Sellers, no Person possesses any rights that would restrict or conflict with the use by Sellers of the Material Owned Trademarks; (iii) all products and materials bearing a registered Material Owned Trademark also bear the proper federal registration notice where required by applicable Law; and (iv) Sellers have used commercially reasonable efforts to enforce appropriate quality control measures to maintain the validity and enforceability of the Material Owned Trademarks that they have licensed or otherwise permitted any other Person to use.

(b) Schedule 4.6(b) of the Sellers Disclosure Letter sets forth a true, correct, and complete list (including for each item the owner name(s), registration or application number, and jurisdiction), as of the date hereof, of all U.S., Canadian and other non-U.S. (i) issued Patents, and all pending applications for Patents, (ii) registered Trademarks, and all pending applications for Trademark registration, (iii) registered Copyrights, and all pending applications for Copyright registration, and (iv) domain names, in each case which is owned by a Seller. To the Knowledge of Sellers, all of the Intellectual Property required to be set forth in Schedule 4.6(b) of the Sellers Disclosure Letter is subsisting, valid, and enforceable, subject to any applicable bankruptcy, insolvency (including Laws related to fraudulent transfers), reorganization, moratorium or similar Law.

(c) (i) To the Knowledge of Sellers, the conduct of the Business (including the products and services currently sold, or in the past three (3) years, or provided by or on behalf of Sellers) does not infringe, misappropriate, or otherwise violate, any Person's Intellectual Property in any material respect; (ii) except as set forth on Schedule 4.6(c)(ii) of the Sellers Disclosure Letter, no such claims or Actions have been asserted or, to the Knowledge of Sellers, threatened in writing against any Seller or any other Person within the past three (3) years; (iii) to the Knowledge of Sellers, no Person is infringing, misappropriating, or otherwise violating, any Transferred Intellectual Property owned by Sellers; (iv) no such claims or Actions have been asserted or threatened against any Person by Sellers or any other Person within the past three (3) years; and (v) no Seller has received any written claim contesting the ownership, use, validity, registrability, or enforceability of any material Transferred Intellectual Property. Except as disclosed on Schedule 4.6(c)(ii) of the Sellers Disclosure Letter, none of the material Transferred Intellectual Property is subject to any outstanding consent, settlement, or Order materially restricting the use or ownership thereof by Sellers.

(d) Except as set forth on Schedule 4.6(d)(i) of the Sellers Disclosure Letter, Sellers have taken commercially reasonable measures to maintain, enforce, and protect the confidentiality of the Transferred Intellectual Property. To the Knowledge of Sellers, each past and present employee, consultant, or contractor of Sellers who has developed material Transferred Intellectual Property or had access to material confidential information used or held for use in the Business, has entered into a written agreement pursuant to which such Person (i) agrees to protect the confidentiality of trade secrets and other confidential information of the Business, and (ii) where such Person has been involved in the conception, development, reduction to practice or other creation of any material Transferred Intellectual Property, assigns to one of the Sellers all of such Transferred Intellectual Property, without any Liens or restrictions whatsoever on the use or ownership of such Transferred Intellectual Property, in accordance with applicable Laws, and each such agreement is valid and enforceable in accordance with its terms, and to the Knowledge of Sellers, no such Person has breached any such agreement.

(e) Except as set forth on Schedule 4.6(e) of the Sellers Disclosure Letter, the consummation of the transactions contemplated by this Agreement will not result in the loss or impairment of or payment of any additional material amounts (such additional amounts, for clarity, being in excess of the amounts that would otherwise be due and payable pursuant to the terms of a Contract, had the consummation of the transactions not occurred) with respect to, nor require the consent of any other Person in respect of, Purchaser's or Designated Purchasers' right to own, use, or hold for use any of the Transferred Intellectual Property or Business Systems in a manner identical to the manner in which such Transferred Intellectual Property and Business Systems were owned or used by Sellers in the conduct of the Business immediately prior to the Closing Date.

(f) Except as set forth on Schedule 4.6(f)(i) of the Sellers Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) to the Knowledge of Sellers, there has not been any failure, breakdown, continued substandard performance or other adverse events, including breaches or unauthorized access, that has occurred with respect to any Software, hardware, network or other computer systems owned, licensed or leased by Sellers and used in the operation of the Business (collectively, the "Business Systems"); and (ii) Sellers have taken commercially reasonable actions to protect the confidentiality, integrity and security of the Business Systems (and all information and transactions stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption, including the implementation of, and compliance with, commercially reasonable (A) data backup, (B) disaster avoidance and recovery procedures, and (C) business continuity procedures.

(g) Except as set forth on Schedule 4.6(g) of the Sellers Disclosure Letter, (x) Sellers are, and for the twenty-four (24) months immediately preceding the date of this Agreement have been, in material compliance, in connection with the operation of the Business, with (i) all applicable data protection or privacy Laws and applicable Laws with respect to the sending of commercial electronic messages, (ii) privacy policies that concern or govern the collection or use of personal or other sensitive information, and (iii) industry standards (including, if applicable, the Payment Card Industry Data Security Standards) relating to privacy and data security; and (y) to the Knowledge of Sellers, in the twenty-four (24) months immediately preceding the date of this Agreement, there have not been any complaints, notices, audits, proceedings, or investigations conducted, or claims asserted by an Person, regarding (A) any actual or alleged security breach or other unauthorized use of or access to the Business Systems (including the data stored therein) or (B) the collection or use of personal or other sensitive information by any Person in connection with the Business.

Section 4.7 Litigation. Except for the Bankruptcy Proceedings (and the Actions related thereto), as of the date hereof, (a) there is, and for the previous three (3) years has been, no Action pending before any Government Entity and, to the Knowledge of Sellers, no Person has threatened in writing to commence any such Action, that relates to any of the Acquired Assets or the Business, that, in any such case, seeks monetary relief in an amount exceeding $250,000 for any individual claim or for a series of related claims or any equitable relief that would reasonably be expected to materially impair the operation of the Business or other regulatory or criminal penalty or that has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (b) there is no Order outstanding to which any Seller is, or any of the Acquired Assets (including any Acquired Entity) is, subject.

Section 4.8 Financial Statements. The unaudited consolidated financial statements of the Company as of May 31, 2016 and Most Recent Seller Financial Statements (including all related notes and schedules) (a) fairly presented in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries, as at the respective dates thereof, and the consolidated results of their operations, their consolidated cash flows for the respective periods then ended and changes in stockholders' equity for the respective periods then ended (subject, in the case of the unaudited statements, to normal year-end audit adjustments and to any other adjustments described therein, including the notes thereto, in each case which are not material) and (b) have been prepared in all material respects in conformity with GAAP (except, in the case of the unaudited statements, as permitted by the SEC and Canadian Securities Law) applied on a consistent basis during the periods involved (in each case, except as may be indicated therein or in the notes thereto).

Section 4.9 Compliance with Laws; Consents.

(a) No Seller and no Acquired Entity is, nor in the past three (3) years has any Seller or Acquired Entity been, in violation of any applicable Law in connection with the Business, except where such violations have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No Seller or Acquired Entity has received any notice or written claims from any Government Entity within the last three (3) years preceding the date hereof relating to any non-compliance of the Business or the Acquired Assets with any applicable Law nor is there any such notice or claim pending or, based on the Knowledge of Sellers, any such notice or claim threatened, except where such claim has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) (i) All the Consents of Government Entities necessary for the conduct of the Business as conducted on the date hereof, have been duly obtained and are in full force and effect, except where the absence of any of such Consents has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and (ii) the relevant Sellers and Acquired Entities are in compliance with the terms of each of such Consents, except where such non-compliance has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No Seller or Acquired Entity has received any notice or written claim from any Government Entity relating to any non-compliance of the Business or the Acquired Assets with such Consents, nor is there any such notice or claim pending or, based on the Knowledge of Sellers, any such notice or claim threatened, except where such non-compliance has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) In the past three (3) years, none of the Company or any of its Subsidiaries has, whether voluntarily or as a result of any action by any Government Entity or trade or consumer group, generally recalled or withdrawn (or been requested to recall or withdraw) a Product manufactured, distributed or sold by or on behalf of the Company or any Subsidiary and no such recall or proceeding is pending or, to the Knowledge of Sellers, threatened against the Company or any of its Subsidiary.

(d) In the past three (3) years, there have been no material Claims against the Company or any Subsidiary alleging any material defects in any of the services or Products manufactured, distributed or sold by or on behalf of the Company or any Subsidiary or alleging any failure of such Products or services to meet applicable specifications, warranties, or contractual commitments in any material respect.

(e) Neither the Company nor any of its Subsidiaries, nor any of their respective officers, directors or employees, nor to the knowledge of the Company, any agent or other Third Party representative acting on behalf of the Company or any of its Subsidiaries, has at any time during the past three (3) years made any unlawful payment or given, offered, promised, or authorized or agreed to give, any money or thing of value, directly or indirectly, to any Government Official or other Person in violation of any applicable Anti-Corruption Laws. The Company and its Subsidiaries have systems and controls in place that are reasonably designed to maintain complete and accurate books and records, including records of payments to any agents, consultants, representatives, Third Parties and Government Officials.

(f) The Company and its Subsidiaries have implemented and maintain in effect written policies, procedures and internal controls, including an internal accounting controls system, that are reasonably designed to prevent, deter and detect violations of applicable Anti-Corruption Laws and Trade Control Laws. During the three (3) years prior to the date hereof, neither the Company nor any of its Subsidiaries has, in connection with or relating to the business of the Company or any of its Subsidiaries, received from any Government Entity or any other Person any notice, inquiry, or internal or external allegation; made any voluntary or involuntary disclosure to a Government Entity; or conducted any internal investigation or audit concerning any actual or potential material violation or wrongdoing related to Trade Control Laws or Anti-Corruption Laws.

(g) Neither the Company nor any of its Subsidiaries, nor any of their respective officers, directors or employees, nor to the knowledge of the Company, any agent or other third party representative acting on behalf of the Company or any of its Subsidiaries, is currently, or has in the last three (3) years: (i) been a Sanctioned Person, (ii) engaged in any dealings or transactions with any Sanctioned Person or in any Sanctioned Country, to the extent such activities violated applicable Sanctions Laws; (iv) otherwise violated in any material respect applicable Trade Control Laws including, without limitation, Sanctions Laws, export control laws, valuation, classification, or duty treatment requirements of imported merchandise, the eligibility requirements of imported merchandise for favorable duty rates or other special treatment, country of origin marking requirements, and other U.S. import laws administered by U.S. Customs and Border Protection, Canadian import laws administered by the Canada Border Services Agency, and the anti-boycott Laws administered by the U.S. Department of Commerce and U.S. anti-boycott Laws.

Section 4.10 Real Property.

(a) Schedule 4.10(a) of the Sellers Disclosure Letter sets forth, as of the date hereof, (i) all unexpired leases, subleases, licenses or other occupancy agreements (collectively, the "Leases") (or other property interests) for real property under which any Seller or Acquired Entity is a lessee, licensee or occupant and that are Assigned Contracts (collectively, the "Leased Real Property"), (ii) each lease, license or occupancy agreement in favor of any Third Party affecting any Leased Real Property and (iii) all of the Actions currently pending by or against Sellers which pertain to the Leased Real Property, other than those Actions that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. None of the Sellers or any of their respective Subsidiaries owns any real property.

(b) Sellers have received all Consents that are necessary or appropriate in connection with Sellers' or any Acquired Entity's occupancy, operation, ownership or leasing of the Leased Real Property, and the present use of the Leased Real Property does not violate the Consents applicable thereto, except where the failure to receive, or violation of, a Consent has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) No Seller or Acquired Entity has received written notice, nor is there pending or, to the Knowledge of Sellers, is there any threatened (i) condemnation, eminent domain, expropriation or similar proceeding affecting the Leased Real Property except as set forth in Schedule 4.10(c) of the Sellers Disclosure Letter, (ii) proceeding to change the zoning classification of any portion of the Leased Real Property or (iii) imposition by a Government Entity of any special assessments for public betterments affecting the Leased Real Property, which in any case has had or would reasonably be expected to have, individually or in the aggregate, have a Material Adverse Effect.

(d) Upon entry of the Sale Orders and payment of the Cure Costs, (i) no Seller or Acquired Entity will be in breach or default of its obligations under any of the Leases that is an Assigned Contract, (ii) no condition exists that with notice or lapse of time or both would constitute a default under any of the Leases that is an Assigned Contract, and (iii) to the Knowledge of Sellers, no other party to any of the Leases that is an Assigned Contract is in breach or default thereunder.

(e) Except as set forth in Schedule 4.10(e) of the Sellers Disclosure Letter, each Lease is valid and subsisting, in full force and effect, unamended by oral or written agreement, and the tenant thereunder is entitled to the full benefit and advantage of each Lease in accordance with its terms.

(f) A true, correct and complete copy of each Lease has been made available to Purchaser.

Section 4.11 Environmental Matters.

(a) The Business, the Acquired Assets and the Leased Real Property are and, for the last three (3) years, have been in compliance with Environmental Laws and Sellers and the Acquired Entities have obtained and are and have been, for the last three (3) years, in compliance with all Environmental Permits, required under applicable Environmental Laws, except where failure to comply with Environmental Laws, or to obtain or comply with Environmental Permits, has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Neither Sellers nor the Acquired Entities have received any written communication from any Person, whether from a Government Entity, citizens group, employee or otherwise, alleging that the Business, the Acquired Assets or the Leased Real Property is not in compliance with Environmental Laws, except for any written communication that has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) There are no Environmental Claims relating to the Business, Leased Real Property or the Acquired Assets pending or threatened against any Seller or Acquired Entity, except, in each case, those Environmental Claims that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There are no current or past actions, activities, circumstances, conditions, events or incidents, including the Release, threatened Release or presence of any Hazardous Material, which would reasonably be expected to form the basis of any Environmental Claim or would reasonably be expected to give rise to any Liability under Environmental Laws relating to the Business, Leased Real Property or the Acquired Assets, except, in each case, which have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) To the Knowledge of Sellers, no Hazardous Materials are present at, on, under or adjacent to any properties (including the Leased Real Property), and neither Sellers nor the Acquired Entities have manufactured, distributed, sold, Released, or exposed any Person to, any Hazardous Materials, in each case that would reasonably be expected to result in Liabilities, including obligations for Cleanup, to any Seller or Acquired Entity pursuant to Environmental Laws, except those Liabilities or obligations that have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) Sellers have delivered or otherwise made available for inspection to Purchaser copies of all material reports, studies, audits, analyses, tests, monitoring data, Environmental Permits, or documents possessed by or under the reasonable control of Sellers and the Acquired Entities pertaining to any environmental or public or worker health and safety (as it relates to exposure to Hazardous Materials) matter with respect to the Acquired Assets, Leased Real Property or Business.

Section 4.12 Labor and Employee Benefits Matters.

(a) Schedule 4.12(a) of the Sellers Disclosure Letter contains an accurate and complete list, as of the date hereof, of all material Seller Employee Plans. Sellers have provided Purchaser with a complete and current copy of the plan document of each material Seller Employee Plan or, if such plan document does not exist, an accurate written summary of such Seller Employee Plan, together with all current booklets and current, material communications concerning such Seller Employee Plan having been provided to persons entitled to benefits under such plan and copies of all material documents relating to such Seller Employee Plan, including, as applicable: (i) the most recent trust agreements, funding agreements, insurance contracts and policies, investment management agreements, subscription and participation agreements, benefit administration contracts and financial administration contracts; (ii) the most recent financial and accounting statements and reports; (iii) the two (2) most recent actuarial reports (whether or not such reports were filed with a Government Entity) and any supplemental cost certificates filed with any Government Entity within the last two (2) plan years; and (iv) the most recent annual information returns or other returns filed with any Government Entity, and (v) any material correspondence with, any Government Entity within the thirty-six (36) months preceding the date of this Agreement.

(b) Except to the extent such disclosure is prohibited by Law, including Laws relating to privacy, Schedule 4.12(b) of the Sellers Disclosure Letter sets forth the name or employee identification number, job title, date of hire, salary or hourly rate, union/non-union status, job location, and bonus and incentive targets (as applicable) of each Employee as of the date hereof. The information contained in Schedule 4.12(b) of the Sellers Disclosure Letter in respect of the Employees (the "Employee Information") is accurate in all material respects as of the date hereof.

(c) There is no, and for the past three (3) years has not been any, actual or, to the Knowledge of Sellers, threatened strike, labor dispute, slowdown, lockout, picketing or work stoppage against Sellers or the Acquired Entities.

(d) Schedule 4.12(d) of the Sellers Disclosure Letter lists, as of the date hereof, all the Collective Labor Agreements that pertain to the Employees. In the past three (3) years, to the Knowledge of Sellers, no petition has been filed or proceedings instituted by a union, collective bargaining agent, employee or group of employees with any Government Entity seeking recognition or certification of a collective bargaining agent with respect to any Employees or former employees, and, to the Knowledge of Sellers, no organizational effort is currently being made or has been threatened by or on behalf of any union, employee, group of employees or collective bargaining agent to organize any Employees. Sellers have made available to Purchaser a true and complete copy of the Collective Labor Agreements listed in Schedule 4.12(d) of the Sellers Disclosure Letter.

(e) With respect to each Transferred Employee Plan: (i) if intended to qualify under Section 401(a), 401(k) or 403(a) of the Code, such plan and the related trust are so qualified and have received a favorable determination letter from the IRS, or such plan consists of a master or prototype plan that has received a favorable opinion letter from the IRS that has not been revoked, and to the Knowledge of Sellers there is no basis for the revocation of such letter; (ii) it is and has been established, registered, amended, funded, administered and invested in compliance in all material respects, with its terms, applicable Law and any Collective Labor Agreements, as applicable, and Sellers have not received any notice from any Person or Government Entity questioning or challenging such compliance for which Liability would remain; (iii) there is no Action, investigation by a Government Entity, or pending or threatened claims against, by or on behalf of any Transferred Employee Plan or the Acquired Assets, or the fiduciaries or administrators thereof, in their capacities as such (other than routine claims for benefits), and to the Knowledge of Sellers no fact exists that could reasonably be expected to give rise to any such Action, investigation or claim; (iv) there have not been any prohibited transactions within the meaning of Section 4975 of the Code or Section 406 of ERISA and no breaches of fiduciary duty (as determined under ERISA) with respect to any Transferred Employee Plan for which Liability would remain; and (v) all required employee and employer contributions (other than special amortization payments since the Petition Date to such plans that are Canadian registered pension plans), distributions, reimbursements, payments, premiums and expenses, to or in respect of, such Transferred Employee Plans have been timely paid in full or, to the extent not yet due, have been adequately accrued.

(f) Except as disclosed in Schedule 4.12(f) of the Sellers Disclosure Letter or any Collective Labor Agreement, Sellers have no formal plan and have made no promise or commitment, whether legally binding or not, to create any additional Seller Employee Plan, or to improve or change the benefits provided under any Seller Employee Plan.

(g) Except as set forth in Schedule 4.12(g) of the Sellers Disclosure Letter, no Acquired Assets of any Transferred Employee Plan are invested in units of a unitized trust sponsored by a Seller, and where the Acquired Assets of any Transferred Employee Plan are invested in units of a unitized trust sponsored by a Seller, no entity other than any Seller or a Person acting in relation to a Transferred Employee Plan holds units of any such unitized trust and the unitized trust has been established, qualified, invested and administered in all material respects in accordance with the terms of such unitized trust and all applicable Law.

(h) All data necessary to administer each Transferred Employee Plan is in the possession of Sellers or their agents and is in a form that is reasonably sufficient for the proper administration of the Transferred Employee Plan in accordance with its terms and all Laws and such data is complete and correct in all material respects.

(i) Except as disclosed in Schedule 4.12(i) of the Sellers Disclosure Letter, there are no unfunded liabilities in respect of any Transferred Employee Plans that are required to be funded under applicable Law, as applicable, including going concern unfunded liabilities, wind-up deficiencies and solvency deficiencies.

(j) There is no entity, other than Sellers and their respective Subsidiaries, participating in any of the Transferred Employee Plans.

(k) No Seller Employee Plan is, and no Seller or any Affiliate of any Seller has any Liability under or with respect to: (i) a "defined benefit plan" (as defined in Section 3(35) of the ERISA) or a pension plan with a "defined benefit provision" within the meaning of Subsection 147.1(1) of the Tax Act or any plan that is or was subject to Title IV of ERISA or Section 412 of the Code; or (ii) a "multiemployer plan" as defined in Section 3(37) of ERISA or the applicable Law of another jurisdiction.

(l) Except as set forth in Schedule 4.12(l) of the Sellers Disclosure Letter, the consummation of the transactions contemplated by this Agreement (whether alone or together with any other event, including the termination of employment) will not (i) entitle any Employee or former employee or any other current or former individual service provider of the Business to receive any compensation, severance pay, unemployment compensation or any other payment, in each case that would not be payable absent consummation of the transactions contemplated by this Agreement, or accelerate the time of payment, funding or vesting, or increase the amount of compensation or benefits due any such Employee or former employee or such current or former individual service provider (other than under any plan, program or arrangement with respect to which Purchaser or any Affiliate have no direct, indirect or contingent liability), (ii) give rise to any Liability under any Transferred Employee Plan, including any accelerated or increased funding requirements or any withdrawal liability, (iii) limit or restrict the right of Purchaser or any Affiliate to merge, amend or terminate any Transferred Employee Plan, or (iv) give rise to the payment of any amount that would subject any Employee or former employee or any other current or former individual service provider of the Business to Section 4999 of the Code or result in the non-deductibility of any payment under Section 280G of the Code.

(m) Except as set forth in Schedule 4.12(m) of the Sellers Disclosure Letter, no Seller Employee Plan provides welfare benefits, including death or medical benefits (whether or not insured) beyond retirement or other termination of service, other than coverage mandated solely by applicable Law, or the full costs of which are borne by participants and not by the employer or sponsor.

(n) The Business is, and for the past three (3) years has been, in compliance in all material respects with all applicable Laws respecting employment and employment practices, including all Laws respecting terms and conditions of employment, health and safety, wages and hours, worker classifications, child labor, immigration, employment discrimination, disability rights or benefits, equal opportunity, pay equity (including maintenance of pay equity), Government Entity sponsored plans, including pension, social security, withholding and payment of payroll Taxes, parental insurance, prescriptions drugs and similar plans, plant closures and layoffs, affirmative action, workers' compensation, labor relations, collective bargaining, employee leave issues and unemployment insurance. In the past three (3) years, Seller has not implemented or announced any employee layoffs or plant closings triggering obligations under the *Worker Adjustment Retraining and Notification Act* or any other foreign, state, or local Law respecting employee layoffs or plant closings.

(o) Except as set forth on Schedule 4.12(o) of the Sellers Disclosure Letter, during the past three (3) years the Business has not received (i) notice of any unfair labor practice charge or of any complaint pending or threatened against it before the National Labor Relations Board or any other Government Entity, (ii) notice of any charge or complaint with respect to or relating to it pending before the Equal Employment Opportunity Commission or any other Government Entity responsible for the prevention of unlawful employment practices, (iii) notice of the intent of any Government Entity responsible for the enforcement of labor, employment, wages and hours of work, pay equity, human rights, worker classification, child labor, immigration, or occupational safety and health laws to conduct an inspection or investigation with respect to or relating to it or notice that such inspection or investigation is in progress, (iv) notice of violation, infringement, breach or lack of compliance by any Government Entity responsible for the enforcement of labor, employment, wages and hours of work, pay equity, human rights, worker classification, child labor, immigration, or occupational safety and health laws, or (v) notice of any Action pending or threatened in any forum by any Government Entity, by any union or bargaining agent, or by or on behalf of any Employee or former employee, any applicant for employment or classes of the foregoing alleging breach of any express or implied contract of employment, any applicable Law governing labor or employment, including all Law respecting wages and hours or work, pay equity, human rights, worker classification, child labor, immigration or occupation safety and health or the termination of employment or any discriminatory, wrongful or tortious conduct in connection with the employment relationship.

(p) To the Knowledge of Sellers, no Employee is in any respect in material violation of any nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, noncompetition agreement, restrictive covenant or other obligation to a former employer of any such employee relating (i) to the ability of any such Employee to be employed by the Business or to perform their current job duties and responsibilities or (ii) to the knowledge or use of trade secrets or proprietary information, or any obligations of the same nature contained in any employment agreement.

(q) Each Transferred Employee Plan that is a "nonqualified deferred compensation plan" (within the meaning of Section 409A of the Code) complies in all material respects with the requirements of Section 409A of the Code and the regulations thereunder by its terms and has been operated in all material respects in accordance with such requirements such that no material additional Taxes are due with respect to any such arrangement under Section 409A of the Code.

(r) The Business is not a party to, or is otherwise obligated under, any contract, agreement, plan or arrangement with any current or former director, officer, employee, consultant, advisor or other service provider of the Business to provide a gross-up, indemnification, or reimbursement of or other payment for any Taxes, interest or penalties imposed by Section 409A or 4999 of the Code (or any corresponding provisions of state or local Law related to Tax). The Business has made available to Purchaser copies of calculations related to Taxes under Section 4999 of the Code and loss of deductibility under Section 280G of the Code and related interest or penalties, prepared in good faith (whether or not final) by outside accountants in connection with the transactions contemplated by this Agreement, if any, with respect to any Employee whose position is senior vice president or more senior, and upon written request of Purchaser, shall provide any additional such calculations prepared on behalf of the Business with respect to other employees as soon as practicable following the date hereof; *provided*, that this Section 4.12(r) shall not obligate Sellers to prepare or undertake to prepare any such calculations to the extent not already prepared.

Section 4.13 Taxes.

(a) All material Tax Returns required to have been filed by Sellers or any of the Acquired Entities have been duly and timely filed and are true, correct and complete in all material respects.

(b) Each Seller and each of the Acquired Entities has timely paid all material amounts of Taxes due and payable by it. The accruals and reserves with respect to Taxes (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the Most Recent Seller Financial Statements are adequate to cover all Taxes of Sellers and each of the Acquired Entities accruing or payable with respect to Tax periods (or portions thereof) ending on or before the date of the Most Recent Seller Financial Statements. All material amounts of Taxes of Sellers and each of the Acquired Entities attributable to Tax periods (or portions thereof) commencing after the date of the Most Recent Seller Financial Statements have arisen in the Ordinary Course.

(c) Sellers and each of the Acquired Entities have withheld and paid all material amounts of Taxes required to have been withheld and paid by them to the appropriate Government Entity in connection with amounts paid or owing to any employee, independent contractor, creditor, equity holder, or other Third Party.

(d) No action, suit, proceeding, claim or audit regarding a material amount of Taxes or any written notice of inquiry of any of the foregoing is pending against or with respect to Sellers and each of the Acquired Entities regarding Taxes, and no action, suit, proceeding or audit has been threatened in writing against or with respect to Sellers and each of the Acquired Entities regarding a material amount of Taxes.

(e) None of the Acquired Entities is a party to or bound by any Tax allocation or Tax sharing agreement, and none of the Acquired Entities has any current or potential obligation to indemnify any Person with respect to Taxes under Contract (other than customary written commercial agreements entered into in the Ordinary Course a principal purpose of which does not relate to Taxes), operation of Law, or U.S. Treasury Regulations Section 1.1502-6 (or applicable or similar state, local or non-U.S. Law).

(f) No written claim has ever been made by a Tax Authority in a jurisdiction where any of the Sellers or the Acquired Entities does not file Tax Returns that any Seller or any of the Acquired Entities is or may be subject to taxation by such jurisdiction.

(g) None of the Acquired Entities has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or agreement is still in effect.

(h) There are no Liens for Taxes upon any of the Acquired Assets or any of the assets of the Acquired Entities, except for Permitted Encumbrances.

(i) None of the Acquired Assets is "tax-exempt bond financed property" or "tax-exempt use property" within the meaning of Section 168 of the Code.

(j) None of the Acquired Entities is or has been a party to any "listed transaction," as defined in Code Section 6707A(c)(2) of the Code.

(k) None of the Acquired Entities (i) is or has ever been a "passive foreign investment company" within the meaning of Section 1297 of the Code, (ii) is subject to any private letter ruling of the U.S. Internal Revenue Service or any comparable or similar rulings of any Tax Authority or has entered into any "closing agreement" within the meaning of Section 7121 of the Code (or any comparable or similar provision of any Tax Law), (iii) has constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock intended to qualify under Section 355(a) of the Code or Section 361 of the Code (or any comparable or similar provision of any Tax Law), (iv) has made an election under Section 897(i) of the Code to be treated as a domestic corporation, (v) is a party to any gain recognition agreement under Section 367 of the Code or (vi) will have a material amount of taxable income that will be required under applicable Tax Law to be reported by Purchaser or any of its Affiliates, including any Acquired Entity, for a taxable period beginning after the Closing Date which taxable income was realized (or reflects economic income arising) prior to the Closing Date.

(l) No Seller that is not required to provide the certification of non-foreign status pursuant to Section 6.3(b) is transferring any "United States real property interests" (within the meaning of Section 897(c) of the Code) to Purchaser.

(m) Except as set forth in Schedule 4.13(m) of the Sellers Disclosure Letter, no Seller is, or has been, registered as a vendor for sales tax purposes under the laws of British Columbia, Saskatchewan, Manitoba or Ontario.

(n) Sellers and the Acquired Entities have deducted or withheld from every payment all amounts required by applicable Law to be deducted or withheld in respect of Taxes that could otherwise result in a Source Deduction Liability, and have remitted such amounts so deducted or withheld to the applicable Tax Authority on a timely basis in accordance with applicable Law.

Section 4.14 Absence of Certain Developments; No Undisclosed Liabilities.

(a) Except as required by Law or GAAP, and excluding the Bankruptcy Proceedings, since May 31, 2016 through the date hereof: (a) Sellers and the Acquired Entities have conducted the Business in the Ordinary Course; (b) there have not occurred any facts, conditions, changes, violations, inaccuracies, circumstances, effects or events that have constituted, or which would be reasonably likely to result in, individually or in the aggregate, a Material Adverse Effect; and (c) except as set forth in Schedule 4.14(a) of the Sellers Disclosure Letter, no Seller or Acquired Entity has taken any action (or committed to take any action) that, if taken on or after the date hereof, would require the consent of Purchaser pursuant to any of clauses (i), (iii), (v), (viii), (xvi), (xvii) or (xviii) of Section 5.7(b).

(b) The Acquired Entities do not have any Indebtedness or Liabilities of a nature required to be reflected or reserved against on the face of a balance sheet prepared in accordance with GAAP (or in the notes thereto), except Liabilities (a) incurred in connection with the ABL DIP Credit Agreement and/or the DIP Credit Agreement, (b) incurred since the date of the Most Recent Seller Financial Statements in the Ordinary Course or as required by applicable Law (none of which constitutes, results from or is related to, non-compliance with any Law or Order, any Claim or Action, or any breach of contract, breach of warranty, tort or infringement), or (c) required to be incurred under this Agreement.

Section 4.15 Material Customers, Suppliers and Licensors.

(a) Schedule 4.15(a) of the Sellers Disclosure Letter contains a correct and complete list, as of the date hereof, of the identity of the Material Customers, Material Suppliers and Material Licensors, and, as applicable, the amount of sales to, purchases from or royalties paid to each such Material Customer, Material Supplier and Material Licensor, respectively, during the twelve (12) month period ending on and as of September 30, 2016 (in the case of Material Customers and Material Suppliers) and the twelve (12) month period ending May 31, 2016 (in the case of Material Licensors).

(b) Except as set forth on Schedule 4.15(b) of the Sellers Disclosure Letter, since January 1, 2016, no Material Customer, Material Supplier or Material Licensor has canceled or terminated, and Sellers have not received, as of the date hereof, any written notice from any Material Customer, Material Supplier or Material Licensor that it intends to cancel or otherwise terminate any of its material Contracts with the Company or its Subsidiaries or to materially decrease its usage of the Products or services of, or supply of Products or services to, the Company or its Subsidiaries. To the Knowledge of Sellers, as of the date hereof, no current Material Customer, Material Supplier, or Material Licensor intends, within 90 days following the date hereof, to terminate or materially alter its business relations with the Company or any Subsidiary, either as a result of the transactions contemplated by this Agreement or otherwise.

Section 4.16 Affiliate Transactions. Except for this Agreement and the other Transaction Documents, no Affiliate or any other Person not acting at arm's length (within the meaning of the Tax Act) of any Seller (other than any other Seller or any of its Subsidiaries) (a) is a Material Customer, Material Supplier or Material Licensor (or, to the Knowledge of Sellers, a controlling equityholder thereof), (b) is a party to any Material Contract with any Seller or Acquired Entity that results in payment or receipt by the Business of more than $500,000 per annum in the aggregate, (b) has any Action against any Seller or Acquired Entity, (d) has a loan outstanding from any Seller or Acquired Entity or (c) owns any material assets that are used in the Business.

Section 4.17 Insurance. Schedule 4.17 of the Sellers Disclosure Letter lists and describes, as of the date hereof, all policies of insurance owned, held, or maintained by or for the benefit of Sellers or any Acquired Entity or insuring the Acquired Assets. Except as set forth on Schedule 4.17 of the Sellers Disclosure Letter, (a) current premiums under such policies have been paid and all such policies are valid and in full force and effect on the date hereof and no Seller or Acquired Entity is in default with respect to its obligations under any such policies and (b) no Seller or Acquired Entity has received any written notice threatening suspension, revocation, material modification or cancellation of any insurance policy or a material increase in any premium in connection therewith or informing any Seller or Acquired Entity that any coverage listed on Schedule 4.17 of the Sellers Disclosure Letter will not be available in the future on substantially the same terms as now in effect. No Seller or Acquired Entity has been denied insurance coverage based on any final determination of the applicable insurer (excluding any initial denial of coverage that is later overturned) within the past three years. No Seller or Acquired Entity has any self-insurance or co-insurance programs. All relevant insurers have been timely notified by Sellers of all pending claims or anticipated claims as required by their respective insurance policies.

Section 4.18 Banks. Schedule 4.18 of the Sellers Disclosure Letter contains a complete and correct list, as of the date hereof, of the names, locations and accounts of all banks in which any Seller or Acquired Entity has accounts or safe deposit boxes and the names of all persons authorized to draw thereon or that have access thereto. Except as set forth on Schedule 4.18 of the Sellers Disclosure Letter, no Person holds a power of attorney to act on behalf of any Seller or Acquired Entity with respect to any such accounts or safe deposit boxes.

Section 4.19 Brokers; Advisors Fees. Except for fees and commissions that will be paid or otherwise settled or provided for by Sellers, no broker, finder or investment banker is entitled to any brokerage, finder's or other similar fee or commission in connection with the transactions contemplated by this Agreement and the other Transaction Documents based upon arrangements made by or on behalf of Sellers or any of their Affiliates.

Section 4.20 Not a Non-Resident. Each Seller listed in Schedule 4.20 of the Sellers Disclosure Letter is not a non-resident of Canada within the meaning of the Tax Act.

Section 4.21 Taxable Canadian Property. Each Seller that is not listed in Schedule 4.20 of the Sellers Disclosure Letter is not selling an Acquired Asset that is used in, eligible capital property in respect of, or property described in an inventory of, a business carried on in Canada, in each case for purposes of the Tax Act or that is any other "taxable Canadian property" within the meaning of the Tax Act ("TCP") or a "taxable Quebec property" within the meaning of sections 1, 1094 and 1096 of the Taxation Act ("TQP").

Section 4.22 GST and QST Registration. Each Seller that is selling Acquired Assets in Canada is duly registered for the purposes of the Tax imposed under Part IX of the *Excise Tax Act* and, if such Seller is selling Acquired Assets in Quebec, under *An Act respecting the Québec Sales Tax* under the numbers set forth in Schedule 4.22 of the Sellers Disclosure Letter. No other Seller is registered for GST or QST purposes.

Section 4.23 Competition Act. Sellers (and their affiliates, as affiliate is defined in the Competition Act) do not have assets in Canada that exceed Canadian $400 million, or gross revenues from sales in, from or into Canada, that exceed $400 million, all as determined in accordance with Part IX of the Competition Act and the Notifiable Transactions Regulations thereunder.

ARTICLE V
COVENANTS AND OTHER AGREEMENTS

Section 5.1 Bankruptcy Actions.

(a) Sellers and Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to entry of, as applicable, the Bidding Procedures Orders and the Sale Orders. In the event of any discrepancy between this Agreement and the Bidding Procedures Orders and the Sale Orders, the Bidding Procedures Orders and the Sale Orders shall govern; provided, that nothing herein shall limit the rights of Purchaser hereunder in the event that any Bidding Procedures Order or any Sale Order differs from the forms attached hereto.

(b) On the Petition Date, Sellers shall file with the U.S. Bankruptcy Court the Sale Motions, and within two (2) Business Days of the Petition Date shall file the Sale Motions with the CCAA Court. The Sale Motions shall be served by Sellers' counsel or a Court-appointed claims agent on all parties whom Purchaser's counsel reasonably requests in writing be served. Sellers shall use their reasonable commercial efforts to have a final bid deadline for parties participating in the Auction of not later than January 4, 2017 and conduct the Auction for the Acquired Assets and Assumed Liabilities on or before January 9, 2017.

(c) Sellers shall use their reasonable commercial efforts to have each of the CCAA Court and the U.S. Bankruptcy Court enter the Sale Orders as promptly as practicable after the completion of the Auction.

(d) In the event reconsideration is sought, leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to the Bidding Procedures Orders or the Sale Orders, Sellers shall notify Purchaser as promptly as practicable of such leave to appeal, appeal or stay request and shall provide to Purchaser as promptly as practicable a copy of the related notice(s) or order(s). Sellers shall also provide Purchaser with written notice of any motion or application filed in connection with any leave to appeal or appeal from such orders.

(e) From and after the date hereof, subject to Section 5.1(h), Sellers shall not take any action that is intended to result in, or fail to take any action the intent of which failure to act would result in, the reversal, voiding, modification or staying of the Bidding Procedures Orders or, if Purchaser is the Prevailing Bidder at the Auction, the Sale Orders.

(f) From and after the date hereof, Sellers shall provide such prior notice as may be reasonable under the circumstances before filing any materials with the Bankruptcy Courts that relate, in whole or in part, to this Agreement, Purchaser or the Auction and shall consult in good faith with, and consider comments of, Purchaser regarding the content of such materials prior to any such filing.

(g) If an Auction is conducted, and Purchaser is not the prevailing party at the conclusion of such Auction (such prevailing party, the "Prevailing Bidder") but is the next highest bidder at the Auction, Purchaser shall be required to serve as a back-up bidder (the "Back-up Bidder") and keep Purchaser's bid to consummate the transactions contemplated by this Agreement on the terms and conditions set forth in this Agreement (as the same may be revised in the Auction with the consent of Purchaser) open and irrevocable in accordance with the Bidding Procedures Orders until the Extended Outside Date.

(h) Sellers shall provide Purchaser (i) any notices of default or event of default given to or received by or from, or any exercise on collateral granted to, the agent or any lender under the Alternative DIP Credit Agreement and (ii) all reports, notices or documents as and when required to be delivered to the agent or any lender under the Alternative DIP Credit Agreement.

Section 5.2 Cooperation.

(a) Prior to the Closing, upon the terms and subject to the conditions of this Agreement, each of the Parties shall use its reasonable commercial efforts to take, or cause to be taken, all actions and to do, or cause to be done, and cooperate with each other in order to do, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable (with a target Closing Date of February 2, 2017), including the preparation and filing of all forms, registrations and notices required to be filed to consummate the Closing, the taking of such actions as are necessary to obtain any requisite Consent, *provided*, that Sellers shall not be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by Purchaser) in order to obtain any Consent.

(b) Each of Sellers and Purchaser shall promptly notify the other of the occurrence, to such Party's knowledge, of any event or condition, or the existence, to such Party's knowledge, of any fact, that would reasonably be expected to result in any of the conditions set forth in Article VIII not being satisfied.

Section 5.3 Regulatory Approvals.

(a) (i) Within ten (10) Business Days following the date of this Agreement, the Parties shall determine whether the transactions contemplated by this Agreement are subject to a notification pursuant to Part IX of the Competition Act and provide to Sellers such information that is necessary for the making of such determination, and (ii) the Parties shall work together in good faith to determine as promptly as practicable whether the transactions contemplated by this Agreement are subject to (A) any other Mandatory Antitrust Approval and

(B) any other Consent of any Government Entity required to satisfy the condition set forth in Section 8.1(a).

(b) In furtherance and not in limitation of the provisions of Section 5.2, each of the Parties agrees to prepare and file as promptly as practicable after the date on which the Bidding Procedures Orders are entered into and approved by the Bankruptcy Courts (and in any event within fifteen (15) Business Days following the date thereof): (i) notification forms pursuant to Part IX of the Competition Act and a joint-request for an Advance Ruling Certificate, if the Parties determine that the transactions contemplated by this Agreement are subject to notification under Part IX of the Competition Act; (ii) an appropriate filing of a Notification and Report Form pursuant to the HSR Act and request early termination of the waiting period under the HSR Act; and (iii) all other necessary documents, registrations, statements, petitions, filings and applications for other Antitrust Approvals, and any other Consent of any other Government Entities required to satisfy the condition set forth in Section 8.1(a).

(c) If a Party or any of its Affiliates receives a request for information or documentary material from any Government Entity with respect to this Agreement or any of the transactions contemplated hereby, then such Party shall endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other Party, an appropriate response in compliance with such request.

(d) The Parties shall keep each other apprised of the status of matters relating to the completion of the transactions contemplated by this Agreement and work cooperatively in connection with obtaining the Antitrust Approvals and other Consents of a Government Entity, including:

(i) cooperating with each other in connection with filings required under the applicable Antitrust Laws or any Laws regulating foreign investment of any jurisdiction in connection with the transactions contemplated by this Agreement, and liaising with each other in relation to each step of the procedure before the relevant Government Entities and as to the contents of all communications with such Government Entities. Without limiting the generality of the foregoing, to the extent permitted by the relevant Government Entity and applicable Law, no Party will make any filing or submission in relation to the transactions contemplated hereunder without first providing the other Party with a copy of such filing or submission in draft form and giving such other Party a reasonable opportunity to discuss its content before it is filed with the relevant Government Entities, and such first Party shall consider and take account of all reasonable comments timely made by the other Party (or its external legal counsel) in this respect. To the extent that any such filing or submission contains information that is of a competitively sensitive nature, it may be provided to the other Party in a manner that omits such information and to external counsel of the other Party on an external counsel only basis;

(ii) furnishing to the other Party all information within its possession that is required for any application or other filing or submission to be made by the other Party pursuant to the applicable Antitrust Laws or any Laws regulating foreign investment of any jurisdiction in connection with the transactions contemplated by this Agreement; *provided*, *however*, that either Party will be permitted to limit any information with respect to any filing or submission made in connection with any Laws regulating foreign investment of any jurisdiction in connection with the transactions contemplated by this Agreement to such other Party's external legal counsel; *and provided*, *further*, that to the extent that any such information is of a competitively sensitive nature it may be provided only to external counsel of the other Party on an external counsel only basis;

(iii) to the extent permitted by the relevant Government Entity and applicable Law, promptly notifying each other of any communications from or with any Government Entity with respect to the transactions contemplated by this Agreement and ensuring that each of the Parties is entitled to attend any meetings with or other appearances before, and participate in any discussions with, any Government Entity with respect to the transactions contemplated by this Agreement; and

(iv) to the extent permitted by the relevant Government Entity and applicable Law, consulting and cooperating with one another in connection with all analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party in connection with proceedings under or relating to the Antitrust Laws.

(e) In addition, each of the Parties shall use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to the Parties' obligations hereunder as set forth in Section 8.1(a) to the extent the same is within its control and to use its reasonable commercial efforts to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to consummate the transactions contemplated by this Agreement, including using its reasonable commercial efforts to obtain all Antitrust Approvals and any other Consent of a Government Entity required to be obtained in order for the Parties to consummate the transactions contemplated by this Agreement.

(f) For the avoidance of doubt, the covenants under this Section 5.3 shall not apply to any action, effort, filing, Consent, proceedings, or other activity or matter relating to the Bankruptcy Courts, the Bankruptcy Proceedings and/or the Bankruptcy Consents.

(g) Purchaser shall pay any requisite filing fees in relation to any filing or application made in respect of obtaining Antitrust Approvals.

Section 5.4 Pre-Closing Access to Information.

(a) Prior to the Closing, Sellers shall (i) give Purchaser and its authorized representatives, upon advance notice and during regular business hours, reasonable access to all books, records, reports, plans, certificates, files, documents and information related to the assets, personnel, officers and other facilities and properties of the Business, (ii) permit Purchaser to make such copies and inspections thereof, upon advance notice and during regular business hours, as Purchaser may reasonably request and (iii) cause the officers of Sellers to furnish Purchaser with such unaudited financial and operating data and other information with respect to the Business as is regularly prepared in the Ordinary Course that Purchaser may from time to time reasonably request; *provided*, *however*, that (A) any such access shall be conducted at

Purchaser's expense, in accordance with Law (including any applicable Antitrust Law and Bankruptcy Law), under the supervision of Sellers' personnel and in such a manner as to maintain confidentiality and not to interfere with the normal operations of the businesses of Sellers and their Affiliates and (B) Sellers will not be required to provide to Purchaser access to or copies of any Employee Records to the extent such would be in violation of Laws relating to the protection of privacy.

(b) Notwithstanding anything contained in this Agreement or any other agreement between Purchaser and Sellers executed on or prior to the date hereof, but without limiting the scope of the representations or warranties contained herein, Sellers shall not have any obligation after the date of this Agreement to make available to Purchaser or its representatives, or provide Purchaser or its representatives with (i) any information if making such information available would (A) jeopardize any attorney-client, solicitor-client or other legal privilege or (B) potentially cause Sellers to be found in contravention of any applicable Law or contravene any fiduciary duty or agreement (including any confidentiality agreement to which Sellers or any of their Affiliates are a party), it being understood that Sellers shall cooperate in any reasonable efforts and requests for waivers that would enable otherwise required disclosure to Purchaser to occur without so jeopardizing privilege or contravening such Law, duty or agreement; or (ii) any information relating to other bids or potential bids for any of the Acquired Assets.

(c) As requested by Purchaser from time to time, Sellers shall use reasonable commercial efforts to cooperate with Purchaser in connection with Purchaser and Sellers contacting suppliers and customers of the Business.

(d) Seller shall provide Purchaser with such information as Purchaser reasonably requests regarding the sale of the Inaria Sports Business and shall not execute or deliver any Contract that results or would result in an Assumed Liability for Purchaser hereunder with respect thereto without the prior written consent of Purchaser.

Section 5.5 **Public Announcements**. Subject to (a) the provisions of Section 7.4(a) with respect to communications and announcements to the Employees and the employees of Purchaser and the Designated Purchasers and (b) the disclosure obligations imposed by Law (including any obligations under any Bankruptcy Laws) on Purchaser, the holders of an Equity Interest in Purchaser and its and their respective Affiliates. Purchaser shall, and shall cause each of the Designated Purchasers to, (i) cooperate reasonably with Sellers in the development and distribution of all news releases, other public information disclosures and announcements, including announcements and notices to customers, and suppliers, with respect to this Agreement, or any of the transactions contemplated by this Agreement and the other Transaction Documents and (ii) not issue any such announcement or statement prior to consultation with, and the written approval of, Sellers (such approval not to be unreasonably withheld or delayed); *provided*, that approval shall not be required where Purchaser determines, based on advice of counsel and after advance notice to Sellers, that such disclosure is required by Law.

Section 5.6 **Further Actions**. From and after the Closing Date, each of the Parties shall execute and deliver such documents and other papers and take such further actions as may reasonably be required to carry out the provisions of this Agreement and give effect to the transactions contemplated herein, including the execution and delivery of such assignments, deeds and other documents as may be necessary to transfer any Acquired Assets as provided in this Agreement; *provided*, that, subject to Section 5.3, neither Purchaser nor Sellers shall be obligated to make any payment or deliver anything of value to any Third Party (other than filing with and payment of any application fees to Government Entities, all of which shall be paid or reimbursed by Purchaser) in order to obtain any Consent to the transfer of Acquired Assets or the assumption of Assumed Liabilities. Without limiting the generality of the foregoing, to the extent that, from time to time after the Closing, any Party identifies any Acquired Asset that should have been transferred to Purchaser (or any Designated Purchaser) but was not so transferred, or any Excluded Asset that should have been retained by Sellers but was transferred to Purchaser (or any Designated Purchaser), the Parties shall (and shall cause their respective Affiliates to) use reasonable commercial efforts to transfer such assets to the appropriate Parties and such asset shall be deemed to be an Acquired Asset or Excluded Asset, as applicable.

Section 5.7 Conduct of Business.

(a) Sellers covenant that, except as (w) Purchaser may approve otherwise in writing as set forth below (such approval not to be unreasonably withheld or delayed), (x) otherwise expressly required by this Agreement or another Transaction Document, (y) required by Law (including any applicable Bankruptcy Law) or authorized by any Order of a Bankruptcy Court, or (z) relates solely and exclusively to any Excluded Assets or Excluded Liabilities, each Seller shall (and shall cause its respective Subsidiaries to) use reasonable commercial efforts to (i) conduct the Business in the Ordinary Course, (ii) preserve the operations, organization and goodwill of the Business and its relationships with Government Entities, customers, suppliers, vendors, lessors, licensors, licensees, contractors, distributors, agents, Employees and others having business dealings with the Business and to satisfy obligations that arise after the Petition Date when and as they become due and payable so as not to increase any Cure Costs, (iii) maintain in full force and effect policies of insurance comparable in amount and scope of coverage to that maintained as of the date of this Agreement by or on behalf of such Seller, and (iv) consult with Purchaser on all aspects of the Business as may be reasonably requested from time to time by Purchaser, including personnel, accounting and financial functions, sales and marketing, and the development and implementation of business strategies, plans and objectives.

(b) Sellers covenant that, except as (v) Purchaser may approve otherwise in writing as set forth below (such approval not to be unreasonably withheld or delayed), (w) otherwise expressly required by this Agreement or another Transaction Document, (x) required by Law (including any applicable Bankruptcy Law) or authorized by any Order of a Bankruptcy Court, (y) relates solely and exclusively to any Excluded Assets or Excluded Liabilities, or (z) disclosed in Schedule 5.7 of the Sellers Disclosure Letter, no Seller shall (and each Seller shall cause its respective Subsidiaries not to) take any of the following actions:

(i) commit to make any capital expenditure with respect to the Business other than as contemplated by the capital expenditure budget made available to Purchaser prior to the date hereof, or fail to make any capital expenditures in line with the capital expenditure budget made available to Purchaser prior to the date hereof, in each case, other than any variance therefrom not to exceed (plus or minus) five percent (5%) of such aggregate budgeted spend;

(ii) enter into any Contract or Lease for or relating to the Business with annual payments in excess of $500,000;

(iii) sell or otherwise dispose of any Acquired Assets, other than dispositions of Owned Inventory and obsolete or damaged assets in the Ordinary Course that do not exceed $500,000 in the aggregate;

(iv) grant any Lien on any Acquired Assets other than Permitted Encumbrances or Liens that may arise by operation of Law or that will be discharged prior to Closing or otherwise at Closing by operation of the Sale Orders;

(v) other than in the Ordinary Course, (A) grant any licenses or other rights to or under any Intellectual Property, or (B) acquire, abandon, permit to lapse, or otherwise dispose of any material Intellectual Property;

(vi) increase the rate of cash compensation or other fringe, incentive, equity incentive, pension, welfare or other employee benefits payable or to become payable to any the Transferred Employees, other than increases required by applicable Law or Contracts (other than Seller Employee Plans), in effect as of the date hereof that have been made available before the date hereof;

(vii) terminate, amend, modify, reject or permit to lapse or expire, or otherwise waive any rights under, any Lease or Material Contract, or, other than in the Ordinary Course, enter into any Contract which, if entered into prior to the date hereof, would have been required to have been set forth on Schedule 4.5(a) of the Sellers Disclosure Letter;

(viii) waive, release, assign, settle or compromise any material claim, litigation or arbitration relating to the Business to the extent that such waiver, release, assignment, settlement or compromise (A) imposes any binding obligation or restriction, whether contingent or realized, on the Business and/or the Designated Purchasers, or (B) waives or releases any material rights or claims that would constitute Acquired Assets;

(ix) institute any new, grant pursuant to an existing, or increase (including any increase in coverage) any existing, profit-sharing, bonus, incentive, deferred compensation, severance, insurance, pension, retirement, medical, hospital, disability, welfare or other benefit or compensation plan, program, policy, Contract, agreement or arrangement with respect to current or former directors, officers or employees of Sellers;

(x) take any action to amend or waive any performance or vesting criteria or accelerate vesting, exercisability or funding of any compensation payable or benefits to become payable or provided to any current or former director, officer or employee of the Business;

(xi) other than in connection with a Pre-Closing Reorganization, grant or make any equity awards that may be settled in capital stock, equity interests or any other securities of the Business, or the value of which is linked directly or indirectly, in whole or in part, to the price or value of any capital stock, equity interests or other securities of the Business;

(xii) enter into any Collective Labor Agreement;

(xiii) implement or announce any material employee layoffs or plant closures;

(xiv) other than as expressly permitted by this Agreement in the Pre-Closing Reorganization, declare, set aside, make or pay any dividend or other distribution in respect of the capital stock, membership interests or other Equity Interests of the Company, or repurchase, redeem or otherwise acquire any outstanding shares of the capital stock, membership interests or other securities of, or other ownership interests in, the Company;

(xv) except pursuant to, or as permitted by, the DIP Credit Agreement or except in the Ordinary Course, incur any Indebtedness (including any intra-group borrowings), enter into any material guarantee, indemnity or other agreement to secure any obligation of a Third Party or voluntarily create any Lien (other than Permitted Encumbrances) for the benefit of a Third Party over any of the Acquired Assets;

(xvi) conduct any store closings or "going out of business," liquidation or similar sales;

(xvii) in each case, with respect to the Acquired Entities, (1) make, change or rescind any material Tax election (unless required by Law) or change its fiscal year or financial or Tax accounting methods, policies or practices (unless required by Law), or settle any material Tax Action, Claim or Liability with respect to Taxes, (2) prepare and file or cause to be prepared and filed any Tax Return in a manner inconsistent with past practice (unless required by Law), (3) amend any Tax Return, (4) enter into any "closing agreement" within the meaning of Section 7121 of the Code (or any comparable or similar provision of any Tax Law) or request any Tax ruling from any Tax Authority, (5) surrender any claim for a refund of Taxes, or (6) consent to (except to the extent specifically requested in writing by a Tax Authority) or request any extension or waiver of the limitation period applicable to any Tax claim;

(xviii) make any change in any method of accounting or accounting policies other than such changes as are required by GAAP;

(xix) make any change in the nature, scope or operations of the Inaria Sports Business that would be adverse to the Business in any material respect, including by designing, developing, marketing, manufacturing, selling or distributing any non-soccer equipment, products, gear, apparel or accessories or other Products of the Business not otherwise included in the Inaria Sports Business prior to the date hereof; *provided*, *however*, that the foregoing shall not be violated by virtue of any sale or other disposition of the Inaria Sports Business; or

(xx) authorize, or commit or agree to take, any of the foregoing actions.

If a Seller desires to take any action described in this Section 5.7(b), Sellers may, prior to any such action being taken, request Purchaser's consent via an electronic mail sent to the individuals and addresses listed in Section 10.7. Purchaser shall be deemed to have consented to such action unless Purchaser notifies Sellers in writing by 11:59 p.m. (prevailing eastern time) on the fifth (5^{th}) Business Day after delivery of such email request that Purchaser does not consent to such action.

Section 5.8 Provision of Additional Information. From and after the date of this Agreement, to the extent that Sellers provide or cause to be provided to any Third Party (or their Representatives) any material information with respect to the Business in connection with any proposed Alternative Transaction involving such Third Party, Sellers (i) shall provide Purchaser with any such material information provided to any such Person that has not been previously provided to Purchaser, and (ii) will not, and will instruct their Representatives not to, disclose any material information to any such Person without first entering into an Acceptable Confidentiality Agreement with such Person. Sellers shall provide Purchaser, on a reasonably prompt basis and in any event within two (2) Business Days, notice of any formal proposal concerning an Alternative Transaction submitted by any Third Party, including the material terms and conditions thereof.

Section 5.9 Transaction Expenses. Except as otherwise provided in this Agreement or the other Transaction Documents, each of Purchaser and Sellers shall bear its own costs and expenses (including brokerage commissions, finders' fees or similar compensation, and legal fees and expenses) incurred in connection with this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby.

Section 5.10 Confidentiality.

(a) Each Recipient shall treat confidentially and not disclose, other than as expressly contemplated by this Agreement, any Confidential Information of a Discloser, except that the Recipient shall be at liberty to disclose the Confidential Information of a Discloser (i) to the Recipient's officers, directors, bidding partners, advisors, investors, potential financing sources, holders of an Equity Interest in the Recipient and their respective Affiliates, as applicable (collectively, the "Representatives"); *provided*, that such Representatives acknowledge the existence of these confidentiality obligations and agree to be bound thereby and; *provided*, *further*, that the Recipient shall not disclose Confidential Information of a Discloser to its Representatives that are direct or indirect competitors of such Discloser, and (ii) to any court of competent jurisdiction, to the extent required; *provided*, that the foregoing obligations of Purchaser shall automatically terminate at the Closing and be of no further force or effect; *provided*, *further*, that, after the date of this Agreement, Purchaser and its representatives may provide customary information to rating agencies, potential lenders and the Debt Financing Sources to the extent such rating agencies, potential lenders and the Debt Financing Sources are made aware of the confidential nature of such information.

(b) A Recipient may disclose Confidential Information only to those of its Representatives who need to know such Confidential Information for the purpose of implementing the transactions contemplated by this Agreement. No Recipient shall use, nor permit its Representatives to use, Confidential Information for any other purpose nor in any way that is, directly or indirectly, detrimental to the applicable Discloser.

(c) If a Recipient or any of its Representatives receives a request or is legally required to disclose all or any part of the Confidential Information of a Discloser, such Recipient shall (i) immediately notify the Discloser of the request or requirement, (ii) consult with the Discloser on the advisability of taking legally available steps to resist or narrow the request or lawfully avoid the requirement, and (iii) if requested by the Discloser, take all necessary steps to seek a protective order or other appropriate remedy. If a protective order or other remedy is not available, or if the Discloser waives compliance with the provisions of this Section 5.10(c), (A) the Recipient receiving the request for disclosure or its Representatives, as the case may be, may disclose to the Person requiring disclosure only that portion of the Confidential Information which such Recipient is advised by written opinion of counsel is legally required to be disclosed, and (B) such Recipient shall not be liable for such disclosure unless such disclosure was caused by or resulted from a previous disclosure by such Recipient or its Representatives not permitted by this Agreement.

(d) Following the termination of this Agreement in accordance with the provisions of this Agreement, each Recipient shall (and shall cause each of its Representatives to) (i) return promptly to the Discloser all physical copies of the Confidential Information of the Discloser, excluding Notes, then in such Recipient's possession or in the possession of its Representatives, (ii) destroy all (A) electronic copies of such Confidential Information, and (B) Notes (including electronic copies thereof) prepared by such Recipient or any of its Representatives, in a manner that ensures the same may not be retrieved or undeleted by such Recipient or any of its Representatives, and (iii) deliver to the Discloser a certificate executed by one of the Recipient's duly authorized senior officers indicating that the requirements of this Section 5.10(d) have been satisfied in full.

Section 5.11 Certain Payments or Instruments Received from Third Parties. To the extent that, after the Closing Date, (a) Purchaser or any Designated Purchaser receives any payment or instrument that is for the account of a Seller according to the terms of this Agreement, Purchaser shall, and shall cause the Designated Purchasers to promptly deliver such amount or instrument to the relevant Seller, and (b) any Seller receives any payment that is for the account of Purchaser or any of the Designated Purchasers according to the terms of this Agreement or relates primarily to the Business, Sellers shall promptly deliver such amount or instrument to Purchaser or the relevant Designated Purchasers. All amounts due and payable under this Section 5.11 shall be due and payable by the applicable Party in immediately available funds, by wire transfer to the account designated in writing by the relevant Party. Notwithstanding the foregoing, each Party hereby undertakes to use reasonable commercial efforts to direct or forward all bills, invoices or like instruments to the appropriate Party. To the extent that after the Closing, all or any portion of the Adequate Assurance Deposits are repaid to or for the benefit of any Seller, Sellers shall promptly pay over the amount thereof to Purchaser.

Section 5.12 Post-Closing Assistance for Litigation. After the Closing, Purchaser shall, upon the written request of Sellers, and at no cost to Sellers (other than reimbursement of out of pocket expenses and reasonable legal expenses), make the Transferred Employees available at reasonable times and cooperate in all reasonable respects with Sellers and their Affiliates in the preparation for, and defense of any Action (whether disclosed or not disclosed in the Sellers Disclosure Letter) filed or claimed against Sellers or any of their Affiliates or any of the respective agents, directors, officers and employees of Sellers and their Affiliates, whether currently pending or asserted in the future, concerning the operation or conduct of the Business prior to the Closing Date.

Section 5.13 Insurance Matters.

(a) Purchaser acknowledges and agrees that coverage of the Acquired Assets, tangible or intangible property, Assumed Liabilities, ownership, activities, businesses, operations, current and former shareholders, and current and former directors, officers, employees and agents of, the Business (collectively with the Business, the "Covered Assets and Persons") under all current or previous insurance policies of Sellers and their Affiliates, including all environmental, directors' and officers' Liability, fiduciary Liability, property and casualty flood, ocean marine, contaminated products and all other insurance policies or programs arranged or otherwise provided or made available by Sellers or their Affiliates that cover (or covered) any of the Covered Assets and Persons at any time prior to the Closing (the "Seller Insurance Policies") shall cease as of the Closing Date and the Covered Assets and Persons will be deleted in all respects as insured (or additional insured, as the case may be) under all Seller Insurance Policies, except to the extent covering part of the Excluded Assets or Excluded Liabilities. Notwithstanding anything herein to the contrary, Sellers shall (i) retain any rights to, including any right to any proceeds received in respect of, any claim pending as of the date hereof or made after the date hereof under any Seller Insurance Policy, even if such claims relates to the Acquired Assets or properties of the Business; and (ii) have the right to purchase "tail" insurance coverage that provides directors' and officers' liability insurance and fiduciary liability insurance to the officers and directors of the Sellers.

(b) If, after the Closing Date, Purchaser or Sellers (or any of their respective Affiliates) reasonably require any information regarding claim data or other information pertaining to a claim or an occurrence reasonably likely to give rise to a claim (including any pre-Closing claims under the Seller Insurance Policies that are to be covered under the retrospective component of the new insurance policy) in order to give notice to or make filings with insurance carriers or claims adjustors or administrators or to adjust, administer or otherwise manage a claim, then Sellers or Purchaser, as the case may be, shall cause such information to be supplied to the other (or their designee), to the extent such information is in their possession and control or can be reasonably obtained by Sellers or Purchaser (or their respective Affiliates), as applicable, promptly upon a written request therefor. If Purchaser desires access to, and utilization of, claims data or information maintained by an insurance company or other Third Party in respect of any claim (including any pre-Closing claims under any Seller Insurance Policies that are covered under the retrospective component of the new insurance policies), Purchaser shall be exclusively responsible for acquiring from such insurance company or Third Party, at Purchaser's sole cost and expense, the rights necessary to permit them to obtain access to and utilization of such claims data or information. If any Third Party requires the consent of Sellers or any of their Affiliates to the disclosure of such information, such consent shall not be unreasonably withheld.

Section 5.14 Maintenance of Books and Records. After the Closing Date, Purchaser shall, and shall cause its Subsidiaries to, until the sixth (6^{th}) anniversary of the Closing Date, retain all books, records and other documents pertaining to the Business in existence on the Closing Date and, subject to compliance with applicable Law, make the same available for inspection and copying by Sellers (at each such Seller's expense) for any reasonable business purpose during normal business hours of the Business upon reasonable request and upon reasonable notice; *provided*, that neither Purchaser nor its Subsidiaries shall be required to disclose to any Seller any information if such Seller or any of its Affiliates, on the one hand, and Purchaser or any of its Affiliates, on the other hand, are adverse parties in a litigation and such information is reasonably pertinent thereto; *provided*, *further*, that Purchaser may destroy (or cause to be destroyed) any such books, records and other documents pertaining to the Business if Purchaser first advises Sellers in writing of its intention to destroy such materials and provides Sellers a reasonable opportunity to obtain possession thereof (subject in each case to compliance with applicable Law).

Section 5.15 Reserve Payment Amount. Purchaser shall be kept reasonably informed of, and shall have full rights of participation in, the determination by the CCAA Court of any and all of the matters identified in the definition of Reserve Payment Amount (the "Reserve Payment Amount Matters") and no Reserve Payment Amount Matter may be allowed or settled without the consent of Purchaser, such consent not to be unreasonably withheld, and any such allowance or settlement entered into without such consent shall not be entitled to payment from the Reserve Payment Amount. Upon notice to the Canadian Debtors, Purchaser shall be entitled to assume the defense of any Reserve Payment Amount Matter.

Section 5.16 Name Change. Sellers and each of their Subsidiaries shall use reasonable commercial efforts to, as soon as reasonably practicable (and in any event within one hundred and eighty (180) days after the Closing Date), cease using all Trademarks included in the Transferred Intellectual Property (the "Business Marks"), and take such corporate and other actions necessary to change their corporate and company names to ones that are not similar to, or confusable with, the Business Marks, including any necessary filings required by applicable Law. Without limiting the generality of the foregoing, in no event shall any such new corporate names include the following terms or phrases: "BAUER", "MISSION", "MAVERIK", "CASCADE", "EASTON" or "COMBAT".

Section 5.17 Obligations in Respect of Financings.

(a) From the date hereof until the Closing, Sellers shall, and shall cause their respective Subsidiaries to, provide to Purchaser, and shall use their reasonable commercial efforts to cause their directors, officers, employees, counsel, auditors and representatives to provide to Purchaser, such reasonable cooperation as is customary for debt financings of the type contemplated by the Debt Commitment Letter and as is reasonably requested by Purchaser in connection with arranging and obtaining the Debt Financing (including any Alternative Financing), including, but not limited to using reasonable commercial efforts to (i) cause Sellers' and their respective Subsidiaries' management teams, with appropriate seniority and expertise, at reasonable times and upon reasonable notice, to participate in (including by preparing for) a reasonable number of bank meetings and similar presentations to and with prospective lenders and rating agencies; (ii) have appropriate members of senior management of the Company execute customary authorization letters and assist with the preparation of a confidential information memorandum or similar offering document (including a private supplement) for the Debt Financing and customary rating agency presentations; (iii) execute and deliver such documents with respect to the Debt Financing contemplated by the Debt Commitment Letter (including, to the extent required by the Debt Commitment Letter, providing a borrowing base certificate) as may be reasonably requested by Purchaser or otherwise reasonably facilitating the pledging of collateral (including obtaining customary payoff letters and the release of any existing Liens); (iv) furnish Purchaser and its Debt Financing as promptly as practicable the financial statements required to be made available under Section 9(c) of Exhibit B of the Debt Commitment Letter and financial data or inputs reasonably necessary for the preparation of pro forma financial statements and projections reasonably required to be made available pursuant to Sections 9(a) and 9(b) of Exhibit B of the Debt Commitment Letter; (v) cooperate with Purchaser in Purchaser's efforts to obtain consents, legal opinions, surveys and title insurance, as reasonably requested by Purchaser; (vi) providing access at reasonable times during business hours for reasonable inventory appraisals and field examinations by third party auditors and providing information necessary for determining the applicable "borrowing base" to the extent reasonable and customary for asset-based loan facilities contemplated by the Debt Commitment Letter; and (vii) to the extent requested by Purchaser in writing at least seven (7) Business Days prior to the Closing Date, furnishing Purchaser and its financing sources promptly, and in any event no later than three (3) Business Days prior to the Closing Date, with all documentation and other information required under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act, that has been reasonably requested by Purchaser and/or the Debt Financing Sources. To the extent that Purchaser informs Sellers that it wishes to raise alternative or additional financing on or before Closing, then this Section 5.17(a) shall also apply to such alternative or additional financing.

(b) Purchaser shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to (i) arrange and obtain the Financings on terms and conditions (including any applicable "flex" provisions) described in the Commitment Letters and any related fee letter, (ii) satisfy all terms and conditions applicable to Purchaser set forth in the Commitment Letters (including any applicable "flex" provisions) that are within its control, (iii) maintain in effect the Commitment Letters, negotiate definitive agreements with respect thereto on the terms and conditions substantially consistent with the Commitment Letters, and (iv) upon satisfaction of the conditions contained in such definitive agreements, consummate the Financings at the Closing; *provided*, *however*, that if funds in the amounts and on the terms set forth in the Debt Commitment Letter become unavailable to Purchaser on the terms and conditions set forth therein (after giving effect to any "flex" provisions contained therein or in any related fee letter), Purchaser shall use its reasonable best efforts to obtain alternative debt financing (the "Alternative Financing") in an amount sufficient, when added to any portion of the Debt Financing that remains available (or after taking into account any increase in the Equity Financing), to consummate the transactions contemplated by this Agreement; *provided*, that if Purchaser proceeds with Alternative Financing, it, shall be subject to the same obligations, taken as a whole, with respect to such Alternative Financing as set forth in this Section 5.17 with respect to the Debt Financing. Notwithstanding anything to the contrary contained in this Agreement, nothing contained in this Section 5.17 shall require, and in no event shall the reasonable best efforts of Purchaser be deemed or construed to require, Purchaser to (A) to seek or incur Alternative Financing or incur the Debt Financing if any term thereof is less favorable than any applicable economic provision of the Debt Commitment Letter or any related fee letter (including any "flex" provision), or on any other terms that are less favorable to Purchaser, taken as a whole, than those contained in the Debt Commitment Letter or any related fee letter, (B) pay any fees in excess of those contemplated by the Debt Commitment Letter and any related fee letter (whether to secure waiver of any conditions contained therein or otherwise) or (C) seek the Equity Financing from a Person other than the Sponsors.

(c) Purchaser shall give the Company prompt notice of any material adverse change with respect to such Debt Financing. Purchaser shall promptly notify the Company of (i) the expiration or termination of the Debt Commitment Letter prior to the consummation of the transactions contemplated by this Agreement, (ii) any written refusal by any party to the Debt Commitment Letter to provide its portion of the financing contemplated by the Debt Commitment Letter, (iii) any material breach or default by any party to the Debt Commitment Letter or definitive document related to the Debt Financing, or (iv) receipt of any written notice from any party to the Debt Commitment Letter with respect to any actual breach, default, termination or repudiation of the Debt Commitment Letter. Purchaser shall not replace, amend or waive the Debt Commitment Letter (including, for the avoidance of doubt, any provision of a related fee letter (including the "market flex" provisions therein) without the Company's prior written consent if such replacement, amendment or waiver reduces the aggregate amount of the Debt Financing (without a corresponding increase in the Equity Financing), amends the conditions precedent to the Debt Financing, in each case, in a manner that would reasonably be expected to materially delay or prevent the Closing or make the funding of the Debt Financing materially less likely to occur. Purchaser shall provide to the Company copies of any commitment letter associated with any Alternative Financing as well as, upon written request of the Company, any amendment or waiver of any debt commitment letter (including the Debt Commitment Letter) that is permitted hereunder. Notwithstanding anything to the contrary contained herein, Purchaser shall be permitted to amend the Debt Commitment Letter (and any fee letter related thereto) to add or replace lenders (and Affiliates of such lenders) as a party thereto.

Section 5.18 Pre-Closing Reorganization. Notwithstanding Section 5.7 and any other provision of this Agreement, the Parties acknowledge that Sellers and the Acquired Entities shall be entitled to participate in a pre-closing reorganization set forth on Schedule 5.18 of the Sellers Disclosure Letter (the "Pre-Closing Reorganization") and take all actions necessary or appropriate to effectuate the Pre-Closing Reorganization, in each case as long as such Pre-Closing Reorganization does not delay or impede Closing and, to the extent involving any Acquired Entity, does not cause any violation of any Law to which it is subject or any breach or default under any Contract to which it is party. All Taxes and other Liabilities arising from the Pre-Closing Reorganization shall be Excluded Liabilities (other than any such Taxes or Liabilities of the Acquired Entities to the extent up to the PCR AE Holdback Amount). Sellers may change the Pre-Closing Reorganization; *provided*, that Purchaser's written consent, not to be unreasonably withheld, delayed or conditioned, shall be required to implement any such change if (a) such change involves Acquired Entities, or (b) such change results in a material risk of an unreimbursed cost or Liability to Purchaser.

Section 5.19 Wind Down. Purchaser shall, following the Closing Date, make available to Sellers such Transferred Employees to provide assistance with the wind-down of Sellers as the Company may reasonably request solely for the following purposes: (a) corporate dissolution filings with respect to the Securities and Exchange Commission, (b) corporate dissolution filings with respect to the Ontario Securities Commission, (c) U.S. final tax period filings and (d) Canadian final tax period filings. In furtherance of the foregoing, Purchaser shall be responsible for the fees and expenses, subject to a limit of $430,000 in the aggregate, associated with such wind-down activities; *provided*, that in no event shall Purchaser be liable for any fees or expenses incurred by Sellers or any of their respective advisors or legal counsel.

ARTICLE VI
TAX MATTERS

Section 6.1 Transfer Taxes.

(a) The Parties agree that the purchase price for the Acquired Assets is exclusive of any Transfer Taxes resulting from or arising in connection with this Agreement and the transactions contemplated therein, and any Transfer Taxes shall be borne by Sellers, excluding GST and QST, which shall be borne entirely by Purchaser. Subject to Section 6.1(b) and Section 6.2, Sellers shall promptly pay when due directly to the appropriate Tax Authority, or promptly reimburse Purchaser upon demand and delivery of proof of payment, all such Transfer Taxes, and shall file all Tax Returns required to be filed in connection therewith (unless otherwise required by applicable Law). On Closing, Purchaser shall pay to Sellers any applicable GST or QST.

(b) If any Seller wishes to claim any exemption relating to, or a reduced rate of, Transfer Taxes, in connection with this Agreement or the transactions contemplated herein or the other Transaction Documents and the transactions contemplated therein, such Seller shall be solely responsible for ensuring that such exemption or election applies and, in that regard, shall provide Purchaser or any Designated Purchaser prior to Closing with its permit number or other similar registration numbers and/or any appropriate certificate of exemption, election and/or other document or evidence to support the claimed entitlement to such exemption or reduced rate by such Seller, as the case may be. Purchaser shall cooperate to the extent necessary to obtain any such exemption or reduced rate, including under Section 1146(a) of the U.S. Bankruptcy Code.

(c) Each relevant Seller undertakes to use its reasonable best efforts to provide to Purchaser on or before the Closing Date a certificate (a "Clearance Certificate") pursuant to Section 6 of the Retail Sales Tax Act (Ontario) or similar legislation in those jurisdictions in which the Acquired Assets are located, to the extent such relevant Seller was registered for purposes of the Retail Sales Tax Act (Ontario) or similar legislation, indicating that such Seller has paid all provincial sales taxes collectable or payable by such Seller up to the Closing Date or has entered into satisfactory arrangements for the payment of such taxes. Notwithstanding anything to the contrary in this Agreement, until such time as the appropriate Clearance Certificate(s) have been provided to Purchaser, the Sellers agree to indemnify and hold harmless Purchaser (and any Designated Purchasers), its officers, directors, employees and controlling persons for any provincial sales tax, penalties and interest payable or assessed for failure to obtain a Clearance Certificate.

Section 6.2 Tax Elections.

(a) If applicable, on Closing, each relevant Seller and Purchaser (or the relevant Designated Purchaser) shall execute jointly an election under section 167 of the *Excise Tax Act* (Canada) and section 75 of *An Act respecting the Quebec Sales Tax* to relieve the sale of the Acquired Assets from GST and QST. Purchaser (or the relevant Designated Purchaser) shall file such elections no later than the filing date for its GST and QST returns for the reporting period in which the Closing takes place. Notwithstanding such election(s), in the event it is determined by the CRA or Revenu Quebec that there is a liability of Purchaser (or a Designated Purchaser) to pay, or of a Seller to collect and remit, any Taxes payable under the *Excise Tax Act* (Canada) or *An Act respecting the Québec Sales Tax* in respect of the sale and transfer of the Acquired Assets, such Taxes shall be paid by Purchaser (or a Designated Purchaser) and Purchaser and the Designated Purchasers shall indemnify and save Sellers (and any present or former directors and officers of any Seller) harmless, notwithstanding anything to the contrary in this Agreement, with respect to any such Taxes and costs payable resulting from such determination. If it is determined that the elections are not available, Sellers agree to provide reasonable cooperation to Purchaser or the Designated Purchaser to expedite Purchaser's or the Designated Purchaser's claims for input tax credits, input tax refunds or rebates of GST and QST.

(b) Purchaser (or the relevant Designated Purchaser) and each Seller, if applicable, shall jointly execute and file an election under subsection 20(24) of the Tax Act in the manner required by subsection 20(25) of the Tax Act and under the equivalent or corresponding provisions of any other applicable provincial or territorial statute, in the prescribed forms and within the time period permitted under the Tax Act and under any other applicable provincial or territorial statute, as to such amount paid by each Seller to Purchaser (or the relevant Designated Purchaser) for assuming future obligations. In this regard, Purchaser (or the relevant Designated Purchaser) and each Seller, if applicable, acknowledge that a portion of the Acquired Assets transferred by each such Seller and having a value equal to the amount elected under subsection 20(24) of the Tax Act and the equivalent provisions of any applicable provincial or territorial statute is being transferred by each such Seller as a payment for the assumption of such future obligations by Purchaser.

(c) If available, Purchaser (or the relevant Designated Purchaser) and each Seller, as applicable, shall elect jointly in the prescribed form under section 22 of the Tax Act, section 184 of the Taxation Act, if applicable, and the corresponding provisions of any other applicable Tax statute as to the sale of the applicable Accounts Receivable and designate in such election an amount equal to the portion of the purchase price allocated to such Accounts Receivable pursuant to Section 2.6(c). This election, or these elections, shall be made within the time prescribed for such elections.

Section 6.3 Withholding Taxes.

(a) Notwithstanding any other provision in this Agreement, Purchaser and Sellers, as applicable, shall have the right to deduct and withhold from any payments to be made hereunder such amounts as may be required to be deducted or withheld under applicable Law, and to collect any necessary Tax forms, including IRS Forms W-8 or W-9, as applicable, or any similar information, from Purchaser, Sellers and any other recipients of payments hereunder; *provided*, that, assuming Sellers deliver Purchaser the certificates described in this Section 6.3(a) and Section 6.3(b), and assuming that all representations and warranties of Sellers set out in this Agreement are correct, no Party is aware of any obligation under Canadian or U.S. Law to deduct or withhold on any consideration payable pursuant to this Agreement. In the event a Party becomes aware of any such obligation, such Party will use commercially reasonable efforts to promptly notify the other Party and reasonably cooperate with such other Party to reduce or eliminate any such withholding, to the extent feasible under applicable Law. To the extent that amounts are withheld and remitted to the appropriate Tax Authority in accordance with Section 6.3(a), such withheld amounts shall be treated for all purposes of this Agreement as having been delivered and paid to Purchaser, Sellers or any such other recipient of payments in respect of which such deduction and withholding was made. Without limiting the generality of the foregoing, to the extent, if any, that the representation and warranty made by Sellers under Section 4.21 (Taxable Canadian Property) is not true and correct in all material respects at Closing as indicated in the certificate referred to in Section 8.3(d), Purchaser shall have the right to withhold the amount Purchaser is entitled to withhold under the Tax Act (and the Taxation Act, if applicable) by reason of its acquisition of TCP or TQP from a non-resident of Canada, and any amount so withheld shall be remitted forthwith to the applicable Tax Authority, and a receipt evidencing such remittance shall be delivered forthwith by Purchaser to Sellers. Notwithstanding the foregoing sentence, Purchaser agrees to delay remitting any such amounts withheld pursuant to the foregoing sentence to a Tax Authority until one (1) Business Day prior to the day it is required to do so by applicable Law, and agrees to reasonably comply with any certificate or letter obtained from the relevant Tax Authority which expressly permits Purchaser to further delay remitting any withheld amounts or which eliminates or reduces the amount that must be remitted.

(b) Any Seller transferring a "United States real property interest" as defined by Section 897(c) of the Code (and any other Seller that is not a "foreign person" for purposes of Section 1445 of the Code) shall deliver to Purchaser a duly executed certification of non-foreign status, in a form and substance reasonably satisfactory to Purchaser, in compliance with Treasury Regulation Section 1.1445-2(b), certifying such facts as to establish that the sale of the United States real property interest is exempt from withholding under Section 1445 of the Code; *provided*, that Purchaser's sole recourse in the event of any failure to deliver any such certification shall be to withhold from amounts payable under this Agreement in accordance with Section 6.3(a). Each Seller that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to Purchaser a duly executed IRS Form W-9.

Section 6.4 Records. Subject to the provisions of Section 5.4, (i) after the Closing Date, Purchaser and the Designated Purchasers on the one hand, and Sellers, on the other hand, will make available to the other, as reasonably requested, and to any Tax Authority, all information, records or documents relating to liability for Taxes with respect to the Acquired Assets, the Assumed Liabilities and the Business for all periods prior to or including the Closing Date, and will preserve such information, records or documents until the expiration of any applicable statute of limitations or extensions thereof, and (ii) in the event that one Party needs access to records in the possession of a second Party relating to any of the Acquired Assets, the Assumed Liabilities or the Business for purposes of preparing Tax Returns or complying with any Tax audit request, subpoena or other investigative demand by any Tax Authority, or for any other legitimate Tax-related purpose not injurious to the second Party, the second Party will allow representatives of the other Party access to such records during regular business hours at the second Party's place of business for the sole purpose of obtaining information for use as aforesaid and will permit such other Party to make extracts and copies thereof as may be necessary or convenient. The obligation to cooperate pursuant to this paragraph shall terminate at the time the relevant applicable statute of limitations expires (giving effect to any extension thereof).

Section 6.5 Property Tax Allocation. For purposes of Section 2.3(a)(iv), (a) all Taxes of the Acquired Entities based on income, receipts or similar measures shall be apportioned between the Sellers, on the one hand and the applicable Designated Purchaser, on the other hand based on a closing of the books as of the Closing Date, and (b) all real and personal property Taxes and similar ad valorem obligations levied with respect to the Acquired Assets, whether imposed or assessed before or after the Closing Date ("Periodic Taxes") for a taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), shall be apportioned between Sellers, on the one hand, and Purchaser or the applicable Designated Purchaser, on the other hand, as of the Closing Date based on the number of days of such taxable period included in the period ending with and including the Closing Date (together with periods ending on or before the Closing Date, the "Pre-Closing Tax Period"), and the number of days of such taxable period beginning after the Closing Date (together with any periods beginning after the Closing Date, the "Post-Closing Tax Period"). At the Closing, Periodic Taxes with respect to each Acquired Asset for the applicable Tax period shall be prorated in accordance with the foregoing provisions based on the Tax assessment for such Acquired Asset for the applicable Tax period, if available, or otherwise, based on the last available Tax assessment with respect to such Acquired Asset. Sellers shall be responsible for such Periodic Taxes attributable to Pre-Closing Tax Periods and the applicable Purchaser shall be responsible for such Periodic Taxes attributable to Post-Closing Tax Periods. At the Closing, the Closing Purchase Price shall be (x) decreased by an amount equal to excess, if any, of the (i) unpaid Periodic Taxes with respect to Acquired Assets purchased by such Purchaser attributable to Pre-Closing Tax Periods over (ii) such Periodic Taxes paid by Sellers but apportioned hereunder to Purchaser or a Designated Purchaser for Straddle Periods, or (y) increased by an amount equal to the Periodic Taxes apportioned to Purchaser or a Designated Purchaser with respect to Straddle Periods but previously paid by Sellers (each determined in accordance with the foregoing principles) (such increase(s) or decrease(s) in the Closing Purchase Price, the "Property Tax Adjustment").

Section 6.6 Cooperation. Subject to Section 5.18, Sellers and Purchaser shall work together and cooperate reasonably to minimize any Taxes that may be imposed on any Seller, Acquired Entity, Purchaser or Designated Purchaser as a result of the transactions contemplated herein, including by cooperating with respect to the implementation of the Pre-Closing Reorganization.

Section 6.7 Tax Returns. Designated Purchasers shall file or cause to be filed all Tax Returns of the Acquired Entities that include any Pre-Closing Tax Periods in a manner consistent with past practice, unless otherwise required by applicable Law. At least ten (10) Business Days prior to filing any such Tax Returns Designated Purchasers shall provide draft Tax Returns to Sellers for their review and approval, such approval not to be unreasonably withheld, delayed or conditioned.

Section 6.8 Release of PCR AE Holdback Amount. The PCR AE Holdback Amount shall be applied to pay the Tax shown due on the Tax Returns required to be filed pursuant to Section 6.7. If the PCR AE Holdback Amount exceeds the Taxes shown as due on the Tax Returns described in Section 6.7, then within ten (10) Business Days of filing such Tax Returns the Designated Purchasers shall pay such excess in cash to Sellers.

ARTICLE VII
EMPLOYMENT MATTERS

Section 7.1 Employment Obligations with Respect to Employees. The provisions of this Section 7.1 (except for Section 7.1(b)(i), Section 7.1(b)(ii) and Section 7.1(b)(iv)) shall apply only to Non-Union Employees.

(a) Employment Terms.

(i) Prior to, but contingent on the occurrence of the Closing, Purchaser shall, or shall cause the relevant Designated Purchaser to extend an offer of employment to those Non-Union Employees of Sellers, other than those working in the Province of Quebec, to whom Purchaser or Designated Purchaser has determined to offer employment, and to continue the employment of Non-Union Employees working in the Province of Quebec with such employment to take effect under the terms stated herein as of the Effective Hire Date, as defined below. Such offers shall be for employment initially on terms and conditions substantially similar in the aggregate with respect to their annual compensation and benefits as was in effect immediately prior to the Closing (it being however agreed that Purchaser shall not be required to offer any equity or equity-based Seller Employee Plan or other equity or equity-based benefit or compensation plan, program or arrangement). Purchaser or the relevant Designated Purchaser shall provide Sellers with information that Sellers reasonably request to verify that such offers of employment are in compliance with this Section 7.1(a).

(ii) The Effective Hire Date for any Non-Union Employee shall be the date corresponding to the Employee Transfer Time for all Non-Union Employees, except as otherwise provided under applicable Law.

(b) Employee Benefits.

(i) After the date hereof, Sellers and Purchaser shall cooperate promptly and in good faith in preparing the transition of the Transferred Employee Plans and/or the Transferred Employees, as applicable, from coverage under the Seller Employee Plans to coverage under any plans established or maintained in their sole discretion by Purchaser or a Designated Purchaser as of the Transferred Employee's Effective Hire Date.

(ii) Purchaser shall assume and honor the amount of compensation with respect to the accrued and unused vacation days that is due and owing to the Transferred Employees up to their Effective Hire Date under applicable Law. Purchaser will, and will cause the relevant Designated Purchasers to, honor such accrued and unused vacation days in the ordinary course.

(iii) Neither Section 7.1(a) nor this Section 7.1(b) restricts the right of Purchaser to terminate the employment of any Transferred Employee after the Closing at any time for any or for no reason, in accordance with applicable Law.

(iv) Purchaser and each applicable Seller hereby agree to follow the standard procedure for employment tax withholding as provided under applicable Law.

Section 7.2 Employment Obligations with Respect to Union Employees.

(a) The provisions of this Section 7.2 shall apply only to Union Employees.

(b) Purchaser shall become the successor employer (as such term is defined in the relevant legislation) and shall assume all Liabilities and obligations associated with the Blainville Collective Labor Agreement and the Mississauga Collective Labor Agreement (including any accrued vacation pay or banked overtime) whether such Liabilities arise prior to, on or after the Closing.

Section 7.3 Excluded Employee Liabilities. For purposes of clarity, and notwithstanding any other provision in this Agreement, Sellers shall retain, and with respect to any Affiliate of any Seller shall assume and retain, and neither Purchaser nor any of the Designated Purchasers shall assume at or following the Closing, any of the following Liabilities of Sellers or any Affiliate of any Seller (the "Excluded Employee Liabilities"):

(a) (i) other than the Transferred Employee Plans, the Seller Employee Plans or any other benefit or compensation plan, program, policy, Contract, agreement or arrangement or any Liabilities thereunder, and (ii) any severance-related Liabilities owed to any employees who are terminated at or prior to the Closing;

(b) except as provided in Section 7.1(b) and Section 7.3(a), Sellers' or any of their Affiliates' obligations to make payments or provide benefits under any Seller Employee Plan or any other benefit or compensation plan, program, policy, Contract, agreement or arrangement or any Liabilities under or with respect to any Seller Employee Plan or any other benefit or compensation plan, program, policy, Contract, agreement or arrangement;

(c) any Liabilities relating to or at any time arising in connection with the employment or service with or termination of employment or service from any Seller (or any of its Affiliates) of any employee, agent, or contractor of such Seller or such Affiliate (or any applicant for employment employee, agent, or contractor or former employee, agent, or contractor of such Seller or such Affiliate), including with respect to wages, salary or other compensation and withholding and payment of any Taxes; *provided*, that Excluded Employee Liabilities pursuant to this clause (c) shall not include any Liabilities that arise after the Closing in connection with employment or service with, or termination of employment or service from, Purchaser or any of its Affiliates, or any of Sellers' Affiliates that are Acquired Entities; and

(d) except as provided for in Section 7.2(b), Liabilities resulting from any Action, or with respect to any potential or threatened Action which Sellers have received a demand letter or notice of an intent to file, on or prior to the Closing Date (i) by any Employee or (ii) by any applicant with respect to potential employment with any Seller and related to the Business.

Section 7.4 Other Employee Covenants.

(a) Except as necessary to make offers of employment to Employees or to continue the employment of Employees pursuant to Section 7.1 and Section 7.2 of this Agreement, after the date hereof, and subject to each Party's disclosure obligations imposed by

Law or by Government Entities and each Party's obligations hereunder, Purchaser shall not, and shall procure that the Designated Purchasers and any of Purchaser's Affiliates shall not, issue any announcement or communication to their respective employees or the Employees, prior to consultation with, and the approval of, Sellers (not to be unreasonably withheld or delayed) with respect to this Agreement or any of the transactions contemplated hereby. If requested, Sellers shall cooperate with Purchaser in respect of the development and distribution of any announcement and communication to the employees of Sellers, including Employees, with respect to this Agreement or any of the transactions contemplated hereby.

(b) Purchaser undertakes, and shall cause the Designated Purchasers to undertake, to keep the Employee Information in confidence and that, until the relevant Employee Transfer Time:

(i) Purchaser shall, and shall cause the Designated Purchasers to, restrict the disclosure of the Employee Information only to such of its employees, agents and advisors as is permitted by applicable Law and is necessary for the purposes of effectuating this Agreement prior to the Employee Transfer Time;

(ii) Purchaser shall not, and shall cause the Designated Purchasers not to, use the Employee Information except for effectuating this Agreement and shall be returned to Sellers or destroyed, at Sellers' election, if this Agreement is terminated; and

(iii) Purchaser shall, and shall cause the Designated Purchasers to, comply with such additional obligations as may be reasonably required in any particular jurisdiction to comply with any applicable data privacy Laws.

(c) Sellers and Purchaser intend that the transactions contemplated by this Agreement should not constitute a separation, termination or severance of employment of any Transferred Employee prior to or upon the occurrence of the Employee Transfer Time, including for purposes of any Seller Employee Plan in effect immediately prior to the Closing Date or under applicable Law or any other legally mandated obligations, and Seller and Purchaser intend that the Transferred Employees will have continuous and uninterrupted employment immediately before and immediately after the Closing Date.

(d) Purchaser and Sellers shall cooperate with each other to provide for an orderly transition of the Transferred Employees from Sellers to Purchaser or the Designated Purchasers, as applicable, and to minimize the disruption to the respective businesses of the Parties resulting from the transactions contemplated hereby.

(e) Section 280G Matters. As soon as practicable following the execution of this Agreement but in any case prior to the Closing:

(i) Sellers will use reasonable commercial efforts to obtain, prior to the initiation of the 280G Approval, a waiver (a "Parachute Payment Waiver"), in a form reasonably acceptable to Purchaser, from each Transferred Employee who, with respect to Sellers, reasonably could be a "disqualified individual" (within the meaning of Section 280G of the Code and the regulations promulgated thereunder) and who, with respect to Sellers, reasonably might otherwise receive, have received, or have the right or entitlement to receive any parachute payment under Section 280G of the Code, pursuant to which Parachute Payment Waiver each such Transferred Employee will agree, unless the 280G Approval has been obtained in a manner which satisfies all applicable requirements of Section 280G(b)(5)(B) of the Code and the regulations promulgated thereunder and Internal Revenue Bulletin 2004-32, to waive any and all right or entitlement to the payments, acceleration of vesting and/or other benefits referred to in this Section 7.4(e) to the extent the value thereof exceeds 2.99 times such Transferred Employee's base amount determined in accordance with Section 280G of the Code and the regulations promulgated thereunder.

(ii) Sellers will use reasonable commercial efforts to submit to the Bankruptcy Courts for approval all such waived payments in a manner such that, if such approval is obtained by the Bankruptcy Courts in a manner which satisfies Section 280G(b)(5)(B) of the Code and the Treasury Regulations thereunder and Internal Revenue Bulletin 2004-32, no payment or benefit received by such "disqualified individual" would be a "parachute payment" for purposes of Section 280G of the Code (the "280G Approval"). Prior to the Closing Date, the Sellers shall deliver to Purchaser evidence that the 280G Approval was solicited in accordance with the foregoing provisions of Section 7.4(e) (to the extent such 280G Approval was required to be solicited in connection with payments with respect to which Sellers were required to use reasonable commercial efforts to obtain a Parachute Payment Waiver in accordance with the foregoing provisions of Section 7.4(e)) and that either (i) 280G Approval was obtained or (ii) 280G Approval was not obtained, and as a consequence, the parachute payments subject to the Parachute Payment Waivers shall not be made or provided.

(iii) In connection with the foregoing, at least five (5) days before taking such actions, the Sellers shall deliver to Purchaser for review and comment (i) parachute payment calculations prepared by the Seller or its advisors and (ii) copies of all Bankruptcy Court disclosure materials and a form of the Parachute Payment Waiver that will be used to effectuate the undertaking set forth in this Section 7.4(e), which comments by Purchaser shall be reasonably considered by the Sellers.

Section 7.5 No Obligation. Nothing contained in this Article VII shall be construed to: (a) require the employment or service of (or prevent the termination of employment or service of), or any particular term or condition of employment or service of, any individual, (b) require minimum benefit or compensation levels or prevent any change in the benefits or compensation provided to any individual Transferred Employee, (c) establish or amend any benefit or compensation plan, program, policy, Contract, agreement or arrangement, or (d) restrict the ability of Purchaser or any Designated Purchaser or any of their Affiliates to amend or terminate any benefit or compensation plan, program, policy, Contract, agreement or arrangement that is at any time established or maintained or contributed to by any of them. No provision of this Article VII shall create any rights (including any third-party beneficiary rights) in any Employee or former Employee of Sellers or any other Person (including any beneficiary or dependent thereof) other than the Parties to this Agreement of any nature or kind whatsoever, including in respect of continued employment (or resumed employment) for any specified period.

ARTICLE VIII
CONDITIONS TO THE CLOSING

Section 8.1 Conditions to Each Party's Obligation. The Parties' obligation to effect, and, as to Purchaser, to cause the relevant Designated Purchasers to effect, the Closing is subject to the satisfaction or the express written waiver of the Parties, at or prior to the Closing, of the following conditions:

(a) Regulatory Approvals. (i) All Antitrust Approvals shall have been obtained and shall remain in effect and (ii) and any other approvals of Government Entities required for the consummation of the transactions contemplated by this Agreement shall have been obtained and shall remain in effect, other than, with respect to this clause (ii), any such approval the failure of which to be obtained would not reasonably be expected to (A) materially and adversely affect the operation by Purchaser of the Business immediately following the Closing or (B) subject Purchaser to any criminal or material civil liability.

(b) No Injunctions or Restraints. There shall not be in effect any Order entered by a Government Entity of competent jurisdiction, or any Law preventing, enjoining, restraining, making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement.

(c) Bidding Procedures and Sale Orders. The Bankruptcy Courts shall have entered the Bidding Procedures Orders and the Sale Orders and each of such orders shall not have been reversed, modified, amended or stayed.

Section 8.2 Conditions to Sellers' Obligation. Sellers' obligation to effect the Closing shall be subject to the fulfillment (or express written waiver by Sellers), at or prior to the Closing, of each of the following additional conditions:

(a) No Breach of Representations and Warranties. The representations and warranties made by Purchaser in this Agreement or in any other Transaction Document shall be true and correct in all material respects (without giving effect to any materiality or similar qualification contained therein), in each case as of the date hereof and as of the Closing Date, with the same force and effect as though all such representations and warranties had been made as of the Closing Date (other than representations and warranties that by their terms address matters only as of another specified date, which shall be so true and correct only as of such other specified date).

(b) No Breach of Covenants. Purchaser shall have performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date.

(c) Closing Certificate. Purchaser shall have delivered a certificate, in form and substance reasonably acceptable to Sellers and executed by a duly authorized officer of Purchaser, certifying as to the satisfaction of each of the conditions set forth in clauses (a) and (b) of this Section 8.2.

(d) Closing Deliveries. Each of the deliveries required to be made to Sellers pursuant to Section 2.7(b) shall have been so delivered.

Section 8.3 Conditions to Purchaser's Obligation. Purchaser's obligation to effect, and to cause the relevant Designated Purchasers to effect, the Closing shall be subject to the fulfillment (or express written waiver by Purchaser), at or prior to the Closing, of each of the following additional conditions:

(a) No Breach of Representations and Warranties. (i) The representations and warranties made by Sellers in this Agreement (other than the representations and warranties in Section 4.1 (Organization and Corporate Power), Section 4.2 (Subsidiaries and Investments) (but only clause (b) thereof (other than the last sentence thereof)), Section 4.3 (Authorization; Binding Effect) (but only clause (a) thereof), and Section 4.19 (Brokers; Advisors Fees) (collectively, the "Specified R&Ws")) shall be true and correct in all respects (disregarding any materiality, Material Adverse Effect or similar qualification contained therein), in each case as of the date hereof and as of the Closing Date, with the same force and effect as though all such representations and warranties had been made as of the Closing Date (other than representations and warranties that by their terms address matters only as of another specified date, which shall be so true and correct only as of such other specified date), except where the failure of such representations and warranties to be true and correct in all respects as of such dates would not be reasonably likely to result in, individually or in the aggregate, a Material Adverse Effect; and (ii) the Specified R&Ws shall, if qualified by materiality or "Material Adverse Effect", be true and correct in all respects or, if not so qualified, be true and correct except as would not have greater than a de minimis adverse effect on the Business, in each case as of the date hereof and as of the Closing Date, with the same force and effect as though all such representations and warranties had been made as of the Closing Date.

(b) No Breach of Covenants. Sellers shall have performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by Sellers on or prior to the Closing Date.

(c) No Material Adverse Effect. There shall not have occurred since the date of this Agreement any Change constituting, or which would be reasonably likely to result in, individually or in the aggregate, a Material Adverse Effect.

(d) Closing Certificate. Sellers shall have delivered a certificate, in form and substance reasonably acceptable to Purchaser and executed by a duly authorized officer of each Seller, certifying as to the satisfaction of each of the conditions set forth in clauses (a) through (c) of this Section 8.3.

(e) Assigned Contracts Approval. The Bankruptcy Court shall have approved and authorized the assumption and assignment of all Assigned Contracts, except any such Contracts the failure of which to have assumed and assigned would not, individually or in the aggregate, materially and adversely affect the operation of the Business from and after the Closing

(f) Closing Deliveries. Each of the deliveries required to be made to Purchaser pursuant to Section 2.7(b) shall have been so delivered.

(g) Third Party Consents. All Consents listed in Schedule 8.3(g) of the Sellers Disclosure Letter or waivers thereof shall have been obtained.

(h) No Event of Default. There shall not have occurred under the DIP Credit Agreement any default or event of default that has not been cured in full or waived in accordance with the terms thereof.

(i) Sale Orders. Sellers shall deliver a certified copy of the Sale Orders.

(j) Acquired Entities. Sellers shall have delivered to Purchaser documentation reasonably satisfactory to the Parties evidencing (i) the valid transfer to Purchaser of the Equity Interests of the Acquired Entities at Closing, free and clear of all Liens (other than Permitted Encumbrances), including, to the extent any such Equity Interests are certificated, certificates evidencing such Equity Interests duly endorsed in blank or accompanied by transfer powers duly executed in blank, and (ii) the completion of the steps of the Pre-Closing Reorganization necessary to eliminate any liabilities described therein owed by an Acquired Entity to one or more Sellers.

ARTICLE IX
TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by either Party, upon written notice to the other:

(i) by mutual written consent of Sellers and Purchaser;

(ii) if the Closing does not take place on or prior to February 16, 2017 (the "Outside Date"); *provided*, *however*, that if (A) on the Outside Date all of the conditions set forth in Article VIII have been satisfied (other than conditions that, by their nature, are to be satisfied at the Closing and which were, as of such date, capable of being satisfied) other than the conditions set forth in Section 8.1(a) or Item 15 in Schedule 8.3(g) of the Sellers Disclosure Letter, then either the Company or Purchaser may extend the Outside Date to a date no later than February 28, 2017 by delivery of written notice of such extension to the other party or (B) Purchaser is required to serve as the Back-up Bidder pursuant to Section 5.1(g), Purchaser's right to terminate this Agreement pursuant to this Section 9.1(a)(ii) shall be subject to the Bidding Procedures Orders (the date to which the Outside Date is extended pursuant to clause (A) or the date on which Purchaser is no longer obligated to serve as the Back-up Bidder pursuant to the Bidding Procedures Orders, but in no event later than February 28, 2017, either such date, the "Extended Outside Date"); *provided, further*, *however*, that a Party shall not be permitted to terminate this Agreement pursuant to this Section 9.1(a)(ii) if such Party is in material breach of this Agreement so as to cause any of the conditions of the other Party set forth in Section 8.1, Section 8.2 or Section 8.3, as applicable, not to be satisfied;

(iii) if there shall be in effect any Law or Final Order preventing, enjoining, restraining, making illegal or otherwise prohibiting the consummation of the transactions contemplated by this Agreement or the other Transaction Documents that does not result from the Party seeking termination of this Agreement; or

(iv) (A) if an Alternative Transaction is approved by the Bankruptcy Courts other than in connection with an Auction, (B) if there is an Auction, Purchaser is not declared the Prevailing Bidder at the Auction and Purchaser is not required to serve as the Back-up Bidder pursuant to Section 5.1(g), or (C) if there is an Auction, Purchaser is not declared the Prevailing Bidder at the Auction and Purchaser is required to serve as the Back-up Bidder pursuant to Section 5.1(g); *provided*, that any termination pursuant to this clause (C) shall not be effective until the earlier of the occurrence of the Extended Outside Date or the consummation of an Alternative Transaction;

(b) by Purchaser, upon written notice to Sellers:

(i) in the event of a breach by any Seller of any of the representations, warranties, agreements or covenants of such Seller set forth in this Agreement if (A) any of the conditions set forth in Section 8.1 or Section 8.3 would not be satisfied if such breach remained uncured as of the Closing and (B) such breach is incapable of being cured prior to the Outside Date or, if so capable of being cured, shall not have been cured within ten (10) Business Days following receipt by Sellers of notice of such breach from Purchaser; *provided*, *however*, that Purchaser shall not be permitted to terminate this Agreement pursuant to this Section 9.1(b)(i) if Purchaser is then in material breach of the terms of this Agreement such that Sellers would be entitled to terminate this Agreement pursuant to Section 9.1(c)(i) (determined without regard to the proviso thereto);

(ii) if the CCAA Proceedings and/or the Chapter 11 Cases have not been commenced, or the Petition Date has not occurred, within two (2) Business Days after the execution of this Agreement;

(iii) if the Chapter 11 Cases are dismissed or converted to cases under Chapter 7 of the U.S. Bankruptcy Code and neither such dismissal nor conversion expressly contemplates the transactions provided for in this Agreement, or a trustee is appointed for the U.S. Debtors and such trustee rejects the transactions contemplated by this Agreement;

(iv) if the CCAA Proceedings are terminated or a trustee in bankruptcy or receiver is appointed in respect of any of the Canadian Debtors or their respective Acquired Assets, and such trustee in bankruptcy or receiver refuses to proceed with the transactions contemplated by this Agreement;

(v) if (A) the Bidding Procedures Orders have not been entered on or prior to November 21, 2016, or do not contain approval of the Break-Up Fee or the Expense Reimbursement as set forth herein, or (B) following their entry, Sellers do not hold an Auction as provided in the Bidding Procedures Order (unless the Auction is cancelled because Purchaser is the Prevailing Bidder), the Bidding Procedures Orders shall fail to be in full force and effect or shall have been stayed, reversed, modified or amended in respect of the Break-Up Fee or the

Expense Reimbursement or otherwise in any material respect without the prior written consent of Purchaser and Sellers;

(vi) if (A) the Sale Orders are not entered on or prior to January 16, 2017, or (B) following their entry, the Sale Orders shall fail to be in full force and effect or shall have been stayed, reversed, revoked, rescinded, vacated, modified or amended in any respect without the prior written consent of Purchaser and Sellers; *provided*, *however*, that the right to terminate this Agreement under this Section 9.1(b)(vi) shall not be available to Purchaser if (x) its failure to fulfill any covenant or obligation under this Agreement has been the cause of, or resulted in, the failure of such order to meet these requirements on or before such date or (y) Purchaser is required to serve as the Back-up Bidder pursuant to Section 5.1(g);

(vii) if Sellers (A) withdraw, or seek to withdraw, the Sale Motion or (B) announce or file a plan, or seek to file a plan, contemplating the reorganization or sale of all or any part of any Seller inconsistent with this Agreement or the transactions contemplated hereby; or

(viii) if Sellers enter into any Alternative DIP Credit Agreement which contains any terms, provisions or conditions that would materially and adversely impair or delay the ability of any Seller to perform its obligations hereunder (including compliance with its covenants and other agreements set forth herein).

(c) by Sellers, upon written notice to Purchaser;

(i) in the event of a breach by Purchaser of any of the representations, warranties, agreements or covenants of Purchaser set forth in this Agreement if (A) any of the conditions set forth in Section 8.1 or Section 8.2 would not be satisfied if such breach remained uncured as of the Closing and (B) such breach is incapable of being cured prior to the Outside Date or, if so capable of being cured, shall not have been cured within ten (10) Business Days following receipt by Purchaser of notice of such breach from Sellers; *provided*, *however*, that Sellers shall not be permitted to terminate this Agreement pursuant to this Section 9.1(c)(i) if any Seller is then in material breach of the terms of this Agreement such that Purchaser would be entitled to terminate this Agreement pursuant to Section 9.1(b)(i) (determined without regard to the proviso thereto); or

(ii) if all of the conditions set forth in Section 8.1 and Section 8.3 have been satisfied (other than any such condition the failure of which to be satisfied is caused by a breach by Purchaser of its representations, warranties, covenants or agreements contained herein and other than conditions that, by their nature, are to be satisfied at the Closing and which were, as of such date, capable of being satisfied) or waived and Purchaser fails to deliver the Closing Cash Payment at the Closing; *provided, however,* that any purported termination of this Agreement by Purchaser pursuant to Section 9.1(a)(ii) shall be deemed to be a termination by Sellers pursuant to this Section 9.1(c)(ii) if Sellers are entitled to terminate this Agreement pursuant to this Section 9.1(c)(ii) at the time of such termination.

Section 9.2 Effects of Termination.

(a) If this Agreement is validly terminated pursuant to Section 9.1, then subject to the remaining provisions of this Section 9.2, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other, except that the provisions of (i) Section 5.5 (Public Announcements), (ii) Section 5.9 (Transaction Expenses), (iii) Section 5.10 (Confidentiality), (iv) this Section 9.2 (Effects of Termination), (v) Article X (Miscellaneous) and (vi) Article I (Interpretation), to the extent applicable to the interpretation or enforcement of such provisions, shall survive any termination of this Agreement.

(b) In the event that this Agreement is terminated by any Party pursuant to Section 9.1(a)(iv) or by Purchaser pursuant to Section 9.1(b), or by any Party pursuant to Section 9.1(a)(ii) at a time when this Agreement was terminable pursuant to Section 9.1(a)(iv) or Section 9.1(b), then Purchaser shall be entitled to the reimbursement of, and the Company shall promptly, and in any event within thirty (30) days after such termination, reimburse Purchaser in immediately available funds for, all reasonable out-of-pocket fees and expenses (including reasonable professional's fees and expenses) incurred by Purchaser and its Affiliates (including the Sponsors and their respective Affiliates) in connection with their investigation (including due diligence), preparation, negotiation and attempted consummation of the transactions contemplated by this Agreement (including performance of the Business obligations hereunder), in the maximum amount of $3,500,000 (the "Expense Reimbursement").

(c) In the event that this Agreement is terminated (i) by Purchaser pursuant Section 9.1(b)(iii), (iv), (vi) or (vii), (ii) by any Party pursuant to Section 9.1(a)(iv), or (iii) by any Party pursuant to Section 9.1(a)(ii) at a time this Agreement was terminable by Purchaser pursuant to Section 9.1(b)(iii), (iv), (vi) or (vii), or by any Party pursuant to Section 9.1(a)(iv), then in any such event of termination, Purchaser shall be entitled to the payment of a break-up fee of $20,125,000 (the "Break-Up Fee"). When this Agreement is terminated (A) by any Party pursuant to Section 9.1(a)(iv), or (B) by any Party pursuant to Section 9.1(a)(ii) at a time this Agreement was terminable by any Party pursuant to Section 9.1(a)(iv), Purchaser shall be entitled to payment of the Break-Up Fee upon such termination, but Sellers may delay the payment of the Break-Up Fee until the date that is the earlier of (x) the date upon which any such Alternative Transaction is actually consummated, if applicable, and (y) the date that is sixty (60) days following the date upon which this Agreement is so terminated. In all other circumstances in which Purchaser is entitled to payment of the Break-Up Fee in accordance with this Section 9.2(c), the Break-Up Fee shall become due and payable by Sellers to Purchaser immediately upon termination of this Agreement.

(d) In addition, in the event that this Agreement is terminated by Purchaser pursuant to Section 9.1(b) (other than clauses (iii), (iv), (vi) and (vii) thereof), or by any Party pursuant to Section 9.1(a)(ii) at a time when this Agreement was terminable pursuant to Section 9.1(b) (other than clauses (iii), (iv), (vi) and (vii) thereof), and the Company consummates (or enters into an agreement to consummate) an Alternative Transaction (which, for the avoidance of doubt, shall include seeking or having confirmed a plan of reorganization) within the twelve (12) months following such termination, Purchaser shall be entitled to payment of the Break-Up Fee upon consummation of such Alternative Transaction.

(e) The obligations of the Company to pay the Break-Up Fee and/or Expense Reimbursement (A) shall be entitled to administrative expense claim status under Sections 503(b)(1)(A) and 507(a)(2) of the U.S. Bankruptcy Code and under an order to that effect issued by the CCAA Court and shall be a superpriority administrative expense claim (*i.e.*, senior to all other administrative expense claims and payable out of Sellers' cash or other collateral security under Sellers' obligations to their senior secured lenders and prior to any recovery by such lenders) of Sellers under Section 364(c)(1) of the U.S. Bankruptcy Code, or the inherent jurisdiction of the CCAA Court, (B) shall not be subordinate to any other administrative expense claim against the Company and (C) shall survive the termination of this Agreement in accordance with Section 9.2(a); *provided*, *however*, that the obligations of the Company to pay the Break-Up Fee and/or Expense Reimbursement shall be junior to any claims or obligations of the Company arising under any Order of the Bankruptcy Courts authorizing the Sellers' entry into the ABL DIP Credit Agreement or a DIP Credit Agreement. Sellers shall seek the approval of the Break-Up Fee and Expense Reimbursement as set forth in this paragraph and this Agreement in the Bidding Procedures Order.

(f) In the event that the Break-Up Fee becomes due and payable hereunder, the Break-Up Fee payable to Purchaser shall be reduced by the amount of the Work Fee actually paid to Purchaser.

(g) If this Agreement is terminated (or deemed terminated in accordance with the proviso to Section 9.1(c)(ii)) by Sellers pursuant to Section 9.1(c), Purchaser shall direct the Deposit Escrow Agent to disburse the Deposit to Sellers in immediately available funds, to an account designated by Sellers to the Deposit Escrow Agent in writing. Upon any termination of this Agreement (other than a termination (or deemed termination in accordance with the proviso to Section 9.1(c)(ii)) by Sellers pursuant to Section 9.1(c)), the Deposit shall be disbursed by the Deposit Escrow Agent to Purchaser in immediately available funds, to an account designated by Purchaser to the Deposit Escrow Agent in writing. Notwithstanding any provision to the contrary herein (including Section 9.2(a)), except Section 10.2, the Deposit is the sole and exclusive remedy and liquidated damages of the Company Related Parties, whether at Law or in equity, for any breach by Purchaser or any of its Affiliates (including the Sponsors and their respective Affiliates) of the terms and conditions of this Agreement or otherwise in connection with this Agreement, and no Purchaser Related Party shall have any further Liability of any kind to any Company Related Parties on account of this Agreement or otherwise in connection with the transactions contemplated by this Agreement.

ARTICLE X
MISCELLANEOUS

Section 10.1 No Survival of Representations and Warranties or Covenants. Except for the covenants identified in Section 9.2(a), no representations or warranties, covenants or agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive beyond the Closing Date. Accordingly, no claim of any nature whatsoever for breach of such representations, warranties, covenants or agreements may be made, or Action instituted, after the Closing Date. Notwithstanding the foregoing, the covenants and agreements that by their terms are to be satisfied after the Closing Date shall survive until satisfied in accordance with their terms.

Section 10.2 Waiver; Remedies.

(a) No failure to exercise, and no delay in exercising, any right, remedy, power or privilege under this Agreement by any Party will operate as a waiver of such right, remedy, power or privilege, nor will any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise of such right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege.

(b) Each of the Parties hereto acknowledges that money damages would not be a sufficient remedy for any breach or threatened breach of this Agreement and that irreparable harm would result if this Agreement were not specifically enforced. Therefore, subject to Section 10.2(c), prior to any valid termination of this Agreement, the rights and obligations of the Parties shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and, to the extent permitted by law, the Parties shall be entitled to appropriate injunctive relief in connection therewith, without the necessity of posting a bond or other security or proving actual damages and without regard to the adequacy of any remedy at law. Each Party agrees to waive any requirement for the security or posting of any bond in connection with any proceeding seeking specific performance of this Agreement and that the only permitted objection that it may raise in response to any action for specific performance of this Agreement is that it contests the existence of a breach or threatened breach thereof. The rights set forth in this Section 10.2 shall be in addition to any other rights which a Party may have at law or in equity pursuant to this Agreement.

(c) Notwithstanding the foregoing, neither the Company, Sellers nor any other Person shall be entitled to seek or obtain specific performance of Purchaser's obligation to obtain the Equity Financing or consummate the Closing unless each of the following conditions are satisfied: (i) all of the conditions set forth in Article VIII have been satisfied or, to the extent permitted by Law, waived by the party entitled to the benefit thereof (other than those conditions that by their terms are to be satisfied at the Closing, but subject to such conditions being capable of being satisfied), (ii) the Debt Financing (or, if applicable, the Alternative Financing) has been funded or will be funded at the Closing if the Equity Financing is funded, (iii) Purchaser has failed to consummate the Closing when requested in accordance with Section 2.7(a), and (iv) each Seller has irrevocably confirmed to Purchaser in writing that if specific performance is granted and the Debt Financing (or, if applicable, the Alternative Financing) is funded, and Purchaser otherwise complies when requested with its obligations hereunder, then the Closing will occur.

Section 10.3 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement; *provided*, that the Debt Financing Sources may enforce (and each is an intended third party beneficiary of) the provisions of Section 9.2(g), this Section 10.3, Section 10.4, Section 10.5, Section 10.6, Section 10.14 and Section 10.15(b) (and in each case the definitions related thereto) that are related to the Debt Financing Sources.

Section 10.4 **<u>Consent to Amendments; Waivers</u>**. No Party shall be deemed to have waived any provision of this Agreement or any of the other Transaction Documents unless such waiver is in writing, and then such waiver shall be limited to the circumstances set forth in such written waiver. This Agreement and the other Transaction Documents shall not be amended, altered or qualified except by an instrument in writing signed by all the parties hereto or thereto, as the case may be. Notwithstanding anything to the contrary contained herein, <u>Section 9.2(g)</u>, <u>Section 10.3</u>, this <u>Section 10.4</u>, <u>Section 10.5</u>, <u>Section 10.6</u>, <u>Section 10.14</u> and <u>Section 10.15(b)</u> (and in each case the definitions related thereto) may not be amended and/or waived in a manner that is materially adverse to a Debt Financing Source without its prior written consent.

Section 10.5 **<u>Successors and Assigns</u>**. Except as otherwise expressly provided in this Agreement, all representations, warranties, covenants and agreements set forth in this Agreement or any of the other Transaction Documents by or on behalf of the Parties thereto will be binding upon and inure to the benefit of such Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party, which consent may be withheld in such Party's sole discretion, except for (a) assignment to an Affiliate of a Party (*provided*, that such Party remains liable jointly and severally with its assignee Affiliate for the assigned obligations to the other Party), (b) assignment by a U.S. Debtor to a succeeding entity following such U.S. Debtor's emergence from Chapter 11 of the U.S. Bankruptcy Code, and (c) assignment by any of the Canadian Debtors pursuant to any plan of arrangement approved by the CCAA Court, which will not require the consent of Purchaser; *provided*, that Purchaser may assign all or any portion of its rights and obligations pursuant to this Agreement to the Debt Financing Sources pursuant to the terms of the Debt Commitment Letter for purposes of creating a security interest herein or otherwise assigning as collateral in respect of the Debt Financing; *provided*, *further*, that such assignment shall not permit any foreclosure or other execution on such assignment prior to the Closing and that no such assignment shall in any manner limit or affect Purchaser's obligations hereunder.

Section 10.6 **<u>Governing Law; Submission to Jurisdiction; Waiver of Jury Trial</u>**.

(a) Any questions, claims, disputes, remedies or Actions arising from or related to this Agreement (including, to the extent required by the Debt Commitment Letter, any claim or cause of action involving the Debt Financing Sources (or any Alternative Financing sources), and any relief or remedies sought by any Parties, shall be governed exclusively by the Laws of the State of New York without regard to the rules of conflict of laws applied therein or any other jurisdiction.

(b) To the fullest extent permitted by applicable Law, each Party (i) agrees that any claim, action or proceeding by such Party seeking any relief whatsoever arising out of, or in connection with, this Agreement or the transactions contemplated hereby shall be brought only in (A) the U.S. Bankruptcy Court, if brought prior to the entry of a final decree closing the Chapter 11 Case, with respect to the U.S. Debtors, (B) the CCAA Court, if brought prior to the entry of a final decree closing the CCAA Proceedings, with respect to the Canadian Debtors, or (C) in all other circumstances, in the federal courts in the Southern District of New York (collectively, the "Courts"), if brought after entry of such final decree closing the Chapter 11 Case or CCAA Proceedings, *mutatis mutandis*, and shall not be brought, in any court in the United States of America, Canada, or any court in any other country, (ii) agrees to submit to the exclusive jurisdiction of the Courts, as applicable pursuant to the preceding clauses (i)(A), (B) and (C), for purposes of all legal proceedings arising out of, or in connection with, this Agreement or the transactions contemplated hereby, (iii) waives and agrees not to assert any objection that it may now or hereafter have to the laying of the venue of any such Action brought in such a court or any claim that any such Action brought in such a court has been brought in an inconvenient forum, (iv) agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10.7 or any other manner as may be permitted by Law shall be valid and sufficient service thereof, and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

(c) EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.6.

Section 10.7 Notices. Unless otherwise set forth herein, any notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a Party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid), or (b) sent by facsimile or e-mail, in each case, if sent during the normal business hours of the recipient, or if not sent during such normal business hours then during such normal business hours on the Business Day immediately following such transmission, with confirmation of transmission by the transmitting equipment confirmed with a copy delivered as provided in clause (a), in the case of each of clauses (a) and (b), to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a Party may designate by notice to the other Parties):

If to Purchaser, to:

9938982 Canada Inc.
161 Bay Street Suite 5000
Toronto ON M5J 2S1, Canada
Attention: General Counsel
Email: legal@powercorp.com
Facsimile: 416-607-2251

With copies (that shall not constitute notice) to:

Sagard Capital Partners, L.P.
280 Park Ave. 3rd Floor West
New York, NY 10017
Attention: Samuel Robinson
Email: robinson@powercorp.com
Facsimile: 203-629-6781

and to:

Fairfax Financial Holdings Limited
Suite 800
95 Wellington Street West
Toronto, Ontario M5J 2N7
Attention: Paul Rivett
Email: PRivett@hwic.ca
Facsimile: 416-367-2201

and to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attention: Michael Movsovich
Richard Campbell
Email: michael.movsovich@kirkland.com
richard.campbell@kirkland.com
Facsimile: 212-446-4900

and to:

Blake, Cassels & Graydon LLP
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9, Canada
Attention: John Tuzyk
Philippe Bourassa
Email: john.tuzyk@blakes.com
philippe.bourassa@blakes.com
Facsimile: 416-863-2653
514-982-4099

and to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022

Attention: Scott Petepiece
Fred Sosnick
Email: spetepiece@shearman.com
fsosnick@shearman.com

and to:

Torys LLP
Suite 3000
79 Wellington Street West
Box 270, Toronto Dominion Centre
Toronto, Ontario M5K 1N2
Attention: David Chaikof
Thomas Yeo
Email: dchaikof@torys.com
tyeo@torys.com
Facsimile: 416-865-7380

If to Sellers, to:

Performance Sports Group Ltd.
100 Domain Drive
Exeter, NH 03833
Attention: Michael Wall
Email: Michael.Wall@bauer.com
Facsimile: 603-292-1505

With copies (that shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, New York 10019-6064
Attention: Angelo Bonvino
Kelley A. Cornish
Alice Belisle Eaton
Email: abonvino@paulweiss.com
kcornish@paulweiss.com
aeaton@paulweiss.com
Facsimile: 212-492-0570

and to:

Stikeman Elliott LLP
5300 Commerce Court West, 199 Bay Street
Toronto, Ontario M5L 1B9
Attention: Jonah Mann
Email: jmann@stikeman.com
Facsimile: 416-947-0866

Section 10.8 Exhibits; Sellers Disclosure Letter. The Sellers Disclosure Letter and the Exhibits attached hereto constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein.

Section 10.9 Counterparts. The Parties may execute this Agreement in two (2) or more counterparts (no one of which need contain the signatures of all Parties), each of which will be an original and all of which together will constitute one and the same instrument.

Section 10.10 No Presumption. The Parties agree that this Agreement was negotiated fairly between them at arm's length and that the final terms of this Agreement are the product of the Parties' negotiations. Each Party acknowledges and agrees that it has sought and received experienced legal counsel of its own choosing with regard to the contents of this Agreement and the rights and obligations affected hereby. The Parties each acknowledge and agree that this Agreement shall be deemed to have been jointly and equally drafted by them, and that the provisions of this Agreement therefore should not be construed against a Party on the grounds that such Party drafted or was more responsible for drafting the provisions.

Section 10.11 Severability. If any provision, clause, or part of this Agreement, or the application thereof under certain circumstances, is held invalid, illegal or incapable of being enforced in any jurisdiction, (a) as to such jurisdiction, the remainder of this Agreement or the application of such provision, clause or part under other circumstances, and (b) as for any other jurisdiction, any provision of this Agreement, shall not be affected and shall remain in full force and effect, unless, in each case, such invalidity, illegality or unenforceability in such jurisdiction materially impairs the ability of the Parties to consummate the transactions contemplated by this Agreement. Upon such determination that any clause or other provision is invalid, illegal or incapable of being enforced in such jurisdiction, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible even in such jurisdiction.

Section 10.12 Entire Agreement. This Agreement and the other Transaction Documents set forth the entire understanding of the Parties relating to the subject matter thereof, and all prior or contemporaneous understandings, agreements, representations and warranties, whether written or oral (including the Confidentiality Agreement), are superseded by this Agreement and the other Transaction Documents and all such prior or contemporaneous understandings, agreements, representations and warranties (including the Confidentiality Agreement) are hereby terminated. In the event of any irreconcilable conflict between this Agreement and any of the other Transaction Documents, the provisions of this Agreement shall prevail, regardless of the fact that certain other Transaction Documents, such as the Local Sale Agreement, may be subject to different governing Laws (unless the other Transaction Document expressly provides otherwise).

Section 10.13 Damages. Under no circumstances shall any Party be liable for punitive damages or indirect or incidental damages arising out of or in connection with this Agreement or the transactions contemplated hereby or any breach or alleged breach of any of the terms hereof, including damages alleged as a result of tortious conduct.

Section 10.14 Bulk Sales Laws. Subject to Section 6.1(c) (Clearance Certificates), each Party waives compliance by the other Party with any applicable U.S. bulk sales Law.

Section 10.15 Non-Recourse.

(a) No past, present or future director, officer, manager, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the Company or any other Seller or any of their respective Affiliates, in each case, other than any Seller who is a party hereto, shall have any liability under this Agreement or any other Transaction Document or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby.

(b) Notwithstanding anything to the contrary contained herein, the Company and the other Sellers agree on behalf of themselves and their respective Affiliates that none of the Purchaser Related Parties (other than Purchaser) shall have any liability or obligation to the Company, the other Sellers or any of their respective Affiliates relating to this Agreement or any of the transactions contemplated herein (including the Debt Financing), in each case whether based on contract, tort or strict liability by the enforcement of any assessment, by any legal or equitable proceeding, by virtue of any statute, regulation or applicable Laws or otherwise and whether by or through attempted piercing of the corporate, limited liability company or partnership veil, by or through a claim by or on behalf of a party hereto or another Person (including a claim to enforce the Debt Commitment Letter) or otherwise. This Section 10.15(b) is intended to benefit and may be enforced by Purchaser and the Purchaser Related Parties (including the Debt Financing Sources, and each such Person shall be a third party beneficiary of this Section 10.15(b)) and shall be binding on all the respective successors and permitted assigns of the Company and each Seller.

[*Remainder of Page Intentionally Blank*]

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

9938982 CANADA INC.

By: ______________________
Name: PAUL DESMARAIS III
Title: EXECUTIVE CHAIRMAN

By: Samuel Robinson
Name: SAMUEL ROBINSON
Title: PRESIDENT

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

PERFORMANCE SPORTS GROUP LTD.

By: ______________________________

Name: Michael J. Wall

Title: Executive Vice President, General Counsel and Corporate Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BPS US HOLDINGS INC.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

EASTON BASEBALL/SOFTBALL INC.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BAUER HOCKEY RETAIL INC.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

[*Signature Page to Asset Purchase Agreement (Bauer Hockey Retail Inc.)*]

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BPS DIAMOND SPORTS INC.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

PERFORMANCE LACROSSE GROUP INC.

By: ______________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BAUER PERFORMANCE SPORTS UNIFORMS INC.

By: ______________________________

Name: Michael J. Wall

Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BAUER HOCKEY, INC.

By: ______________________________
Name: Michael J. Wall
Title: Executive Vice President, General Counsel and Corporate Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BAUER PERFORMANCE SPORTS UNIFORMS CORP

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

PERFORMANCE LACROSSE GROUP CORP.

By: ______________________________

Name: Michael J. Wall

Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BPS CANADA INTERMEDIATE CORP.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BPS DIAMOND SPORTS CORP.

By: ______________________

Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

KBAU HOLDINGS CANADA, INC.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

PSG INNOVATION CORP.

By: ______________________________

Name: Michael J. Wall

Title: Secretary

[*Signature Page to Asset Purchase Agreement (PSG Innovation Corp.)*]

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BAUER HOCKEY CORP.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

EASTON BASEBALL/SOFTBALL CORP.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

PSG INNOVATION INC.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

IN WITNESS WHEREOF, the Parties have duly executed this Asset Purchase Agreement as of the date first written above.

BAUER HOCKEY RETAIL CORP.

By: ______________________________
Name: Michael J. Wall
Title: Secretary

EXHIBIT A

SUBSIDIARY SELLERS

Name	State or Country of Incorporation or Organization
Bauer Hockey Retail Inc.	Delaware
Bauer Performance Sports Uniforms Inc.	Delaware
BPS Diamond Sports Inc.	Delaware
BPS US Holdings Inc.	Delaware
Easton Baseball/Softball Inc.	Delaware
Performance Lacrosse Group Inc.	Delaware
PSG Innovation Inc.	Delaware
Bauer Hockey, Inc.	Vermont
Bauer Hockey Retail Corp.	Canada
Bauer Hockey Corp.	Canada
Bauer Performance Sports Uniforms Corp.	Canada
BPS Canada Intermediate Corp.	Canada
BPS Diamond Sports Corp.	Canada
Easton Baseball/Softball Corp.	Canada
KBAU Holdings Canada, Inc.	Canada
Performance Lacrosse Group Corp.	Canada
PSG Innovation Corp.	Canada

EXHIBIT B

[RESERVED]

EXHIBIT C

COUNTERPART TO THE ASSET PURCHASE AGREEMENT

TO: **Performance Sports Group Ltd. and the Sellers listed on "Exhibit A" to the Purchase Agreement (collectively, "Sellers")**

AND TO: **9938982 Canada Inc. ("Purchaser")**

Reference is made to the asset purchase agreement dated as of **October 31**, 2016 (the "**Purchase Agreement**") among Sellers and Purchaser, in connection with the purchase and assumption by Purchaser or the Designated Purchasers of the Acquired Assets and the Assumed Liabilities from Sellers. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

In accordance with the Purchase Agreement, in executing this counterpart to the Purchase Agreement, the undersigned hereby:

(a) acknowledges receipt of a copy of the Purchase Agreement;

(b) covenants and agrees to join, become a party to and be bound, as a "Designated Purchaser", by the Purchase Agreement, as the same may be amended from time to time in accordance with the provisions thereof;

(c) authorizes Purchaser to act as its agent for all purposes under the Purchase Agreement;

(d) agrees to purchase, assume and/or employ, as applicable, the Acquired Assets, Assumed Liabilities and Transferred Employees indicated in Appendix A hereto; and

(e) agrees to enter into such agreements or instruments, including Local Sale Agreements, providing for (i) the sale, transfer, assignment and other conveyance to the undersigned of the Acquired Assets indicated in Appendix A hereto, in accordance with applicable local Law and the Purchase Agreement, (ii) the assumption by the undersigned of the Assumed Liability indicated in Appendix A hereto, and (iii) the employment by the undersigned of the Transferred Employees indicated in Appendix A hereto.

For the purposes of Section 10.7 of the Purchase Agreement, copies of notices to Purchaser should also be delivered to:

[•]

[Remainder of Page Intentionally Blank]

DATED as of this ____ day of _______________, 201_

[DESIGNATED PURCHASER]

By: ______________________________

Name:

Title:

APPENDIX A
ACQUIRED ASSETS, ASSUMED LIABILITIES AND TRANSFERRED EMPLOYEES

[See attached.]

EXHIBIT D-1

FORM OF CANADIAN BIDDING PROCEDURES ORDER

See attached.

Court File No. ____________________

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	MONDAY, THE ●
	)	
JUSTICE	)	DAY OF ●, 2016

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., 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**")

ORDER
(Re: Bidding Procedures Approval)

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Mark Vendetti sworn November ●, 2016 (the "Vendetti **Affidavit**") and the Exhibits thereto and on hearing the submissions of counsel for the Applicants, Ernst & Young Canada Inc. ("**E&Y**") in its capacity monitor ("**Monitor**"), **[Bank of America, N.A., the Ad Hoc Committee of certain Term Lenders of Performance Sports Group Ltd., Sagard Capital Ltd. (together with Fairfax Financial Holdings Limited, "Fairfax," the "Stalking Horse Bidder")]**, no one appearing for any other party although duly served as appears from the affidavit of service of [NAME] sworn **[●]**, 2016,

DEFINITIONS

1. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined shall have the meanings ascribed to them under the agreement of purchase and sale dated ●, 2016, between certain of the PSG Entities (in such capacity, the "**Vendors**") and the Stalking Horse Bidder (the "**Stalking Horse Agreement**") and the bidding procedures attached as Schedule "A" hereto (the "**Bidding Procedures**").

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

BIDDING PROCEDURES

3. **THIS COURT ORDERS** that the Bidding Procedures attached as Schedule "A" herein are hereby approved.

4. **THIS COURT ORDERS** that the Vendors, the Monitor, Centerview Partners LLC (in its capacity as financial advisor to the Applicants, the "**Financial Advisor**") and Brian J. Fox (in its capacity as chief restructuring advisor to the Applicants, the

"**CRO**") are, , subject to the approval of the Bidding Procedures in substantially the same form by the U.S. Court Bankruptcy Court in respect of the Applicants' proceedings under Chapter 11 of the U.S. Code, hereby authorized and directed to carry out the Bidding Procedures and to take such steps and execute such documentation as may be necessary or incidental to the Bidding Procedures.

5. **THIS COURT ORDERS** that the Applicants are hereby authorized to execute the Stalking Horse Agreement *nunc pro tunc*, provided that nothing herein approves the sale and the vesting of the assets to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion made to this Court following completion of the sale process pursuant to the terms of the Bidding Procedures.

6. **THIS COURT ORDERS** that each of the Applicants, the Monitor, the Financial Advisor, the CRO and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the Bidding Procedures, except to the extent of such losses, claims, damages or liabilities resulting from the gross negligence or willful misconduct of the Applicants, the Monitor, the Financial Advisor or the CRO, as applicable, as determined by this Court.

7. **THIS COURT ORDERS** that the payment and priority of the Expense Reimbursement in the amount of USD $3.5 million to the Stalking Horse Bidder in accordance with section 9.2(b) and the Break-Up Fee in the amount of USD $[●] in accordance with section 9.2(c) of the Stalking Horse Agreement are hereby approved and, in the event that the Successful Bidder is not the Stalking Horse Bidder and the transactions contemplated by the Successful Bid are completed, the Applicants are

hereby authorized and directed to pay the Expense Reimbursement and Break-Up Fee to the Stalking Horse Bidder out of the sale proceeds derived from and upon completion of the Successful Bid.

NON-DISCLOSURE ARRANGEMENTS

8. **THIS COURT ORDERS** that the Applicants are authorized and directed to enter into non-disclosure agreements ("**NDAs**") with each potential bidder ("**Bidders**") in form and substance acceptable to the Applicants and the Monitor or as directed by the Court.

9. **THIS COURT ORDERS** that Bidders shall not contact, communicate with or have dealings with the customers and suppliers of the Applicants with respect to the Applicants, their business or their assets or in relation to any bid related to the Applicants, their business or their assets, except with the written consent of the CRO and the Monitor.

10. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Vendors may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Purchased Assets and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete a sale of the Purchased Assets (the "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the PSG Entities, or in the alternative destroy all such information. The purchaser of the Purchased Assets shall be entitled to continue to use the personal information provided to it, and related to the Purchased Assets, in a manner which is in all material respects identical to the prior use of such information by the Vendors, and shall return all other personal

information to the Vendors, or ensure that all other personal information is destroyed.

GENERAL

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

Schedule A – Bidding Procedures

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

Court File No. ●

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PERFORMANCE SPORTS GROUP LTD ET. AL.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

ORDER

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

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Lawyers for the Applicants

EXHIBIT D-2

FORM OF U.S. BIDDING PROCEDURES ORDER

See attached.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
BPS US Holdings Inc., *et al.*,[1]	)	Case No. 16-12373 (____)
Debtors.	)	(Joint Administration Requested)

ORDER (A) ESTABLISHING BIDDING PROCEDURES FOR THE SALE OF ALL, OR SUBSTANTIALLY ALL, OF THE DEBTORS' ASSETS; (B) APPROVING BID PROTECTIONS; (C) ESTABLISHING PROCEDURES RELATING TO THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; (D) APPROVING FORM AND MANNER OF THE SALE, CURE AND OTHER NOTICES; AND (E) SCHEDULING AN AUCTION AND A HEARING TO CONSIDER THE APPROVAL OF THE SALE; (II) AN ORDER (A) APPROVING THE SALE OF THE DEBTORS' ASSETS FREE AND CLEAR OF CLAIMS, LIENS AND ENCUMBRANCES; (B) APPROVING THE ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (III) GRANTING RELATED RELIEF

Upon the motion ("Motion")[2] of the debtors and debtors in possession in the above-captioned cases (collectively, the "Debtors" or the "Company") pursuant to sections 105, 363, 364, 365 and 503 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (as amended, the "Bankruptcy Code"), and rules 2002, 6004, 6006, 9006, 9007 and 9014 of the Federal Rules of Bankruptcy Procedure (each a "Bankruptcy Rule," and collectively, the "Bankruptcy Rules"), for (I) an order (the "Bidding Procedures Order") (A) approving the Debtors' proposed auction (the "Auction") and the bidding procedures (the "Bidding Procedures") to be employed in

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian equivalent, are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165); Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249). The Debtors' headquarters are located at 100 Domain Dr., Exeter, New Hampshire 03833.

[2] Capitalized terms used but not defined herein have the meaning ascribed to them in the Motion.

connection with the proposed sale (the "Sale") of all, or substantially all, of the Debtors' assets (the "Assets"); (B) approving certain bid protections pursuant to the terms of the Stalking Horse Agreement in connection therewith, including overbid protections and a Break-Up Fee (as defined in the Stalking Horse Agreement); (C) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including certain cross-border provisions related thereto; (D) approving the form and manner of notice of the Sale, the notice of assumption and assignment of executory contracts and unexpired leases, including the form and manner of notice of proposed cure amounts (the "Cure Notice") and the other notices set forth herein, including certain cross-border provisions related thereto; and (E) scheduling the Auction and a joint hearing before the U.S. and Canadian courts (the "Sale Hearing") to consider approval of the Sale (collectively, (I) (A) through (E) above, the "Bidding Procedures Relief"); and (II) an order (the "Sale Order") authorizing (A) the Sale of the Assets to the bidder with the highest or otherwise best bid (the "Successful Bidder") pursuant to the Stalking Horse Agreement or a Modified Asset Purchase Agreement, in each case free and clear of all claims, liens and encumbrances as provided therein; and (B) the Debtors' assumption and assignment of the applicable executory contracts and/or unexpired leases to the Successful Bidder; and (III) granting related relief; and the Court having considered that portion of the Motion seeking the Bidding Procedures Relief, and the arguments of counsel made and the evidence adduced, at the joint hearing held with the Canadian Court on that portion of the Motion (the "Bidding Procedures Hearing"); and due and sufficient notice of the Bidding Procedures Hearing and the relief sought therein having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and it appearing that the Bidding Procedures Relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and after due deliberation thereon and good and sufficient cause appearing therefor, it is hereby:

FOUND, CONCLUDED AND DETERMINED THAT:[3]

A. This Court has jurisdiction to consider the Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief requested in the Motion are Bankruptcy Code sections 105, 363, 364, 365, 503 and Bankruptcy Rules 2002, 6004, 6006 and 9014.

B. The relief granted herein is in the best interests of the Debtors, their estates and creditors, and other parties in interest.

C. The Debtors have articulated good and sufficient business reasons for the Court to (i) approve the Bidding Procedures, Bid Protections, the Assumption and Assignment Procedures, the form and manner of the Sale Notice, the Cure Notice and the other notices of the Motion, the Auction and the Sale Hearing as set forth herein, (ii) set the date for the Auction, the Sale Hearing and the other dates set forth herein and (iii) grant the relief requested in the Motion as provided herein.

D. Due, sufficient and adequate notice of the Bidding Procedures Hearing and the relief granted in this Order has been given in light of the circumstances and the nature of the relief requested, and no other or further notice thereof is required. The Debtors' notice of the Motion and the relief requested in the Motion for which approval was sought at the Bidding Procedures Hearing is appropriate and reasonably calculated to provide all interested parties with

[3] The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

timely and proper notice under Bankruptcy Rules 2002, 4001, 6004 and 6006, and no other or further notice of, or hearing on, this Bidding Procedures Order and that portion of the Motion being approved hereby is required.

E. The Debtors' proposed Sale Notice, Cure Notice and other notices contemplated hereunder with respect to the Sale, the Auction, the assumption and assignment procedures set forth in section E of the Motion (the "Assumption and Assignment Procedures"), and the Sale Hearing are appropriate and reasonably calculated to provide all interested parties with timely and proper notice thereof and no further notice of each is necessary or required.

F. The Bidding Procedures, substantially in the form attached as **Exhibit A**, and incorporated herein by reference as if fully set forth herein, and the Bid Protections are fair, reasonable and appropriate, were negotiated in good faith by the Debtors and the Stalking Horse Purchaser and represent the best method for maximizing the value of the Debtors' estates in connection with the Sale.

G. The Bid Protections, to the extent payable under the Stalking Horse Agreement, (i) shall be deemed an actual and necessary cost of preserving the Debtors' estates within the meaning of Bankruptcy Code section 503(b), (ii) are of substantial benefit to the Debtors' estates, (iii) are reasonable and appropriate, including in light of the size and nature of the transactions and the efforts that have been and will be expended by the Stalking Horse Purchaser, (iv) have been negotiated by the parties and their respective advisors at arm's-length and in good faith and (v) are necessary to ensure that the Stalking Horse Purchaser will continue to pursue the proposed Sale of the Assets. The Bid Protections are material inducements for, and a condition of, the Stalking Horse Purchaser's entry into the Stalking Horse Agreement. The

Stalking Horse Purchaser is unwilling to commit to purchase the Assets under the terms of the Stalking Horse Agreement unless the Stalking Horse Purchaser receives the Bid Protections.

H. The Assumption and Assignment Procedures are reasonable and appropriate.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. Those portions of the Motion seeking approval of the Bidding Procedures Relief are GRANTED.

2. Any objection to the portions of the Motion seeking approval of the Bidding Procedures Relief or any other relief granted in this Order, to the extent not resolved, waived or withdrawn, and all reservations of rights included therein, is hereby overruled and denied on the merits.

3. The Stalking Horse Agreement (which may be obtained from counsel to the Debtors or the Debtors' investment bankers upon written request), as modified by Bidders in accordance with the Bidding Procedures to, among other things, delete the Bid Protections (as so modified, the "Form APA") is hereby approved as the Form APA for purposes of the Auction, and is appropriate and reasonably calculated to enable the Debtors and other parties in interest to easily compare and contrast the differing terms of the Bids presented at the Auction.

A. Bidding Procedures

4. The Bidding Procedures in the form attached hereto as Exhibit A and incorporated herein by reference as if fully set forth in this Order are hereby APPROVED. The Debtors are authorized to take any and all actions necessary or appropriate to implement the Bidding Procedures. The failure to specifically include or reference any particular provision of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such

procedures, it being the intent of this Court that the Bidding Procedures be authorized and approved in their entirety.

B. The Bid Deadline

5. As further described in the Bidding Procedures, a potential Bidder who desires to make a Bid for the Assets that satisfies the bidding requirements set forth in the Bidding Procedures shall deliver its Bid, so as to be received by no later than **5:00 p.m. (prevailing Eastern Time)** on **January 4, 2017** (the "Bid Deadline") to (the parties in paragraph 5(a) through 5(i) collectively, the "Notice Parties"):

(i) **the Debtors**, 100 Domain Dr., Exeter, New Hampshire 03885, Attention: Michael J. Wall, Esq. (Michael.Wall@bauer.com);

(ii) **US counsel to the Debtors**, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley A. Cornish (kcornish@paulweiss.com) and Alice Eaton (aeaton@paulweiss.com); and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attention: Pauline Morgan (pmorgan@ycst.com);

(iii) **Canadian counsel to the Debtors**, Stikeman Elliot LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9, Attention: Maria Konyukhova (mkonyukhova@stikeman.com) and Jonah Mann (jmann@stikeman.com).

(iv) **Financial advisor to the Debtors**, Centerview Partners, 31 West 52nd Street New York, N.Y. 10019, Attention: Marc Puntus (mpuntus@centerviewpartners.com);

(v) **the Monitor**, Ernst & Young Inc., 222 Bay Street, Toronto, ON, M5K IJ7, Attention: Brian Denega (brian.m.denega@ca.ey.com);

(vi) **US counsel to the Monitor**, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY, 10020, Attention: Ken Coleman (Ken.Coleman@AllenOvery.com);

(vii) **Canadian counsel to the Monitor**, Thornton Grout Finnigan LLP, 100 Wellington Street West, Suite 3200, Toronto, ON, M5K IK7, Attention: Robert Thornton (rthornton@tgf.ca), D.J. Miller (djmiller@tgf.ca) and Rachel Bengino (rbengino@tgf.ca);

(viii) **U.S. counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent**, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola (jventola@choate.com) and Douglas R. Gooding (dgooding@choate.com);

(ix) **Canadian counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent**, Norton Rose Fulbright, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4, Canada, Attn: David M.A. Amato (david.amato@nortonrosefulbright.com) and Serge Levy (serge.levy@nortonrosefulbright.com);

(x) **counsel to the UCC**, [●], Attention: [●]; and

(xi) **financial advisor to the UCC**, [●], Attention: [●].

C. Notices of Sale, Bidding Procedures, Bid Protections and the Sale Hearing

6. The notices described below are hereby approved, and service or publication thereof (as applicable) as set forth below constitutes proper, timely, adequate and sufficient notice of the Sale, the Bidding Procedures, the Bid Protections and the Sale Hearing, and no other or further notice shall be required.

7. Within three (3) Business Days after the entry of this Order, or as soon thereafter as practicable (the "Mailing Date"), the Debtors (or their agents) shall serve the Motion, the Stalking Horse Agreement in the form attached to the Motion, this Order and the Bidding Procedures by first-class mail, postage prepaid, or by email, where available, upon:

(a) all entities known to have expressed a *bona fide* interest in a transaction with respect to the Assets within the past two years;

(b) all entities known to have asserted any lien, claim or encumbrance in or upon any of the Assets;

(c) all federal, state and local environmental, regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by the Motion;

(d) the Monitor;

(e) the U.S. Trustee;

(f) counsel to the proposed Stalking Horse Purchaser;

(g) counsel to the Prepetition ABL Lenders;

(h) counsel to the Prepetition Term Loan Lenders;

(i) the Internal Revenue Service;

(j) the Securities and Exchange Commission;

(k) the U.S. Attorney for the District of Delaware; and

(l) all persons and entities that have filed a request for service of filings in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002.

8. On the Mailing Date, or as soon thereafter as practicable, the Debtors (or their agents) shall serve by first-class mail, postage prepaid, the notice of the Sale, substantially in the form attached hereto as **Exhibit B** (the "Sale Notice"), upon all other known creditors of the Debtors and all counterparties to the Debtors' executory contracts and unexpired leases.

9. The Debtors shall publish a notice, substantially in the form of the Sale Notice, on one occasion, in *The Wall Street Journal*, National Edition, New York Times, Reuters and Bloomberg in the U.S.; Le Devoir, Globe & Mail and National Post in Canada, on the Mailing Date or as soon as practicable thereafter. Such publication notice shall be deemed sufficient and proper notice of the Sale to any other interested parties whose identities are unknown to the Debtors.

10. The Sale Hearing, which shall be a joint hearing, to approve the Sale shall be held on **January 11, 2017 at 10:00 a.m. (prevailing Eastern Time)**, at (a) the United States Bankruptcy Court for the District of Delaware, 824 Market St. N, 3rd Floor, Wilmington, DE 19801, before the Honorable [__________] and (b) the Canadian Court [details].

11. All objections to the Sale (a "Sale Objection") must be in writing and filed on and served so as to be received by **January 4, 2016 at 4:00 p.m. (prevailing Eastern Time)** (the "Sale Objection Deadline") with either (a) the Clerk of the Court, 824 Market St. N, 3rd Floor, Wilmington, DE 19801, or (b) with the Canadian Court. In addition, any Sale Objection must be served on the Notice Parties and the Stalking Horse Purchaser so as to be received on the Sale Objection Deadline; provided however, that any objections to the conduct of the Auction or selection of the Successful Bid or Back-Up Bids (a "Supplemental Objection") shall be in writing, filed with either the U.S. Bankruptcy Court or the Canadian Court, together with proof of service, and served so as to be received by the Notice Parties and the Stalking Horse Purchaser, on or before **12:00 p.m. (prevailing Eastern Time)** on **January 10, 2017**. A Sale Objection or a Supplemental Objection that is filed with either the U.S. Court or the Canadian Court on or before the Sale Objection Deadline shall be deemed timely filed in both Bankruptcy Courts.

12. For purposes of this Bidding Procedures Order, notice to the Stalking Horse Purchaser must be provided to:

a. **U.S. Counsel to the Stalking Horse Purchaser:** Kirkland & Ellis LLP, 601 Lexington Avenue, New York, N.Y. 10022, Attention: Christopher J. Marcus.

b. **U.S. local counsel to the Stalking Horse Purchaser**, Klehr, Harrison, Harvey & Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, DE 19801, Attention: Domenic E. Pacitti;

c. **Canadian Counsel to the Stalking Horse Purchaser**: Blake, Cassels & Graydon S.E.N.C.R.L./s.r.l., 1 Place Ville Marie, Bureau 3000, Montréal (Québec) H3B 4N8, Attention: Bernard Boucher; and

d. **Financial Advisor to the Stalking Horse Purchaser**: Rothschild & Co., 1251 Avenue of the Americas, 33rd floor, New York, N.Y. 10020, Attention: Neil Augustine; and BDT Capital Partners, LLC, 401 North Michigan, Suite 3100, Chicago, IL 60611, Attention: John Gilligan.

13. Failure to file and serve a Sale Objection or Supplemental Objection as aforesaid shall be deemed to be consent to the Sale for purposes of section 363(f) of the Bankruptcy Code.

14. The Sale Hearing may be adjourned by the Debtors, in consultation with the Consultation Parties and the Stalking Horse Purchaser, from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing, or by filing a notice on the docket of the respective Bankruptcy Proceeding; provided however, that the Sale Hearing may not be adjourned to a date later than January 16, 2017.

D. The Auction

15. The Debtors are authorized to conduct the Auction with respect to the Assets. The Auction shall take place on **January 9, 2017 at 10:00 a.m. (prevailing Eastern Time)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, or such other place and time as the Debtors shall notify all Qualified Bidders and each of their respective counsel and advisors, the Consultation Parties and the Stalking Horse Purchaser. The Debtors are authorized, subject to the terms of this Order, to take actions reasonably necessary, in the discretion of the Debtors, to conduct and implement the Auction.

16. Only the Debtors, the Consultation Parties, the Stalking Horse Purchaser and any other Qualified Bidder, in each case, along with their respective representatives and

counsel, may attend the Auction (such attendance to be in person) and only the Stalking Horse Purchaser and such other Qualified Bidder(s) will be entitled to make any Bids at the Auction; provided, however, that any material creditor may attend the Auction if it provides the Debtors with written notice of its intention to attend the Auction on or before the Bid Deadline. Such written notice must be sent to U.S. counsel for the Debtors via electronic mail to Kevin O'Neill (koneill@paulweiss.com). The Debtors and their professionals shall direct and preside over the Auction and the Auction shall be transcribed.

17. The Stalking Horse Purchaser (in its capacity as a Qualified Bidder) and each other Qualified Bidder participating in the Auction must confirm that it has (a) not engaged in any collusion with respect to the bidding or Sale of the Assets, (b) reviewed, understands and accepts the Bidding Procedures and (c) consented to the core jurisdiction of the Courts.

18. Subject to the rights of parties in interest to (i) challenge the Sale or the Sale Process, (ii) challenge the Debtors' decisions with respect to the Sale Process, (iii) argue that such decisions are not governed by the "business judgment" standard or (iv) such other rights as such parties may have under applicable law, the Debtors may (a) determine, in their business judgment, pursuant to the Bidding Procedures, which Qualified Bid is the highest or best proposal for the Assets and which is the next highest or best proposal for the Assets and (b) reject any bid that, in the Debtors' business judgment, is (x) inadequate or insufficient, (y) not in conformity with the requirements of the Bidding Procedures, the Bankruptcy Code, the Bankruptcy Rules or the Local Bankruptcy Rules or (z) contrary to the best interests of the Debtors and their estates.

19. Notwithstanding anything to the contrary herein, and for the avoidance of doubt, for all purposes under the Bidding Procedures, the Stalking Horse Purchaser shall be a

Qualified Bidder.

20. Pursuant to section 363(k) of the Bankruptcy Code section, the Stalking Horse Purchaser may submit subsequent and increased credit bids at the Auction in compliance with the Bidding Procedures up to the full amount of its DIP Lien Claims.

E. The Stalking Horse Agreement and Bid Protections

21. Any obligations of the Debtors set forth in the Stalking Horse Agreement that are intended to be performed prior to the Sale Hearing and/or entry of the Sale Order are authorized as set forth herein.

22. The Bid Protections, to the extent payable under the Stalking Horse Agreement, are granted.

23. Pursuant to sections 105, 363, 364 and 503 of the Bankruptcy Code, the Debtors are hereby authorized to pay the Bid Protections pursuant to and subject to the terms and conditions set forth in the Stalking Horse Agreement.

24. Upon entry of this Order, the Bid Protections shall constitute a superpriority administrative expense of the Debtors with priority over any and all administrative expenses of any kind, including those specified in sections 503(b) or 507(b) of the Bankruptcy Code, but shall be junior to any DIP Obligations and subordinate only to the Carve-Out.

25. In accordance with section 9.2 of the Stalking Horse Agreement, Sellers shall pay to the Stalking Horse Purchaser, in cash, by wire transfer of immediately available funds, an amount equal to:

a. in the event that the Stalking Horse Agreement is terminated by either the Stalking Horse Purchaser or the Debtors pursuant to Section 9.1(a)(iv), or by the Stalking Horse Purchaser pursuant to Section 9.1(b), or by either the Stalking Horse Purchaser or the Debtors pursuant to Section 9.1(a)(ii) at a time when the Stalking Horse Agreement is terminable pursuant to Section 9.1(a)(iv) or Section 9.1(b), then the Stalking Horse Purchaser shall be entitled to the reimbursement of, and the Company shall and in any event within thirty (30) days after such termination, reimburse the Stalking Horse Purchaser in immediately available funds for, all reasonable out-of-pocket fees and expenses (including reasonable professional's fees and expenses) incurred by the Stalking Horse Purchaser and its Affiliates in connection with its investigation (including due diligence), preparation, negotiation and attempted consummation of the transactions contemplated by the Stalking Horse Agreement, in the maximum amount of $3,500,000 (the "Expense Reimbursement"); and

b. in the event that the Stalking Horse Agreement is terminated (w) by the Stalking Horse Purchaser pursuant to Sections 9.1(b)(iii), (iv), (vi) or (vii); (x) by either the Stalking Horse Purchaser or the Debtors pursuant to Section 9.1(a)(iv); (y) by either the Stalking Horse Purchaser or the Debtors pursuant to Section 9.1(a)(ii) at a time that the Stalking Horse Agreement was terminable by the Stalking Horse Purchaser pursuant to Sections 9.1(b)(iii), (iv), (vi), or (vii) by either the Stalking Horse Purchaser or the Debtors pursuant to Section 9.1(a)(iv), then in any such event of termination, the Stalking Horse Purchaser shall be entitled to the payment of a break-up fee of $20,125,000 (the "Break-Up Fee").

26. In addition, in the event that the Stalking Horse Agreement is terminated by the Stalking Horse Purchaser pursuant to Section 9.1(b) of the Stalking Horse Agreement

(other than clauses (iii), (iv), (vi) and (vii) thereof), or by any Party pursuant to Section 9.1(a)(ii) at a time when this Agreement was terminable pursuant to Section 9.1(b) (other than clauses (iii), (iv), (vi) and (vii) thereof) and the Debtors consummate (or enter into an agreement to consummate) an Alternative Transaction (which, for the avoidance of doubt, shall include seeking or having confirmed a plan of reorganization) within the twelve (12) months following such termination, the Stalking Horse Purchaser shall be entitled to payment of the Break-Up Fee upon consummation of such Alternative Transaction (the amounts comprising the Expense Reimbursement and the Break-Up Fee are collectively referred to as the "Bid Protections"); *provided* that under no circumstances shall Debtors be obligated to pay any one of these Bid Protections more than once.

27. It is critical to the process of maximizing the value, and arranging an orderly sale, of the Assets to proceed by selecting the Stalking Horse Purchaser to enter into the Stalking Horse Agreement. Without the Stalking Horse Purchaser having committed considerable time and expense in connection with the Sale of the Assets, the Debtors would potentially realize a lower price for such assets; and, therefore, the contributions of the Stalking Horse Purchaser to the process have indisputably provided a substantial benefit to the Debtors and their estates and creditors.

28. The Bid Protections shall be the sole remedy of the Stalking Horse Purchaser if the Stalking Horse Agreement is terminated under circumstances where the Bid Protections are payable.

F. Contract Assumption and Assignment Procedures

29. The Assumption and Assignment Procedures as set forth in the Motion are hereby approved and made part of this Order as if fully set forth herein. The Assumption and

Assignment Procedures are appropriate and fair to all non-Debtor counterparties and comply in all respects with the Bankruptcy Code.

30. The decision to assume and assign the applicable assumed and assigned contracts and/or leases to the Successful Bidder is subject to Court approval and the consummation of a Sale of the Assets. Accordingly, absent closing of such Sale, the applicable assumed and assigned contracts and/or leases shall not be deemed assumed and/or assigned and shall, in all respects, be subject to further administration under the Bankruptcy Code.

(a) Cure Notice

31. The Cure Notice, substantially in the form attached hereto as **Exhibit C**, is (a) reasonably calculated to provide sufficient effective notice to all non-Debtor counterparties to assumed and assigned contracts or leases and any other affected parties of the Debtors' intent to assume and assign some or all of such contracts or leases and to afford the non-Debtor counterparty to each such contract or lease the opportunity to exercise any rights affected by the Motion pursuant to Bankruptcy Rules 2002, 6004 and 6006, and (b) hereby approved.

32. The inclusion of a contract on a Cure Notice shall not constitute or be deemed a determination or admission by the Debtors, the Stalking Horse Purchaser, the Successful Bidder or any other party in interest that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code or that such contract or lease will be assumed in connection with the Sale of the Assets. The Debtors reserve all of their rights, claims and causes of action with respect to the contracts or leases listed on the Cure Notice.

33. No less than twenty-one days prior to the Bid Deadline, the Debtors will file with this Court and serve on each non-Debtor counterparty to an executory contract or

unexpired lease related to the Assets the Cure Notice, substantially in the form attached to the Bidding Procedures Order. The Cure Notice shall:

(i) state the cure amounts, if any, that the Debtors believe are necessary to assume such contracts or leases pursuant to section 365 of the Bankruptcy Code or under the CCAA (the "Cure Amount");

(ii) notify the non-Debtor counterparty that such party's contract(s) or lease(s) may be assumed and assigned to the Successful Bidder of the Assets at the conclusion of the Auction;

(iii) state the date of the Sale Hearing and that objections to any Cure Amount or to assumption and assignment will be heard at the Sale Hearing, or at a later hearing, as determined by the Debtors;

(iv) state the Contract Rejection Deadline (as defined below) by which the non-Debtor counterparty shall file an objection to the Cure Amount(s) or to the assumption and assignment of the applicable contract(s) and/or lease(s) (such objection, a "Contract Objection"); provided, however, that the inclusion of a contract, lease or agreement on the Cure Notice shall not constitute an admission that such contract, lease or agreement is an executory contract or unexpired lease or that it will, in fact, be assumed and assigned in connection with the Sale of the Assets. If no Cure Amount is listed, the Debtors believe that no amount to cure defaults under the respective executory contract or unexpired lease is owed by it thereunder. The Debtors reserve all of their rights, claims and causes of action with respect to the contracts, leases and agreements listed on the Cure Notice; and

(v) state whether the contract is between a non-Debtor counterparty and a Canadian Debtor (a "Canadian Contract") or between a non-Debtor counterparty and a U.S. Debtor (a "U.S. Contract").

(b) Contract Objection Procedures

34. The following procedures shall govern the filing and determination of Contract Objections for purposes of the Bankruptcy Proceedings (the "Cross-border Objection Procedures"):

(a) any non-Debtor contract counterparty to a Canadian Contract shall file its Contract Objection, if any, by the Objection Deadline only with the Canadian Court and the Canadian Court shall adjudicate such Contract Objection if necessary;

(b) any non-Debtor contract counterparty to a U.S. Contract shall file its Contract Objection, if any, by the Objection Deadline only with the U.S. Court, and the U.S. Court shall adjudicate such Contract Objection if necessary;

(c) any Contract Objection filed by the Contract Objection Deadline with either the Canadian Court or the U.S. Court shall be deemed timely filed in both Bankruptcy Courts; and

(d) notwithstanding anything to the contrary contained herein, any non-Debtor contract counterparty may request, in its Contract Objection, that either Bankruptcy Court determine its Contract Objection, unless the Contract Objection is consensually resolved or withdrawn, or otherwise ordered by the Bankruptcy Courts.

35. All Contract Objections must be served so as to be received by **January 4, 2016 at 4:00 p.m. (prevailing Eastern Time)** (the "Contract Objection Deadline").

36. Any Contract Objection to a U.S. Contract must be in writing and filed with the Clerk of the Court, 824 Market St. N, 3rd Floor, Wilmington, DE 19801, and served so as to be received by the Contract Objection Deadline on the Notice Parties and the Stalking Horse Purchaser.

37. Any Contract Objection to a Canadian Contract must be in writing and filed with the Canadian Court, and served so as to be received by the Contract Objection Deadline on the Notice Parties and the Stalking Horse Purchaser.

38. Any Contract Objection must state (a) the basis for such objection and (b) with specificity what Cure Amount(s) the non-Debtor counterparty to the relevant executory contract(s) or unexpired lease(s) believes is required (in all cases with appropriate documentation in support thereof).

39. Any Contract Objection solely to the Cure Amount(s) shall not prevent or delay the Debtors' assumption and assignment of assumed and assigned contract(s) or lease(s). If a party objects solely to Cure Amount(s), the Debtors may, with the consent of the relevant

Successful Bidder, hold the claimed Cure Amount(s) in reserve pending further order of the Court or mutual agreement of the parties. So long as the Cure Amount(s) are held in reserve, and there are no other unresolved objections to assumption and assignment of the applicable assumed and assigned contract(s) or lease(s), the Debtors can, without further delay, assume and assign such contract(s) or lease(s). Under such circumstances, the objecting non-Debtor counterparty's recourse is limited to the funds held in reserve.

40. If no objection to the Cure Amount(s) is timely received, the Cure Amount(s) set forth in the Cure Notice shall be controlling notwithstanding anything to the contrary in any assigned contract(s) or lease(s) or other document(s) as of the date of the Cure Notice.

41. On or before December 12, 2016, the Debtors shall provide notice of those executory contracts and unexpired leases that the Stalking Horse Purchaser elects to have assumed and assigned (the "Stalking Horse Purchaser Designated Contracts") to the Stalking Horse Purchaser at Closing pursuant to section 365 of the Bankruptcy Code and under the CCAA, subject to the Stalking Horse Purchaser's right to add or delete executory contracts or unexpired leases in accordance with the Stalking Horse Agreement.

42. Within a reasonable time thereafter, the Debtors will post on the website for the Bankruptcy Proceedings (the "Case Website") (a) the list of the Stalking Horse Purchaser Designated Contracts, which the Debtors will update as and when executory contracts or unexpired leases are added or deleted by the Stalking Horse Purchaser and (b) a description of the Stalking Horse Purchaser and information as to the Stalking Horse Purchaser's ability to perform the Debtors' obligations under the Stalking Horse Purchaser Designated Contracts.

43. As soon as reasonably practicable after receiving the schedule from each Qualified Bidder (as defined in the Bidding Procedures) of those executory contracts or unexpired leases it wishes to assume, and no later than the date of the Auction, the Debtors shall post such schedule on the Case Website together with information related to the adequate assurance with respect to such Qualified Bidder.

44. To the extent that any non-Debtor counterparty wishes to object to the adequate assurance of future performance by a Qualified Bidder other than the Stalking Horse Purchaser under the applicable executory contract(s) or unexpired lease(s) (an "Adequate Assurance Objection" and together with a Contract Objection, an "Objection"), then such non-Debtor counterparty shall file a written Adequate Assurance Objection with the applicable Bankruptcy Courts and serve such objection on the Notice Parties, the Stalking Horse Purchaser and the applicable Qualified Bidder(s) so that such Adequate Assurance Objection is filed with the Bankruptcy Courts and received by the Notice Parties, the Stalking Horse Purchaser and the applicable Qualified Bidder(s) on or before **12:00 p.m. (prevailing Eastern Time)** on **Friday, January 13, 2017** (the "Adequate Assurance Objection Deadline").

45. To the extent that any non-Debtor counterparty does not timely file and serve an Objection as set forth above, such counterparty will be: (i) deemed to have consented to the Cure Amount(s), if any, set forth in the Cure Notice; (ii) barred, estopped and enjoined from asserting any additional Cure Amount(s) under the assumed and assigned executory contract(s) or unexpired lease(s); (iii) barred from objecting to the assumption and assignment of the applicable assumed and assigned executory contract(s) or unexpired lease(s) to the Successful Bidder, and (iv) barred from objecting to adequate assurance of future performance by the Successful Bidder.

G. Related Relief

46. The Debtors are hereby authorized and empowered to take such actions as may be reasonably necessary to implement and effect the terms and requirements established by this Order.

47. This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof.

48. The Debtors are authorized to proceed with the Sale without the necessity of complying with any state or local bulk transfer laws or requirements.

49. This Order shall be binding on the Debtors, including any chapter 7 or chapter 11 trustee or other fiduciary appointed for the Debtors' estates.

50. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7052, 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

51. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: November _____, 2016
Wilmington, Delaware

THE HONORABLE [_________________]
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Bidding Procedures

BIDDING PROCEDURES

These bidding procedures (the "Bidding Procedures") set forth the process by which Performance Sports Group Ltd. and certain of its subsidiaries (collectively, the "Company" or the "Sellers")[1] shall conduct a sale (the "Sale") by auction (the "Auction") of all or substantially all of their assets.

On [●], 2016, the United States Bankruptcy Court for the District of Delaware (the "U.S. Court"), and the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court" and together with the U.S. Court, the "Courts" or each, a "Court") entered orders (the "Bidding Procedures Orders"), which, among other things, authorized the Sellers to determine the highest or otherwise best offer(s) for their assets through the process and procedures set forth below.

The U.S. presides over the Sellers' jointly administered chapter 11 bankruptcy cases (the "Chapter 11 Cases") captioned *In re BPS US Holdings Inc. et al.*, Ch. 11 Case No. 16-[●] (Bankr. D. Del. Oct.●, 2016). The Canadian Court presides over the Sellers' creditor protection proceedings (the "Canadian Proceedings" and together with the Chapter 11 Cases, the "Proceedings") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA")

On October 31, 2016, the Sellers filed in each of the Proceedings the *Motion for (I) an Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors' Assets; (B) Approving Bid Protections; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and a Hearing to Consider the Approval of the Sale; (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Claims, Liens and Encumbrances; and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* (the "Sale Motion").[2] The orders approving the Sale are referred to herein, collectively, as the "Sale Orders."

As referenced in the Sale Motion, a stalking horse asset purchase agreement (including all exhibits, schedules and ancillary agreements related thereto, and as amended and in effect, the "Stalking Horse Agreement") has been entered into by and among the Sellers, and 9938982 Canada Inc. (the "Stalking Horse Purchaser"), dated as of October 31, 2016, which Stalking Horse Agreement contemplates a purchase and sale of the Acquired Assets (as defined in Section 2.1 of the Stalking Horse Agreement) to the Stalking Horse Purchaser, on the terms

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[1] The Sellers are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165) Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249).

[2] Capitalized terms used but not defined herein have the meaning ascribed to them in the Sale Motion.

and subject to the conditions provided therein. A copy of the Stalking Horse Agreement is attached as an exhibit to the Sale Motion. As further outlined herein, the Stalking Horse Purchaser is entitled to Credit Bid a portion or all of its DIP Lien Claims (as defined herein).

I. ASSETS TO BE SOLD

The Stalking Horse Agreement is an offer to purchase the Acquired Assets, which comprise substantially all of the Sellers' assets. A party may participate in the bidding process by submitting a Bid (as defined below) for all or substantially all of the Acquired Assets.

All of the Sellers' right, title and interest in and to the Acquired Assets shall be sold free and clear of any pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon (collectively, the "Liens"), with such Liens to attach to the proceeds of the sale of the Acquired Assets with the same validity and priority as such Liens applied against the Acquired Assets, except as otherwise specifically provided in the Stalking Horse Agreement or a Modified Asset Purchase Agreement (as defined below) submitted by a Successful Bidder (as defined below) (including any exhibits or schedules thereto) and reflected in the Sale Orders.

II. THE CONSULTATION PARTIES

The Sellers shall consult with Ernst & Young Inc., in its capacity as the court-appointed Monitor of the Canadian Proceedings (the "Monitor"), any official committee appointed by the U.S. Trustee in the Chapter 11 Cases, and Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, and each of their respective counsel and advisors (each, a "Consultation Party" and collectively, the "Consultation Parties") as explicitly provided for in the Bidding Procedures; provided, however, that the Sellers shall not be required to consult with any Consultation Party during the Auction process to the extent such Consultation Party has submitted a Bid (as defined below) or has had a Bid submitted on its behalf for so long as such Bid remains open, if the Sellers determine, in their reasonable business judgment, that consulting with such Consultation Party regarding any issue, selection or determination would be likely to have a chilling effect on potential bidding or otherwise be contrary to goal of maximizing value for the Sellers' estates from the sale process.

To the extent the Bidding Procedures require the Sellers to consult with any Consultation Party in connection with making a determination or taking an action, or in connection with any other matter related to the Bidding Procedures or the Auction, the Sellers shall do so in a regular and timely manner prior to making such determination or taking such action.

Subject to the terms of any Orders entered in the Proceedings, after consultation with the Consultation Parties, the Sellers shall have the right and obligation to make all decisions regarding Bids and the Auction as provided herein as it determines to be in the best interest of their estates, whether or not Consultation Parties agree with that decision.

III. BIDDING PROCESS

A. Overview

The Sellers and their advisors shall, subject to the other provisions of these Bidding Procedures, including the consultation obligations set forth herein:

1. coordinate the efforts of Preliminary Interested Investors (as defined below) in conducting their due diligence investigations;
2. receive offers from Bidders (as defined below);
3. determine whether any person is a Qualified Bidder (as defined below); and
4. conduct the Auction and further negotiate any offers made to purchase the Acquired Assets.

B. Key Dates For Potential Competing Bidders

The Bidding Procedures provide interested parties with the opportunity to qualify for and participate in the Auction to be conducted by the Sellers and to submit competing bids for the Assets. The Sellers shall assist Preliminary Interested Investors in conducting their respective due diligence investigations and shall accept Bids until **January 4, 2017 at 5:00 p.m. (prevailing Eastern Time)** (the "Bid Deadline").

The key dates for the Sale process are as follows:[3]

Wed. Jan. 4, 2017 at 5:00 p.m. EDT	Bid Deadline - Due Date to submit a Qualified Bid and Good Faith Deposit (each as defined below)
Mon. Jan. 9, 2017 at 10:00 a.m. EDT	Auction, which will be held at Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019
Wed. Jan. 11, 2017 at 10:00 a.m. EDT	Sale Hearing, which will be conducted in the US and Canada, jointly, concurrently or as otherwise determined by the Courts. (a) the Ontario Superior Court of Justice

[3] These dates are subject to extension or adjournment as provided for herein and in consultation with the Consultation Parties.

	(Commercial List) [Address] (b) the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, [●] Floor, Courtroom [●], Wilmington, Delaware 19801

C. Access to Diligence Materials

To participate in the bidding process to effectuate a sale transaction for all or substantially all of the Acquired Assets (an "Alternate Transaction") and to receive access to due diligence materials (the "Diligence Materials"), a party must submit to the Sellers an executed confidentiality agreement in such form as is acceptable to the Sellers and provide preliminary evidence satisfactory to the Sellers and their advisors of such party's financial wherewithal to consummate an Alternate Transaction.

A party who executes such a confidentiality agreement for access to Diligence Materials, and provides such preliminary evidence of financial wherewithal, shall be a "Preliminary Interested Investor." The Sellers will afford any Preliminary Interested Investor the time and opportunity to conduct reasonable due diligence in accordance with a diligence protocol determined by the Sellers and their advisors; provided, however, that the Sellers shall not be obligated to furnish any due diligence information after the Bid Deadline to any party that has not submitted a Qualified Bid (as defined below) on or before the Bid Deadline and may, in consultation with the Consultation Parties (as defined below), limit the amount of further due diligence available to Qualified Bidders after the Bid Deadline.

The Sellers reserve the right to withhold any Diligence Materials that the Sellers, in consultation with the Consultation Parties, determine are business-sensitive or otherwise not appropriate for disclosure to a Preliminary Interested Investor who is a competitor or customer of the Sellers or is affiliated with any competitor or customer of the Sellers. Neither the Sellers nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Preliminary Interested Investor; *provided however* that Sellers shall provide the Stalking Horse Purchaser with access to the Diligence Materials, which are provided to Preliminary Interested Investors.

All due diligence requests must be directed to Centerview Partners LLP, Attn: Marc Puntus (mpuntus@centerviewpartners.com).

D. Due Diligence from Bidders

Each Preliminary Interested Investor and each Bidder shall comply with all reasonable requests for additional information and due diligence access by the Sellers or their advisors regarding such Preliminary Interested Investor or Bidder, as applicable, and its contemplated transaction. Failure by a Preliminary Interested Investor or Bidder (other than the Stalking Horse Purchaser) to comply with requests for additional information and due diligence access may be a basis for the Sellers to determine that such Bidder is not a Qualified Bidder.

IV. AUCTION QUALIFICATION PROCESS

A. Qualifying Bids

To be eligible to participate in the Auction, each offer, solicitation or proposal (each, a "Bid"), and each party submitting such a Bid (other than the Stalking Horse Purchaser) (each, a "Bidder"), must be reasonably determined by the Sellers, in consultation with the Consultation Parties, to satisfy each of the following conditions:

1. Good Faith Deposit: Each Bid must be accompanied by a cash deposit, paid by wire transfer of immediately available funds, in the amount of five percent (5%) of the purchase price (excluding any Assumed Liabilities) contained in the Modified Asset Purchase Agreement (as defined below), which deposit shall be held in an interest-bearing escrow account to be identified and established by the Sellers (the "Good Faith Deposit").

2. Same or Better Terms: In connection with any Bid for the Acquired Assets, such Bid must be on terms that the Sellers, in their business judgment and after consulting with the Consultation Parties, determine are the same or better for the Sellers than the terms of the Stalking Horse Agreement.

3. Executed Agreement: Each Bid must be based on the Stalking Horse Agreement and must include binding, executed, irrevocable transaction documents, signed by an authorized representative of such Bidder, pursuant to which the Bidder proposes to effectuate an Alternate Transaction (a "Modified Asset Purchase Agreement"). A Bid must also include a copy of the Modified Asset Purchase Agreement (including all exhibits thereto) marked against the Stalking Horse Agreement to show all changes requested by the Bidder (including those related to purchase price and to remove any provisions that apply only to the Stalking Horse Purchaser, such as the expense reimbursement and break-up fee provisions contained in the Stalking Horse Agreement, which terms shall not be in any Modified Asset Purchase Agreement). Each Modified Asset Purchase Agreement must provide a representation that the Qualified Bidder will (i) make all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if applicable, and (ii) submit and pay the fees associated with all necessary filings under the HSR Act as soon as reasonably practicable; provided, however, that the timing and likelihood of receiving HSR Act approval will be a consideration in determining the highest and best Bid.

4. Scope of Bid: A Bid must be for all or substantially all of the Acquired Assets.

5. Minimum Bid: A Bid must have a purchase price, including any assumption of liabilities, that, in the Sellers' reasonable business judgment

(after consultation with the Consultation Parties), has a value greater than the sum of (i) the Base Purchase Price (as defined in the Stalking Horse Agreement); *plus* (ii) $7.5 million.

6. Designation of Assigned Contracts and Leases: A Bid must identify the executory contracts and unexpired leases with respect to which the Bidder seeks assignment from the Sellers.

7. Designation of Assumed Liabilities: A Bid must identify all liabilities which the Bidder proposes to assume.

8. Corporate Authority: A Bid must include written evidence reasonably acceptable to the Sellers demonstrating appropriate corporate authorization to consummate the proposed Alternate Transaction; provided that, if the Bidder is an entity specially formed for the purpose of effectuating the Alternate Transaction then the Bidder must furnish written evidence reasonably acceptable to the Sellers of the approval of the Alternate Transaction by the equity holder(s) of such Bidder.

9. Disclosure of Identity of Bidder: A Bid must fully disclose the identity of each entity that will be bidding for or purchasing the Acquired Assets, including any equity holders in the case of a Bidder which is an entity specially formed for the purpose of effectuating the contemplated transaction, or otherwise participating in connection with such Bid (including any co-bidder or team bidder), and the complete terms of any such participation, including any agreements, arrangements or understandings concerning a collaborative or joint bid or any other combination concerning the proposed Bid. A Bid must also fully disclose any connections or agreements with the Sellers, the Stalking Horse Purchaser or any other known, potential, prospective Bidder or Qualified Bidder, and/or any officer, director or equity security holder of the Sellers.

10. Proof of Financial Ability to Perform: A Bid must include detailed, written evidence that the Sellers may conclude, in consultation with their advisors and the Consultation Parties, demonstrates that the Bidder has and will continue to have the necessary financial ability to close the Alternate Transaction and comply with section 365 of the Bankruptcy Code and the relevant provisions of the CCAA, including providing adequate assurance of future performance under all contracts to be assumed and assigned in such Alternate Transaction. Such information must include, *inter alia*, the following:

(a) contact names and numbers for verification of financing sources;

(b) evidence of the Bidder's internal resources and proof of unconditional debt funding commitments from a recognized banking institution and, if applicable, equity commitments in an aggregate amount equal to the cash portion of such Bid or the posting of an irrevocable letter of credit from a recognized banking institution issued in favor of the Sellers in the amount of the cash portion of such Bid as are needed to close the Alternate Transaction;

(c) the Bidder's current financial statements (audited if they exist) or other similar financial information reasonably acceptable to the Sellers;

(d) a description of the Bidder's pro forma capital structure; and

(e) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Sellers, in consultation with the Consultation Parties, demonstrating that such Bidder has the ability to close the Alternate Transaction.

11. Regulatory and Third Party Approvals: A Bid must set forth each regulatory and third-party approval required for the Bidder to consummate the Alternate Transaction, and the time period within which the Bidder expects to receive such regulatory and third-party approvals, and those actions the Bidder will take to ensure receipt of such approvals as promptly as possible.

12. Contact Information and Affiliates: A Bid must provide the identity and contact information for the Bidder and full disclosure of any affiliates of the Bidder.

13. Contingencies: Each Bid (a) may not contain representations and warranties, covenants, or termination rights materially more onerous in the aggregate to the Sellers than those set forth in the Stalking Horse Agreement, as determined by the Sellers, in consultation with the Consultation Parties, in good faith, and (b) may not be conditioned on obtaining financing, any internal approvals or credit committee approvals, or on the outcome or review of due diligence, including with respect to any environmental, employee, labor, health and/or safety matters.

14. Irrevocable: Each Bid must be irrevocable until ten (10) business days after the conclusion of the Sale Hearing; provided that if such Bid is accepted as the Successful Bid or the Backup Bid (each as defined herein), such Bid shall continue to remain irrevocable until the earlier of the closing of the Sale or the Extended Outside Date (as defined below).

15. Compliance with Diligence Requests: The Bidder submitting the Bid must have complied with reasonable requests for additional information and due diligence access from the Sellers to the reasonable satisfaction of the Sellers, in consultation with the Consultation Parties.

16. As-Is, Where-Is: Each Bid must include a written acknowledgement and representation that the Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Acquired Assets prior to making its offer; (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Acquired Assets in making its Bid; and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied by operation of law, or otherwise, regarding the Acquired Assets or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the Stalking Horse Agreement.

17. Confidentiality Agreement: To the extent not already executed, the Bid must include an executed confidentiality agreement in a form acceptable to the Sellers.

18. Termination Fees: The Bid (other than the Bid pursuant to the Stalking Horse Agreement) must not entitle the Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment or reimbursement and, by submitting the Bid, the Bidder waives the right to pursue a substantial contribution claim under 11 U.S.C. § 503 or under the CCAA related in any way to the submission of its Bid or participation in any Auction.

19. Adherence to Bid Procedures: By submitting its Bid, each Bidder is agreeing to abide by and honor the terms of these Bidding Procedures and agrees not to submit a Bid or seek to reopen the Auction after conclusion of the Auction

20. Closing Date: The Bid must include a commitment to close the transactions contemplated by the Modified Asset Purchase Agreement by no later than **February 16, 2017** (the "Outside Date"). In no event shall the closing of the Sale occur later than **February 28, 2017** (the "Extended Outside Date").

21. Time Frame for Closing: The Bid must be reasonably likely (based on availability of financing, antitrust, or other regulatory issues, experience, and other considerations) to be consummated within a time frame acceptable to the Sellers, in consultation with the Consultation Parties.

22. No Late Bids. Unless otherwise ordered by a Court, the Sellers shall not consider any Bids submitted after the conclusion of the Auction and any and all such bids shall be deemed untimely and shall under no circumstances constitute a Qualified Bid.

23. Bid Notice: The following parties must receive a Bid in writing (in both PDF and Word format), on or before the Bid Deadline:

(a) the Sellers, 100 Domain Dr., Exeter, New Hampshire 03885, Attention: Michael J. Wall, Esq. (Michael.Wall@bauer.com);

(b) US counsel to the Sellers, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley A. Cornish (kcornish@paulweiss.com) and Alice Eaton (aeaton@paulweiss.com); and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attention: Pauline Morgan (pmorgan@ycst.com);

(c) Canadian counsel to the Sellers, Stikeman Elliot LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L lB9, Attention: Maria Konyukhova (mkonyukhova@stikeman.com) and Jonah Mann (jmann@stikeman.com);

(d) financial advisor to the Sellers, Centerview Partners, 31 West 52nd Street New York, N.Y. 10019, Attention: Marc Puntus (mpuntus@centerviewpartners.com);

(e) the Monitor, Ernst & Young Inc., 222 Bay Street, Toronto, ON, M5K IJ7, Attention: Brian Denega (brian.m.denega@ca.ey.com);

(f) U.S. counsel to the Monitor, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY, 10020, Attention: Ken Coleman (Ken.Coleman@AllenOvery.com);

(g) Canadian counsel to the Monitor, Thornton Grout Finnigan LLP, 100 Wellington Street West, Suite 3200, Toronto, ON, M5K IK7, Attention: Robert Thornton (rthornton@tgf.ca), D.J. Miller (djmiller@tgf.ca) and Rachel Bengino (rbengino@tgf.ca);

(h) U.S. counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola (jventola@choate.com) and Douglas R. Gooding (dgooding@choate.com);

(i) Canadian counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent, Norton Rose Fulbright, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4, Canada, Attn: David M.A. Amato (david.amato@nortonrosefulbright.com) and Serge Levy (serge.levy@nortonrosefulbright.com);

(j) counsel to the UCC, [●], Attention: [●]; and

(k) financial advisor to the UCC, [●], Attention: [●].

A Bid received from a Bidder before the Bid Deadline that meets all of the above requirements for the Acquired Assets shall constitute a "Qualified Bid" and such Bidder shall constitute a "Qualified Bidder"; provided that if the Sellers receive a Bid prior to the Bid Deadline that is not a Qualified Bid, the Sellers may, in consultation with the Consultation Parties, provide the Bidder with the opportunity to remedy any deficiencies prior to the Auction; provided, further, that, for the avoidance of doubt, if any Qualified Bidder fails to comply with reasonable requests for additional information and due diligence access from the Sellers to their satisfaction, the Sellers, in consultation with the Consultation Parties, may disqualify any Qualified Bidder and Qualified Bid, in the Sellers' discretion and such Bidder shall not be entitled to attend or participate in the Auction.

Any amendments, supplements or other modifications to any Bids (including pursuant to this paragraph) shall be delivered to the parties listed in paragraph 23 above as provided therein. All Qualified Bids will be considered, but the Sellers reserve their right to reject any or all bids, in consultation with the Consultation Parties. However, bids that are unconditional and contemplate sales that may be consummated on or soon after the Sale Hearing are preferred. Additionally, notwithstanding anything herein to the contrary, the Stalking Horse Agreement submitted by the Stalking Horse Purchaser shall be deemed a Qualified Bid, and the Stalking Horse Purchaser a Qualified Bidder. The Sellers shall inform counsel to the Consultation Parties, counsel to the Stalking Horse Purchaser, and any Qualified Bidders whether the Sellers consider any Bid to be a Qualified Bid as soon as practicable but in no event later than one day before the Auction.

Each Qualified Bidder, by submitting a Bid, shall be deemed to acknowledge and agree that it is not relying upon any written or oral statements, representations, promises, warranties or guarantees of any kind whether expressed or implied, by operation of law or otherwise, made by any person or party, including the Sellers and their agents and representatives (other than as may be set forth in a definitive agreement executed by the Sellers), regarding the Sellers, any of the Acquired Assets, the Auction, these Bidding Procedures or any information provided in connection therewith.

Without the consent of the Sellers, a Qualified Bidder may not amend, modify or withdraw its Bid, except for proposed amendments to increase the amount or otherwise improve the terms of the Bid, during the period that such Bid is required to remain irrevocable and binding.

V. AUCTION

A. Auction

If one or more Qualified Bids (other than the Stalking Horse Agreement) are submitted by the Bid Deadline, the Sellers will conduct the Auction to determine the highest or otherwise best Qualified Bid with respect to Acquired Assets.

B. Assessment Criteria

The Sellers' determination of the highest or otherwise best Qualified Bid with respect to the Acquired Assets shall take into account any factors the Sellers, in consultation with the Consultation Parties, reasonably deem relevant to the value of the Qualified Bid to the estates and may include, but are not limited to, the following:

1. the amount and nature of the consideration, including any assumed liabilities;

2. the type and nature of any modifications to the Stalking Horse Agreement, as applicable, requested by each Bidder in such Bidder's Modified Asset Purchase Agreement;

3. the extent to which such modifications are likely to delay closing of the sale of the applicable asset(s) and the cost to the Sellers of such modifications or delay;

4. the total consideration to be received by the Sellers and the net consideration to be received by the Sellers after taking into account the Stalking Horse Purchaser's Bid Protections with respect to each round of bidding;

5. the likelihood of the Bidder's ability to close a transaction and the timing thereof;

6. the net benefit to the Sellers' estates (collectively, the "Bid Assessment Criteria").

C. Cancellation of the Auction

If no timely, conforming Qualified Bids (other than the Qualified Bid submitted by the Stalking Horse Purchaser) for the Acquired Assets are received, the Auction for the Acquired Assets shall be canceled and the Stalking Horse Agreement shall be the Successful Bid for the Acquired Assets and the Stalking Horse Purchaser shall be the Successful Bidder for the Acquired Assets.

VI. PROCEDURES FOR THE AUCTION

If one or more Qualified Bids (other than the Stalking Horse Agreement) for all or substantially all of the Acquired Assets are submitted by the Bid Deadline, the Sellers shall commence the Auction on **Mon. Jan. 9, 2017 at 10:00 a.m.** (prevailing Eastern Time) at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019 or such other place and time as the Sellers shall notify all Qualified Bidders and the Consultation Parties.

The Auction shall be conducted according to the following procedures:

A. Participation

Only the Sellers, the Consultation Parties, the Stalking Horse Purchaser and any other Qualified Bidder, in each case, along with their representatives and counsel, may attend the Auction (such attendance to be in person) and only the Stalking Horse Purchaser and such other Qualified Bidders will be entitled to make any Bids at the Auction; provided, however, that any other material creditor may attend (but not participate in) the Auction if it provides the Sellers written notice of its intention to attend the Auction on or before the Bid Deadline. Such written notice must be sent to counsel for the Sellers via electronic mail to Kevin O'Neill (koneill@paulweiss.com).

B. The Sellers Shall Conduct the Auction

The Sellers and their advisors shall direct and preside over the Auction and the Auction shall be transcribed. Other than as expressly set forth herein, the Sellers (in consultation with the Consultation Parties) may conduct the Auction in the manner they reasonably determine will result in the highest or otherwise best Qualified Bid(s).

Prior to commencement of the Auction, the Sellers shall provide each Qualified Bidder participating in the Auction with a copy of the Modified Asset Purchase Agreement that is the highest or otherwise best Qualified Bid as determined by the Sellers (such highest or otherwise best Qualified Bid, the "Auction Baseline Bid").

In addition, at the start of the Auction, the Sellers shall describe the terms of the Auction Baseline Bid. Each Qualified Bidder participating in the Auction must confirm that it (1) has not engaged in any collusion with respect to the bidding or sale of any of the assets described herein, (2) has reviewed, understands and accepts the Bidding Procedures and (3) has consented to the core jurisdiction of the Courts.

Before submitting any Bid with co-bidding or team bidding arrangements, whether formal or informal, among a Qualified Bidder and any third party (including any other Preliminary Interested Investor or Qualified Bidder) (such a Bid, a "Joint Bid"), each Qualified Bidder must disclose such Joint Bid to the Sellers, and the Sellers shall determine, in their discretion, whether the Joint Bid constitutes a Qualified Bid for purposes of participating in the Auction. The identity of any and all co-bidders or team bidders involved in submitting any Joint Bid, if the Sellers determine that such Joint Bid constitutes a Qualified Bid, shall be disclosed on the record at the Auction.

The Sellers shall consult in good faith with the Consultation Parties throughout the Auction process to the extent reasonably practicable. Any rules developed by the Sellers will provide that all bids will be made and received in one room, on an open basis, and all other Bidders will be entitled to be present for all bidding with the understanding that the true identity of each Bidder will be fully disclosed to all other Bidders and that all material terms of each Qualified Bid submitted in response to the Auction Baseline Bid, or to any successive bids made at the Auction, will be fully disclosed to all other Bidders bidding throughout the entire Auction, and each Qualified Bidder will be permitted what the Sellers determine to be an appropriate amount of time to respond to the previous bid at the Auction.

C. Terms of Overbids

An "Overbid" is any bid made at the Auction subsequent to the Sellers' announcement of the Auction Baseline Bid. To submit an Overbid for purposes of this Auction, a Bidder must comply with the following conditions:

1. Minimum Overbid Increments: Any Overbid for all or substantially all of the Acquired Assets after and above the Auction Baseline Bid shall be made in increments valued at not less than $2.5 million (or such other amount as shall be announced at the Auction) in cash or in cash equivalents, or other forms of consideration acceptable to the Sellers.

2. Credit Bidding: Holders of DIP Lien Claims (defined below) shall be entitled to submit Overbids in cash, cash equivalents or other forms of consideration, as described above, or additional credit bid amounts up to the aggregate amount of any outstanding obligations under the DIP Credit Agreements (including any accrued but unpaid prepetition interest) to the extent permitted by applicable law, provided that only the Stalking Horse Purchaser may credit bid the amount of the Bid Protections (collectively, the "DIP Lien Claims").

3. Remaining Terms Are the Same as for Qualified Bids: Except as modified herein, an Overbid at the Auction must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid must include, in addition to the amount and the form of consideration of the Overbid, a description of all changes requested by the Bidder to the Stalking Horse Agreement or Modified Asset Purchase Agreement, as the case may be, in connection therewith. Any Overbid must remain open and binding on the Bidder as provided herein.

At the Sellers' discretion, to the extent not previously provided, a Bidder submitting an Overbid at the Auction must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Sellers), reasonably demonstrating such Bidder's ability to close the Alternate Transaction proposed by such Overbid.

D. Announcement and Consideration of Overbids

1. Announcement of Overbids: The Sellers shall announce at the Auction the material terms of each Overbid, the total amount of consideration and form offered in each such Overbid, and the basis for calculating such total consideration. The Sellers shall also provide all terms of each Overbid, including non-economic terms, to the Consultation Parties.

2. Consideration of Overbids: Subject to the deadlines set forth herein, the Sellers reserve the right, in their reasonable business judgment, to make one or more continuances of the Auction to, among other things: facilitate

discussions between the Sellers and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; or give Qualified Bidders the opportunity to provide the Sellers with such additional evidence as the Sellers in their reasonable business judgment may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed Alternate Transaction at the prevailing Overbid amount. When comparing Overbids to the Qualified Bid made by the Stalking Horse Purchaser, the Sellers shall treat the credit bid (including any Overbid) made by the Stalking Horse Purchaser as being made in cash or in cash equivalents.

E. Other Procedures

1. Jurisdiction of the Courts: All Qualified Bidders (including the Stalking Horse Purchaser) at the Auction shall be deemed to have consented to the core jurisdiction of the Courts and waive any right to a jury trial in connection with any disputes relating to the marketing process, the Auction, and the construction and enforcement of the Qualified Bidder's fully executed sale and transaction documents, as applicable.

2. Stalking Horse Purchaser Bid: The Stalking Horse Purchaser shall be entitled to (a) credit bid all or a portion of its DIP Lien Claims, consistent with these Bidding Procedures, Bankruptcy Code section 363(k) and the CCAA; and (b) submit additional bids and make modifications to the Stalking Horse Agreement at the Auction consistent with these Bidding Procedures.

3. Additional Bids; Modifications: All Qualified Bidders, including the Stalking Horse Purchaser, shall have the right to submit additional bids and make additional modifications to the Stalking Horse Agreement or the Modified Asset Purchase Agreement at the Auction, as applicable, provided that any such modifications to the Stalking Horse Agreement or Modified Asset Purchase Agreement on an aggregate basis and viewed in whole, shall not, in the Sellers' business judgment, be less favorable to the Sellers than the terms of the Stalking Horse Agreement.

4. Subsequent Bids: Each Qualified Bid must submit a subsequent Bid that satisfies the minimum bid increment in each round of bidding to continue participating in the Auction, however, Qualified Bidders shall not be allowed to skip rounds of bidding, otherwise such Qualified Bidder will be prohibited from submitting any subsequent Bid.

F. Additional Procedures

The Sellers (after consulting with the Consultation Parties) may announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not inconsistent in any material respect with the Bidding Procedures or the Stalking Horse Agreement. Any Auction rules adopted by the Sellers will not modify any of the terms of the Stalking Horse Agreement or the rights of the Stalking Horse Purchaser under the Bid Procedures (as may be consensually modified at the Auction) without the consent of the Stalking Horse Purchaser.

G. Sale Is As Is/Where Is

Except as otherwise provided in the Stalking Horse Agreement, any Modified Asset Purchase Agreement or any order by the Courts approving any Sale of the Acquired Assets as contemplated hereunder, the Acquired Assets sold pursuant to the Bidding Procedures shall be conveyed at the closing of the purchase and sale in their then-present condition, "**AS IS, WITH ALL FAULTS, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED**."

H. Closing the Auction

The Auction shall continue in additional rounds of bidding until the Sellers select, after consultation with the Consultation Parties, the Bid that is the highest or otherwise best offer for all or substantially all of the Acquired Assets (a "Successful Bid," and the Bidder submitting such Successful Bid, a "Successful Bidder"). The Successful Bidder shall have the rights and responsibilities of the purchaser as set forth in the Stalking Horse Agreement or Modified Asset Purchase Agreement. In selecting each Successful Bid, the Sellers, in consultation with the Consultation Parties, shall consider the Bid Assessment Criteria.

The Auction for the Acquired Assets shall close when the Successful Bidder submits a fully executed sale and transaction documents memorializing the terms of its Successful Bid.

Promptly following the Sellers' selection, after consulting with the Consultation Parties, of the Successful Bid and the conclusion of the Auction, the Sellers shall announce the Successful Bid and the Successful Bidder and shall file with the Courts notice of the Successful Bid and the Successful Bidder.

The Sellers shall not consider any Bids submitted after the conclusion of the Auction.

I. Backup Bidder

Notwithstanding anything in the Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder with the next highest or otherwise best Bid at the Auction with respect to all or substantially all of the Acquired Assets, as determined by the Sellers, in the exercise of their business judgment and after consulting with the Consultation Parties, will be designated as the backup bidder (the "Backup Bidder"). The Backup Bidder shall be required to keep its last submitted Bid (the "Backup Bid") open and irrevocable until the earlier of the closing of the transaction with the Successful Bidder or the Extended Outside Date.

Following the Sale Hearing, if the Successful Bidder fails to consummate the purchase of the Acquired Assets, the Sellers may deem the Backup Bidder to have the new Successful Bid, and the Sellers will be authorized, without further order of the Courts, to consummate the transaction with such Backup Bidder at the price of its last bid. Such Backup Bidder will be deemed to be the Successful Bidder and the Sellers will be authorized, but not directed, to effectuate a sale to such Backup Bidder subject to the terms of the Backup Bid without further order of the Courts. All Qualified Bids (other than the Successful Bid and the Backup Bid) shall be deemed rejected by the Sellers on and as of the date that the Courts approve the Bid as the Successful Bid. The Sellers, on their behalf and on behalf of each of their respective estates, specifically reserve the right to seek all available damages, including specific performance, from any defaulting Successful Bidder (including any Backup Bidder designated as a Successful Bidder) in accordance with the terms of the Bidding Procedures; provided, however, that the Good Faith Deposit shall be the sole and exclusive monetary remedy and liquidated damages of the Sellers for any default by a Successful Bidder under the Bidding Procedures.

For the avoidance of doubt, in the event that there is a Successful Bidder (other than the Stalking Horse Purchaser) with respect to all or substantially all of the Acquired Assets, and the Stalking Horse Purchaser is the Backup Bidder, the Stalking Horse Purchaser will be deemed to be the Backup Bidder at the price of its last overbid with respect to such Acquired Assets and will be subject to the terms contained in the immediately preceding paragraph.

VII. BID PROTECTIONS

Pursuant to the Bidding Procedures Order, the Stalking Horse Purchaser is entitled to the Bid Protections in the amounts set forth in, and in accordance with the terms of, the Stalking Horse Agreement and the Bidding Procedures Order.

Pursuant to the Bidding Procedures Order, except for the Stalking Horse Purchaser, no other party submitting an offer or Bid or a Qualified Bid shall be entitled to any expense reimbursement, breakup fee, termination or similar fee or payment.

The Stalking Horse Purchaser shall have standing to appear and be heard on all issues related to the Auction, the Sale, and related matters, including the right to object to the sale of the Acquired Assets or any portion thereof (including the conduct of the Auction and interpretation of these Bidding Procedures Order).

VIII. SALE HEARING

The Successful Bid and Backup Bid (or, if no Qualified Bid other than that of the Stalking Horse Purchaser is received, then the Stalking Horse Agreement) will be subject to approval by the Courts. The sale hearings to approve the Successful Bid and any Backup Bid (or, the Stalking Horse Agreement for the Acquired Assets, if no Qualified Bid other than that of the Stalking Horse Purchaser is received) shall take place on **Weds. Jan. 11, 2017** at [●] a.m. (EDT) before the Courts (the "Sale Hearing"). A joint hearing before both courts may take place.

The Sale Hearing may be adjourned by the Sellers, in consultation with the Consultation Parties and the Stalking Horse Purchaser, provided, however, that the Sale Orders must be entered on or before **Mon. Jan. 16, 2017.**

IX. RETURN OF GOOD FAITH DEPOSITS

The Good Faith Deposits of all Qualified Bidders (other than the Stalking Horse Purchaser) shall be held in one or more interest-bearing escrow accounts by the Sellers, but shall not become property of the Sellers' estates absent further order of the Courts or as expressly provided below. The Good Faith Deposit of any Qualified Bidder that is neither a Successful Bidder nor a Backup Bidder shall be returned to such Qualified Bidder not later than five (5) business days after the conclusion of the Sale Hearing. The Good Faith Deposit of a Backup Bidder, if any, shall be returned to such Backup Bidder no later than seventy-two (72) hours after the closing of the transaction with the Successful Bidder. Upon the return of the Good Faith Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If the Successful Bidder timely closes on the winning transaction, its Good Faith Deposit shall be credited towards the applicable purchase price. If the Successful Bidder (or Backup Bidder, if applicable) fails to consummate an Alternate Transaction because of a breach or failure to perform on the part of such Successful Bidder (or Backup Bidder, if applicable), the Sellers will not have any obligation to return the Good Faith Deposit deposited by such Successful Bidder (or Backup Bidder, if applicable), and such Good Faith Deposit shall irrevocably become property of the Sellers. The Good Faith Deposit of the Stalking Horse Purchaser shall be held in an escrow account as provided in the Stalking Horse Agreement and shall be returned to the Stalking Horse Purchaser in accordance with the Stalking Horse Agreement.

X. RESERVATION OF RIGHTS OF THE SELLERS

Except as otherwise provided in the Stalking Horse Agreement, the Bidding Procedures or the Bidding Procedures Order, the Sellers further reserve the right as they may reasonably determine to be in the best interest of their estates, in consultation with the Consultation Parties:

A. determine which Bidder(s) is a Qualified Bidder(s);

B. determine which Bid(s) is a Qualified Bid(s);

C. determine which Qualified Bid is the highest or best proposal for the Acquired Assets and which is the next highest or best proposal for the Acquired Assets;

D. reject any Bid that is (1) inadequate or insufficient, (2) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code or (3) contrary to the best interests of the Sellers and their estates;

E. impose additional terms and conditions with respect to all potential Bidders;

F. extend the deadlines set forth herein; and

G. modify the Bidding Procedures and implement additional procedural rules that the Sellers determine, in their business judgment will better promote the goals of the bidding process and discharge the Sellers' fiduciary duties; provided however that any modification or additions to the Bidding Procedures shall not be inconsistent with the Stalking Horse Agreement, the Bidding Procedures Order or any other Order of the Courts, unless agreed in writing by the Stalking Horse Purchaser and Sellers or otherwise ordered by the Courts.

EXHIBIT B

SALE NOTICE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
BPS US Holdings Inc., *et al.*,[1]	)	Case No. 16-________ (____)
Debtors.	)	(Joint Administration Requested)

NOTICE OF BIDDING PROCEDURES, AUCTION DATE, AND SALE HEARING

PLEASE TAKE NOTICE THAT:

1. On October 31, 2016, Performance Sports Group Ltd. (the "Company") and certain of its subsidiaries (collectively with the Company, the "Debtors" or "Sellers") filed for relief before the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), and the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court" and together with the Bankruptcy Court, the "Courts"). The Bankruptcy Court presides over the Sellers' jointly administered chapter 11 bankruptcy cases (the "Chapter 11 Cases") captioned *In re BPS US Holdings Inc. et al.*, Ch. 11 Case No. 16-[●] (Bankr. D. Del. Oct. 31, 2016). The Canadian Court presides over the Sellers' creditor protection proceedings (the "Canadian Proceedings" and together with the Chapter 11 Cases, the "Bankruptcy Proceedings") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

2. On October 31, 2016, the Sellers filed in each of the Proceedings the *Motion for (I) an Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors' Assets; (B) Approving Bid Protections; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and as Hearing to Consider the Approval of the Sale; (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Claims, Liens and Encumbrances; and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* (the

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian equivalent, are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165); Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249). The Debtors' headquarters are located at 100 Domain Dr., Exeter, New Hampshire 03833.

"Sale Motion").[2] By the Sale Motion, the Sellers seek, *inter alia*, to conduct a sale (the "Sale") by auction (the "Auction") of all or substantially all of their assets (the "Assets") and to assume and assign certain executory contracts and unexpired leases (the "Stalking Horse Purchaser Designated Contracts") to a group of investors led by Sagard Capital Partners, L.P. (collectively, the "Stalking Horse Purchaser") pursuant to an asset purchase agreement by and among the Sellers and the Stalking Horse Purchaser (the "Stalking Horse Agreement"). The Stalking Horse Agreement is subject to higher or otherwise better offers at the Auction. A copy of the Stalking Horse Agreement is attached as an exhibit to the Sale Motion.

3. On November ___, 2016, pursuant to the Sale Motion, the Court entered an order (the "Bidding Procedures Order") approving the Auction and bidding procedures (the "Bidding Procedures") in connection with the proposed Sale. A copy of the Sale Motion, the Bidding Procedures Order and the Bidding Procedures can be obtained free of charge on http://www.primeclerk.com.

4. The Auction shall take place on **January 9, 2017 at 10:00 a.m. (prevailing Eastern Time)** at the offices of Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, or such other place and time as the Sellers shall notify all Qualified Bidders (as defined in the Bidding Procedures) and the Consultation Parties (as defined in the Bidding Procedures).

5. A hearing to approve the Sale (the "Sale Hearing"), including the assumption and assignment of certain Stalking Horse Bidder Designated Contracts (or such contracts as are designated by the successful bidder at the Auction), will be held on **January 11, 2017 at [10:00 a.m.] (prevailing Eastern Time)** before the Courts.

6. Pursuant to the Bidding Procedures Order, any objections to the Sale ("Sale Objections") must be set forth in writing and must state with particularity the grounds for such objections or other statements of position. All Sale Objections must be in writing and filed on and served so as to be received by **January 4, 2016 at 4:00 p.m. (prevailing Eastern Time)** (the "Sale Objection Deadline") with either (a) the U.S. Court at the Clerk of the Court, 824 Market St. N, 3rd Floor, Wilmington, DE 19801, or (b) the Canadian Court at [address]; provided that objections to the conduct of the Auction or selection of the Successful Bid (as defined in the Bidding Procedures) or Backup Bid (a "Supplemental Objection"), which shall be in writing, may be filed with the Bankruptcy Court or the Canadian Court, together with proof of service, and served so as to be received by the Notice Parties (defined below) on or before **12:00 pm (prevailing Eastern Time) on January 10, 2017**. Any Sale Objection or Supplemental Objection must be served on the following parties so as to be received by the Sale Objection Deadline: (a) **the Debtors**, 100 Domain Dr., Exeter, New Hampshire 03885, Attention: Michael J. Wall, Esq. (Michael.Wall@bauer.com); (b) **US counsel to the Debtors**, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley A. Cornish (kcornish@paulweiss.com) and Alice Eaton (aeaton@paulweiss.com); and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attention: Pauline Morgan (pmorgan@ycst.com); (c)

[2] Capitalized terms used herein but not otherwise defined in this notice (the "Notice") shall have the meanings ascribed to them in the Sale Motion.

01:19466344.2

Canadian counsel to the Debtors, Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9, Attention: Maria Konyukhova (mkonyukhova@stikeman.com) and Jonah Mann (jmann@stikeman.com); (d) **Financial advisor to the Debtors**, Centerview Partners, 31 West 52nd Street New York, N.Y. 10019, Attention: Marc Puntus (mpuntus@centerviewpartners.com); (e) **the Monitor**, Ernst & Young Inc., 222 Bay Street, Toronto, ON, M5K IJ7, Attention: Brian Denega (brian.m.denega@ca.ey.com); (f) **US counsel to the Monitor**, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY, 10020, Attention: Ken Coleman (Ken.Coleman@AllenOvery.com); (g) **Canadian counsel to the Monitor**, Thornton Grout Finnigan LLP, 100 Wellington Street West, Suite 3200, Toronto, ON, M5K IK7, Attention: Robert Thornton (rthornton@tgf.ca), D.J. Miller (djmiller@tgf.ca) and Rachel Bengino (rbengino@tgf.ca); (h) **counsel to the UCC**, [●], Attention: [●]; (i) **financial advisor to the UCC**, [●], Attention: [●](j) **U.S**. **counsel to the Stalking Horse Purchaser** Kirkland & Ellis LLP, 601 Lexington Avenue, New York, N.Y. 10022, Attention Christopher J. Marcus;(k) **U.S**. **local counsel to the Stalking Horse Purchaser**, Klehr, Harrison, Harvey & Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, DE 19801, Attention: Domenic E. Pacitti; (l) **Canadian counsel to the Stalking Horse Purchaser**, Blake, Cassels & Graydon S.E.N.C.R.L./s.r.l., 1 Place Ville Marie, Bureau 3000, Montréal (Québec) H3B 4N8, Attention Bernard Boucher; (m) **financial advisors to the Stalking Horse Purchaser**, Rothschild & Co., 1251 Avenue of the Americas, 33rd floor, New York, N.Y. 10020, Attention: Neil Augustine; and BDT Capital Partners, LLC, 401 North Michigan, Suite 3100, Chicago, IL 60611, Attention: John Gilligan; (n) **U.S. counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent**, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola (jventola@choate.com) and Douglas R. Gooding (dgooding@choate.com); (o) **Canadian counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent**, Norton Rose Fulbright, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4, Canada, Attn: David M.A. Amato (david.amato@nortonrosefulbright.com) and Serge Levy (serge.levy@nortonrosefulbright.com); and (p) the Successful Bidder if the Stalking Horse Purchaser is not the Successful Bidder.

7. UNLESS AN OBJECTION IS TIMELY FILED AND SERVED IN ACCORDANCE WITH THIS NOTICE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED WITHOUT FURTHER HEARING AND NOTICE.

8. This Notice is subject to the fuller terms and conditions of the Sale Motion and the Bidding Procedures Order, which shall control in the event of any conflict, and the Sellers encourage parties-in-interest to review such documents in their entirety.

Dated: October __, 2016
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/
Pauline K. Morgan (No. 3650)
Sean T. Greecher (No. 4484)
Justin H. Rucki (No. 5304)
Shane M. Reil (No. 6195)
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600 / Facsimile: (302) 571-1253

-and-

PAUL, WEISS, RIFKIND,
WHARTON & GARRISON LLP
Kelley A. Cornish
Alice Belisle Eaton
Claudia R. Tobler
Christopher Hopkins
1285 Avenue of the Americas,
New York, New York 10019
Telephone: (212) 373-3000 / Facsimile: (212) 757-3990

Proposed Co-Counsel to the Debtors and Debtors in Possession

EXHIBIT C

CURE NOTICE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
BPS US Holdings Inc., *et al.*,[1]	)	Case No. 16-________ (____)
Debtors.	)	(Joint Administration Requested)

NOTICE OF POTENTIAL ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES AND PROPOSED CURE AMOUNTS

PLEASE BE ADVISED that on October 31, 2016 Performance Sports Group Ltd. (the "Company") and certain of its subsidiaries (collectively with the Company, the "Debtors" or "Sellers") filed for relief before the United States Bankruptcy Court for the District of Delaware (the "U.S. Court"), and the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court" and together with the U.S. Court, the "Courts"). The U.S. Court presides over the Sellers' jointly administered chapter 11 bankruptcy cases (the "Chapter 11 Cases") captioned *In re BPS US Holdings Inc. et al.*, Ch. 11 Case No. 16-[●] (Bankr. D. Del. Oct. 31, 2016). The Canadian Court presides over the Sellers' creditor protection proceedings (the "Canadian Proceedings" and together with the Chapter 11 Cases, the "Proceedings") commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA").

PLEASE BE ADVISED that on October 31, 2016 the Sellers filed in each of the Proceedings the *Motion for (I) an Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors' Assets; (B) Approving Bid Protections; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and as Hearing to Consider the Approval of the Sale; (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Claims, Liens and Encumbrances; and (B) Approving the Assumption and Assignment of Executory Contracts and Unexpired Leases; and (III) Granting Related Relief* (the "Sale Motion").[2] By the Sale Motion,

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian equivalent, are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165) Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249). The Debtors' headquarters are located at 100 Domain Dr., Exeter, New Hampshire 03833.

[2] Capitalized terms used herein but not otherwise defined in this notice (the "Notice") shall have the meanings ascribed to them in the Sale Motion.

the Sellers seek, *inter alia*, to conduct a sale (the "Sale") by auction (the "Auction") of all or substantially all of their assets (the "Assets") and to assume and assign certain executory contracts and unexpired leases (the "Stalking Horse Purchaser Designated Contracts") to a group of investors led by Sagard Capital Partners, L.P. (collectively, the "Stalking Horse Purchaser") pursuant to an asset purchase agreement by and among the Sellers and the Stalking Horse Purchaser (the "Stalking Horse Agreement"). The Stalking Horse Agreement is subject to higher or otherwise better offers at the Auction. A copy of the Stalking Horse Agreement is attached as an exhibit to the Sale Motion.

PLEASE BE FURTHER ADVISED that, on November ___, 2016, pursuant to the Sale Motion, the Courts entered an Order (the "Bidding Procedures Order"), which, among other things, approves auction and bidding procedures (the "Bidding Procedures") in connection with the proposed Sale. A copy of the Sale Motion, the Bidding Procedures Order and the Bidding Procedures can be obtained free of charge at www.primeclerk.com.

PLEASE BE FURTHER ADVISED that a hearing to approve the Sale (the "Sale Hearing"), including the assumption and assignment of certain Stalking Horse Purchaser Designated Contracts, will be held on **January 11, 2017 at 10:00 a.m. (prevailing Eastern Time)**, before the Courts.

PLEASE BE FURTHER ADVISED that pursuant to the Motion, the Sellers may assume and assign the contract(s) identified on Exhibit A (the "Subject Contract(s)") to the Successful Bidder at the Auction.[3] The cure amount (the "Cure Amount"), if any, the Sellers believe is required to satisfy all amounts and obligations due and owing under each Subject Contract by the Sellers, including any monetary defaults and compensation for pecuniary losses, is listed on Exhibit A (the "Cure Schedule").

PLEASE BE FURTHER ADVISED that the deadline to file an objection to the assumption and assignment of the Subject Contract(s) and the Cure Amount(s) for such Subject Contract(s) (together, "Cure Objections") is January 4, 2017 at 4:00 p.m. (prevailing Eastern Time) (the "Cure Objection Deadline"). Cure Objections to Canadian Contracts, if any, must be filed with the Canadian Court, Cure Objections to U.S. Contracts, if any, must be filed in the U.S. Court, and all such Cure Objections must also be served upon: (a) **the Debtors**, 100 Domain Dr., Exeter, New Hampshire 03885, Attention: Michael J. Wall, Esq. (Michael.Wall@bauer.com); (b) **US counsel to the Debtors**, Paul, Weiss, Rifkind, Wharton & Garrison, LLP, 1285 Avenue of the Americas, New York, New York, 10019, Attention: Kelley A. Cornish (kcornish@paulweiss.com) and Alice Eaton (aeaton@paulweiss.com); and Young Conaway Stargatt & Taylor LLP, Rodney Square, 1000 North King Street, Wilmington, DE 19801, Attention: Pauline Morgan (pmorgan@ycst.com); (c) **Canadian counsel to the Debtors**, Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9, Attention: Maria Konyukhova (mkonyukhova@stikeman.com) and Jonah Mann (jmann@stikeman.com); (d) **Financial advisor to the Debtors**, Centerview Partners, 31 West

[3] The Sellers may modify the list of Available Contracts that will be assumed and assigned in connection with the Sale. In addition, the inclusion of any contract or agreement on Exhibit A shall not constitute an admission by the Sellers that any such Subject Contract is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or under the CCAA and the Sellers reserve all rights with respect thereto.

52nd Street New York, NY 10019, Attention: Marc Puntus (mpuntus@centerviewpartners.com); (e) **the Monitor**, Ernst & Young Inc., 222 Bay Street, Toronto, ON, M5K IJ7, Attention: Brian Denega (brian.m.denega@ca.ey.com); (f) **US counsel to the Monitor**, Allen & Overy LLP, 1221 Avenue of the Americas, New York, NY, 10020, Attention: Ken Coleman (Ken.Coleman@AllenOvery.com); (g) **Canadian counsel to the Monitor**, Thornton Grout Finnigan LLP, 100 Wellington Street West, Suite 3200, Toronto, ON, M5K IK7, Attention: Robert Thornton (rthornton@tgf.ca), D.J. Miller (djmiller@tgf.ca) and Rachel Bengino (rbengino@tgf.ca); (h) **counsel to the UCC**, [●], Attention: [●]; (i) **financial advisor to the UCC**, [●], Attention: [●]; (j) **U.S. counsel to the Stalking Horse Purchaser**, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, N.Y. 10022, Attention Christopher J. Marcus; (k) **U.S. local counsel to the Stalking Horse Purchaser**, Klehr, Harrison, Harvey & Branzburg LLP, 919 N. Market Street, Suite 1000, Wilmington, DE 19801, Attention: Domenic E. Pacitti; (l) **Canadian counsel to the Stalking Horse Purchaser**, Blake, Cassels & Graydon S.E.N.C.R.L./s.r.l., 1 Place Ville Marie, Bureau 3000, Montréal (Québec) H3B 4N8, Attention Bernard Boucher; (m) **financial advisors to the Stalking Horse Purchaser**, Rothschild & Co., 1251 Avenue of the Americas, 33rd floor, New York, N.Y. 10020, Attention: Neil Augustine; and BDT Capital Partners, LLC, 401 North Michigan, Suite 3100, Chicago, IL 60611, Attention: John Gilligan; (n) **U.S. counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent**, Choate Hall & Stewart LLP, Two International Place, Boston, MA 02110, Attn: John F. Ventola (jventola@choate.com) and Douglas R. Gooding (dgooding@choate.com); (o) **Canadian counsel to Bank of America, N.A., in its capacity as Prepetition ABL Agent and ABL DIP Agent**, Norton Rose Fulbright, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P.O. Box 84, Toronto, Ontario M5J 2Z4, Canada, Attn: David M.A. Amato (david.amato@nortonrosefulbright.com) and Serge Levy (serge.levy@nortonrosefulbright.com); and (p) the Successful Bidder if the Stalking Horse Purchaser is not the Successful Bidder.

PLEASE BE FURTHER ADVISED that the Cure Objection must state (i) the basis for the objection and (ii) with specificity, what Cure Amount(s) the party to the Subject Contract(s) believes is required (in all cases with appropriate documentation in support thereof).

PLEASE BE FURTHER ADVISED that any objection solely to the Cure Amount(s) may not prevent or delay the Sellers' assumption and assignment of the Subject Contract(s) by a Successful Bidder other than the Stalking Horse Purchaser. If a non-Seller counterparty (a "Non-Seller Counterparty") objects solely to Cure Amount(s), the Sellers may, with the consent of the Successful Bidder, hold the claimed Cure Amount(s) in reserve pending further order of the Court or mutual agreement of the parties. So long as Cure Amount(s) are held in reserve, and there are no other unresolved objections to assumption and assignment of the applicable Subject Contract(s), the Sellers can, without further delay, assume and assign such Subject Contract(s) to the Successful Bidder. Under such circumstances, the objecting Non-Seller Counterparty's recourse is limited to the funds held in reserve.

PLEASE BE FURTHER ADVISED that any objections to the adequate assurance of future performance by any Successful Bidder other than the Stalking Horse Purchaser under the applicable Subject Contract(s) must be filed with either the Bankruptcy Court or the Canadian Court and served on the Notice Parties and the applicable Successful Bidder so that such objection is received on or before **12:00 p.m. (prevailing Eastern Time)** the day before the Sale Hearing (the "Adequate Assurance Objection Deadline").

PLEASE BE FURTHER ADVISED that unless a Cure Objection or an objection to adequate assurance of future performance, as applicable, is filed and served by a Non-Seller Counterparty to any Subject Contract by the Cure Objection Deadline or the Adequate Assurance Objection Deadline, as applicable, such Non-Seller Counterparty shall be (i) deemed to have waived and released any right to assert a Cure Objection and to have otherwise consented to the assignment of such Subject Contract, (ii) forever barred from objecting to the assumption and assignment of such Subject Contract or the failure of the Successful Bidder to provide adequate assurance of future performance and (iii) forever barred and estopped from asserting or claiming any Cure Amount, other than the Cure Amount listed on the Cure Schedule.

PLEASE BE FURTHER ADVISED that the hearings with respect to Cure Objection(s) or objection(s) to the adequate assurance of future performance may be held (a) at the Sale Hearing, or (b) at such other date as the Courts may designate.

[Remainder of this page intentionally left blank]

PLEASE BE FURTHER ADVISED that all requests for information concerning the Sale should be in writing and directed to US counsel to the Sellers at the address referenced below.

Dated: October __, 2016
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/
Pauline K. Morgan (No. 3650)
Sean T. Greecher (No. 4484)
Justin H. Rucki (No. 5304)
Shane M. Reil (No. 6195)
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
Telephone: (302) 571-6600 / Facsimile: (302) 571-1253

-and-

PAUL, WEISS, RIFKIND,
WHARTON & GARRISON LLP
Kelley A. Cornish
Alice Belisle Eaton
Claudia R. Tobler
Christopher Hopkins
1285 Avenue of the Americas,
New York, New York 10019
Telephone: (212) 373-3000 / Facsimile: (212) 757-3990

Proposed Co-Counsel to the Debtors and Debtors in Possession

Exhibit A

Cure Schedule

Name of Subject Contract	Name of Non-Debtor Counterparty	Cure Amount

EXHIBIT E-1

FORM OF CANADIAN SALE ORDER

Approval and Vesting Order

See attached.

Court File No. ____________________

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEEKDAY, THE #
	)	
JUSTICE	)	DAY OF MONTH, 20YR

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., 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**")

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicants pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the **[PSG and certain of its subsidiaries]** (the "**Vendors**") and **[●]** (the "**Purchaser(s)**") made as of [DATE], and vesting in the Purchaser the Vendors' right, title and interest in and to the assets described in the Sale

Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Applicants, the Monitor, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

SALE TRANSACTION

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Vendors is hereby authorized and approved, with such minor amendments as the Vendors and the Purchaser, with the approval of the Monitor, may agree upon. The Vendors are hereby authorized and directed, and the Monitor is authorized and empowered, to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets (as defined in the Sale Agreement) to the Purchaser.

3. **THIS COURT ORDERS** that the Vendors are authorized and directed to perform their obligations under the Sale Agreement and any ancillary documents related thereto.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Monitor's Certificate**"), all of the Vendors' right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from

any and all ownership claims, security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, pledges, trusts, constructive trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, encumbrances, obligations, liabilities, claims , demands, guarantees, set-off , liens, executions, levies, charges, or other financial or monetary claims, adverse claims, or rights of use, puts or forced sale provisions exercisable as a consequence of or arising from closing of the Transaction whether arising prior to or subsequent to the commencement of the CCAA proceedings, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured, legal equitable, possessory or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing:

(a) any encumbrances or charges created by the Order of the Honourable Justice ● dated October ●, 2016, and any subsequent charges created by the Court;

(b) all security interests, hypothecs, mortgages, encumbrances, liens and charges evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry in any Provinces or territories in Canada, or the Civil code of Québec; and

(c) those security interests, hypothecs, mortgages, encumbrances, liens and charges listed on Schedule B hereto (all of which are collectively referred to as the "**Encumbrances**");

and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall be paid to the Monitor as set out in the Sale Agreement and shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale as if the Purchased Assets had not been sold and

remained in the possession or control of the person having that possession or control immediately prior to the sale. The Monitor is hereby authorized and empowered to hold the net proceeds from the sale of the Purchased Assets delivered to it pursuant to the Sale Agreement pending further order of the Court, which motion for such an order shall be sought by the Applicants within 7 days after the date of this Order.

6. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

7. This Order shall constitute the only authorization required by the Vendors to proceed with the Transaction and that no further shareholder or regulatory approval, if applicable, shall be required in connection therewith.

8. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendors and the Purchaser regarding fulfillment of conditions to closing under the Sale Agreement, and shall incur no liability with respect to the delivery of the Monitor's Certificate.

9. **THIS COURT ORDERS** that, provided that the Sale Agreement has not been terminated, any plan of compromise or arrangement that may be filed by the Vendors shall not derogate or otherwise affect any right or obligation of the Vendors or the Purchaser under the Sale Agreement unless otherwise agreed by the Vendors and the Purchaser.

10. **THIS COURT ORDERS** that the Purchaser or the Monitor shall be authorized to take all steps as may be necessary to effect the discharge the Claims and Encumbrances after completion of the Transaction.

11. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada), the Vendors and the Monitor are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendors' records pertaining to the

Vendors past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendors.

12. **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Vendors and any bankruptcy order issued pursuant to any such applications; and

(c) any assignment in bankruptcy made in respect of the Vendors;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendors and shall not be void or voidable by creditors of the Vendors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

13. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendors and the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Vendors and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the

Vendors and the Monitor and their respective agents in carrying out the terms of this Order.

Schedule A – Form of Monitor's Certificate

Court File No. __________

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 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.

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated [DATE OF ORDER], [NAME OF MONITOR] was appointed as the Monitor (the "**Monitor**") of the undertaking, property and assets of **[PSG and certain of its subsidiaries]** (collectively, the "**Vendors**").

B. Pursuant to an Order of the Court dated [DATE] 2016 (the "**Approval and Vesting Order**"), the Court approved the agreement of purchase and sale made as of [DATE OF AGREEMENT] (the "Sale Agreement") between the Vendors and ● (the "**Purchaser**") and provided for the vesting in the Purchaser of the Vendors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section • of the Sale Agreement have been satisfied or waived by the Monitor and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.

C. Pursuant to the Approval and Vesting Order, the Monitor may rely on written notice from the Vendors and the Purchaser regarding fulfillment of conditions to closing under the Sale Agreement.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Vendors and the Purchaser have each delivered written notice to the Monitor that all applicable conditions under the Sale Agreement have been satisfied and/or waived, as applicable; and

2. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;

3. The Transaction has been completed to the satisfaction of the Monitor.

4. This Certificate was delivered by the Monitor at ________ [TIME] on _______ [DATE].

Ernst & Young Inc., in its capacity as Monitor of the Vendors, and not in its personal or corporate capacity

Per: ________________________________

Name:

Title:

Schedule B –Encumbrances

As specified in the APA

EXHIBIT E-1

FORM OF CANADIAN SALE ORDER

Assignment Order

See attached.

Court File No. ____________________

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEEKDAY, THE #
	)	
JUSTICE	)	DAY OF MONTH, 20YR

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., 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**")

ASSIGNMENT ORDER

THIS MOTION, for an order assigning the rights and obligations of the [**PSG and certain of its subsidiaries**] (the "**Vendors**") under the Assigned Contracts (as defined below) for an order assigning the rights and obligations of the Vendor under the Assigned Contracts (as defined below) as contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between the Vendors and [**Sagard Capital Partners, L.P. and/or special purpose vehicle**] (the "**Purchaser(s)**") made as of [DATE], and vesting in the Purchaser the Vendors' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Monitor, [NAMES OF OTHER PARTIES APPEARING], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS** that any capitalized term used but not defined herein shall have the meaning ascribed to such term in the Sale Agreement.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

ASSIGNMENT OF AGREEMENTS

3. **THIS COURT ORDERS** that upon delivery of the Monitor's Certificate (the "**Monitor's Certificate**") referred to in the Order of Justice ● dated ●, 2017, (the "**Approval and Vesting Order**"), all of the rights and obligations of the Vendors under the agreements set out in Schedule "A" hereto that are **[Purchased Assets]** on **[Closing]** (as such terms are defined in the Sale Agreement) (collectively, the "**Assigned Contracts**") shall be assigned to the Purchaser pursuant to section 2.1(b)(i) and 2.5 of the Sale Agreement and pursuant to section 11.3 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended ("**CCAA**").

4. **THIS COURT ORDERS** that, with respect to the Assigned Contracts that are real property leases (collectively, the "**Real Property Leases**"), upon delivery of the Monitor's Certificate, the Purchaser shall be entitled to all of the rights and benefits and subject to all of the obligations as tenant pursuant to the terms of the Real Property Leases for the period commencing from and after the delivery of such Monitor's Certificate and may enter into and upon and hold and have quiet enjoyment of such premises contemplated by the Real Property Leases and, if applicable, any renewals thereof, for its own use and benefit, all in accordance with the terms of the Real Property Leases, without any interruption from the Vendors, the landlords under the Real Property Leases or any person whomsoever claiming through or under any of the Vendors or the landlords under the Real Property Leases.

5. **THIS COURT ORDERS** that the assignment to the Purchaser of the rights and obligations of the Vendors under the Assigned Contracts to the Purchaser, or such related party as the Purchaser may designate (provided however, that such designated related party agrees to be bound by the terms of such Assigned Contract and the Purchaser is not released from any obligation or liability thereunder), pursuant to the CCAA and this Order is valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction or prohibition contained in any such Assigned Contracts relating to the assignment thereof, including any provision requiring the consent of any party to the assignment.

6. **THIS COURT ORDERS** that the Vendors' right, title and interest in the Assigned Contracts shall vest absolutely in the Purchaser free and clear of all Encumbrances other than the Permitted Encumbrances (as such terms are defined in the Approval and Vesting Order) in accordance with the provisions of the Approval and Vesting Order.

7. **THIS COURT ORDERS** that each counterparty to the Assigned Contracts is prohibited from exercising any right or remedy under the Assigned Contracts by reason of any defaults thereunder arising from the assignment of the Assigned Contracts, the insolvency of the Vendors, the commencement of these CCAA proceedings or the Applicants' proceedings under Chapter 11 of Title 11 of the United States Code, or any failure of the Vendors to perform a non-monetary obligation under the Assigned Contracts.

8. **THIS COURT ORDERS** that the Cure Costs of the contracts listed in Schedule "A" hereto shall be in amounts set out in Schedule "A" hereto and that upon Closing, the Purchaser (first, and to an aggregate maximum amount of $1,000,000) and the Vendors (second, and for any amount in excess of the $1,000,000 aggregate) shall pay the Cure Costs as set out therein with respect to each applicable Assigned Contract, in full and final satisfaction of any Cure Costs owing to the counterparty to the applicable Assigned Contract, by no later than the day that is [**five (5)**] business days from the date that the Purchaser receives wire remittance instructions or other payment instructions from such counterparty.

9. **THIS COURT DIRECTS** the Vendors to send a copy of this Order to all of the counterparties to the contracts listed in Schedule "A" and, furthermore, to provide notice to any such counterparty that is listed in Schedule "A" as of the date of this Order and is subsequently

added as an Excluded Contract (as the term is defined in the Sale Agreement) and removed from Schedule "A" prior to closing of the Sale Transaction.

GENERAL

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendors, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.

Schedule A

Assigned Contracts

EXHIBIT E-2

FORM OF U.S. SALE ORDER

See attached.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN RE:	)	**Case No.: 16 -_____**
BPS US HOLDINGS INC., *et al.*,	)	**Chapter 11**
***Debtors*.**[1]		**Joint Administration Requested**
	)	

[PROPOSED] ORDER (A) APPROVING THE ASSET PURCHASE AGREEMENT; (B) APPROVING THE SALE TO THE STALKING HORSE PURCHASER[2] OF SUBSTANTIALLY ALL OF THE ASSETS OF THE DEBTOR PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES; (C) APPROVING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE; (D) AUTHORIZING THE DEBTORS TO CONSUMMATE TRANSACTIONS RELATED TO THE ABOVE; AND (E) GRANTING OTHER RELIEF

Upon the motion (the "Motion")[3] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") pursuant to sections 105(a), 363, and 365 of title 11 of the United States Code (the "Bankruptcy Code") and rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") for entry of an order (this "Sale Order") (a) authorizing and approving that certain Asset Purchase Agreement (the "Stalking Horse

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number or Canadian equivalent, are as follows: BPS US Holdings Inc. (8341); Bauer Hockey, Inc. (3094); Easton Baseball / Softball Inc. (5670); Bauer Hockey Retail Inc. (6663); Bauer Performance Sports Uniforms Inc. (1095); Performance Lacrosse Group Inc. (4200); BPS Diamond Sports Inc. (5909); PSG Innovation Inc. (9408); Performance Sports Group Ltd. (1514); KBAU Holdings Canada, Inc. (5751); Bauer Hockey Retail Corp. (1899); Easton Baseball / Softball Corp. (4068); PSG Innovation Corp. (2165) Bauer Hockey Corp. (4465); BPS Canada Intermediate Corp. (4633); BPS Diamond Sports Corp. (8049); Bauer Performance Sports Uniforms Corp. (2203); and Performance Lacrosse Group Corp. (1249). The Debtors' headquarters are located at 100 Domain Dr., Exeter, New Hampshire 03833.

[2] **This Form of Order will serve as the Form Order for an Alternative Transaction in the event the Stalking Horse Purchaser is not the Successful Bidder as such term is defined in the Motion**.

[3] Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Stalking Horse Agreement (as defined herein).

Agreement"), dated as of October [ ], 2016, between [Biscuit] ("Sellers" or "Debtors") and [ ] (the "Stalking Horse Purchaser"), (b) approving the sale of the Assets pursuant to the Asset Purchase Agreement, (c) approving the assumption and assignment of certain executory contracts and unexpired leases pursuant to section 365 of the Bankruptcy Code, (d) authorizing the Debtors to consummate transactions related to the Asset Purchase Agreement, and (e) granting other relief, all as more fully described in the Motion; and the Court having entered on November [__], 2016, the *Order (A) Approving Bidding Procedures and Bid Protections in Connection with the Sale of Substantially All of the Debtors' Assets, (B) Approving the Form and Manner of Notice, (C) Scheduling an Auction and a Sale Hearing, (D) Approving Procedures for the Assumption and Assignment of Contracts, and (E) Granting Related Relief* [Docket No.] (the "Bidding Procedures Order"); and the Debtors having determined that the highest and otherwise best offer for the Assets was made by the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement; and the Court having conducted a hearing along with the Canadian Court on January [___], 2017 (the "Sale Hearing"), at which time all parties in interest were offered an opportunity to be heard with respect to the proposed sale of the Assets (the "Sale"), to consider the approval of the Sale pursuant to the terms and conditions of the Stalking Horse Agreement, and the Court having considered: (i) the Motion and any objections thereto; (ii) the proposed Sale of the Assets by Sellers to the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement; (iii) the arguments of counsel made, and evidence adduced, related thereto; and (iv) the full record in these Chapter 11 Cases, including the record related to the hearing to consider the Bidding Procedures Order and the Sale Hearing held before the Court; all parties in interest having been heard, or having had the opportunity to be heard, regarding the approval of the Stalking Horse Agreement and sale of the Assets and other transactions contemplated by the

Stalking Horse Agreement; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; it is hereby **FOUND, CONCLUDED, AND DETERMINED THAT**:[4]

A. The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to these Chapter 11 Cases pursuant to Bankruptcy Rule 9014.

B. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

C. This Court has jurisdiction over the Motion and over the property of Debtors, including the Assets to be sold, transferred, and conveyed pursuant to the Stalking Horse Agreement, pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). Venue for the Cases and proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

D. This Sale Order constitutes a final order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to any extent necessary under Bankruptcy Rule 9014 and rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, this Court finds that there is no just reason for delay in the implementation of this Sale Order, and directs entry of judgment as set forth herein.

E. The Assets constitute property of Sellers' estates and title thereto is vested in Sellers' estates within the meaning of section 541(a) of the Bankruptcy Code.

[4] All findings of fact and conclusions of law announced by the Court at the Sale Hearing in relation to the Motion are hereby incorporated herein to the extent not inconsistent herewith.

F. The statutory bases for the relief requested in the Motion are sections 105(a), 363, and 365 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, and 9014 and Local Rule 4001-2.

G. On [October 31], 2016 (the "Petition Date"), each of the Debtors filed a separate voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "U.S. Court") commencing these Cases.

H. On the Petition Date, each of the Debtors made an application for protection from their creditors before the Ontario Superior Court (Commercial Division) (the "Canadian Court") and together with the U.S. Court, the "Courts") under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 (the "Canadian Proceeding").

I. The Debtors are continuing in the management and operation of their businesses and properties as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Cases.

J. On [●,] the Office of the United States Trustee (the "U.S. Trustee") appointed an official committee of unsecured creditors in these Cases pursuant to Section 1102 of the Bankruptcy Code (the "Committee").

K. This Court entered the Bidding Procedures Order on November [ ], 2016: (1) establishing bidding and auction procedures for the sale of the Assets; (2) approving proposed bid protections to the Stalking Horse Purchaser in accordance with the Stalking Horse Agreement; (3) establishing procedures relating to the assumption and assignment of executory contracts and unexpired leases; (4) approving the form and manner of the sale, cure and other notices; and (5) scheduling the Auction and the Sale Hearing to consider the sale of the Assets.

L. As evidenced by the affidavits of service and publication previously filed with the Court [Docket Nos. [●]], and based on the representations of counsel at the Sale Hearing, due, proper, timely, adequate, and sufficient notice of the Motion, the Sale Hearing, the Auction, the Sale, and the assumption and assignment of the executory contracts and unexpired leases to be assumed and assigned to the Stalking Horse Purchaser at Closing pursuant to this Sale Order has been provided in accordance with sections 102(1), 363, and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 9007, and 9014 and in compliance with the Bidding Procedures Order, to each party entitled to such notice, including, as applicable: (a) all entities known to have expressed a *bona fide* interest in a transaction with respect to the Assets within the past two years; (b) all entities known to have asserted any lien, claim or encumbrance in or upon any of the Assets; (c) all federal, state and local environmental, regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by the Motion; (d) the Monitor; (e) the U.S. Trustee; (f) counsel to the proposed Stalking Horse Purchaser; (g) counsel to the ABL Lenders; (h) counsel to the Term Loan Lenders; (i) the Internal Revenue Service; (j) the SEC; (k) the U.S. Attorney for the District of Delaware; and (l) all persons and entities that have filed a request for service of filings in these Chapter 11 Cases pursuant to Bankruptcy Rule 2002. With respect to entities whose identities are not reasonably ascertained by the Debtors, publication of the Sale Notice in the *The Wall Street Journal*, National Edition, New York Times, Reuters and Bloomberg in the U.S., and Le Devoir, Globe & Mail and National Post in Canada, on [___], 2016, as evidenced by the affidavit of service filed by the Debtors' notice and claims agent on [____], 2016, [Docket No. ___], was, and is deemed, sufficient, and reasonably calculated under the circumstances to reach such entities. The notices described above were good, sufficient, and appropriate under the circumstances, and no other or further notice of the Motion, the Auction, the Sale, and the Sale Hearing is, or shall be, required.

M. The Debtors and their professionals marketed the Assets and conducted the marketing and sale process in compliance with the Bidding Procedures and the Bidding Procedures Order. Based upon the record of these proceedings, creditors and other parties in interest and prospective purchasers were afforded a reasonable and fair opportunity to bid for the Assets.

N. At the conclusion of the Auction and after reviewing all Qualified Bids (as defined in the Bidding Procedures), the Debtors determined in a valid and sound exercise of their business judgment and in consultation with the Consultation Parties that the highest or otherwise best Qualified Bid for the Assets was that of the Stalking Horse Purchaser as set forth in the Stalking Horse Agreement.

O. The Debtors have articulated good and sufficient reasons for this Court to grant the relief requested in the Motion regarding the sales process, including approval and authorization to serve the Sale Notice.

P. The Sale Notice provided all interested parties with timely and proper notice of the Sale contemplated by the Stalking Horse Agreement, the Sale Hearing, and the Auction.

Q. The disclosures made by the Debtors in the Motion, the Sale Notice, and related documents filed with the Court concerning the Stalking Horse Agreement, the Auction, the Sale and the Sale Hearing were good, complete and adequate.

R. The Bidding Procedures set forth in the Bidding Procedures Order were non-collusive, proposed and executed in good faith as a result of arms'-length negotiations, and were substantively and procedurally fair to all parties.

S. The Debtors conducted the sale process in accordance with, and have otherwise complied in all respects with, the Bidding Procedures Order. The sale process set forth in the Bidding Procedures Order afforded a full, fair, and reasonable opportunity for any entity to make a higher or otherwise better offer to purchase the Assets.

T. The terms contained in the Stalking Horse Agreement constitute the highest and best offer for the Assets and will provide a greater recovery for Sellers' estate for the Assets than would be provided by any other available alternative. Sellers' determination that the Stalking Horse Agreement constitutes the highest and best offer for the Assets constitutes a valid and sound exercise of Sellers' business judgment.

U. The Stalking Horse Agreement and the Sale contemplated thereby represent a fair and reasonable offer to purchase the Assets under the circumstances of the Chapter 11 Cases. No other entity or group of entities has presented a higher or otherwise better offer to Sellers to purchase the Assets for greater economic value to the Sellers' estate than the Stalking Horse Purchaser.

V. Approval of the Motion and the Stalking Horse Agreement and the consummation of the Sale contemplated thereby is in the best interests of the Debtors, their creditors and estates, and other parties in interest.

W. The Debtors have demonstrated compelling circumstances and a good, sufficient, and sound business purpose and justification for the Sale of the Assets because, among other reasons: (1) the Stalking Horse Agreement constitutes the highest and best offer for the Assets; (2) the Stalking Horse Agreement and the closing thereon will present the best opportunity to realize the value of the Assets on a going-concern basis and avoid decline and devaluation of the Assets; and (3) any other transaction would not have yielded as favorable an economic result.

X. The Stalking Horse Purchaser is purchasing the Assets in good faith and is a good-faith buyer within the meaning of section 363(m) of the Bankruptcy Code and is not an "insider" of any Debtor (as defined under section 101(31) of the Bankruptcy Code), and, therefore, is entitled to the full protections of that provision, and otherwise has proceeded in good faith in all respects in connection with these Chapter 11 Cases in that: (1) the Stalking Horse Purchaser recognized that the Debtors were free to deal with any other party interested in acquiring the Assets; (2) the Stalking Horse Purchaser complied with the provisions in the Bidding Procedures Order; (3) the Stalking Horse Purchaser agreed to subject its bid to the competitive bidding procedures set forth in the Bidding Procedures Order; (4) all payments to be made by the Stalking Horse Purchaser and other agreements or arrangements entered into by the Stalking Horse Purchaser in connection with the Sale have been disclosed; (5) the Stalking Horse Purchaser has not violated section 363(n) of the Bankruptcy Code by any action or inaction; and (6) the negotiation and execution of the Stalking Horse Agreement, including the Sale contemplated thereby, were at arms' length and in good faith.

Y. The Stalking Horse Agreement and the transactions contemplated thereby cannot be avoided under section 363(n) of the Bankruptcy Code. The Debtors and the Stalking Horse Purchaser have not engaged in any conduct that would cause or permit the Stalking Horse Agreement or the consummation of the transactions contemplated thereby to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code.

Z. The consideration provided by the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement: (1) is fair and adequate and constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia (including the Uniform Fraudulent

Transfer Act); (2) is fair consideration under the Uniform Fraudulent Transfer Act; (3) is reasonably equivalent value, fair consideration, and fair value under any other applicable laws of the United States, any state, territory, or possession thereof, or the District of Columbia; and (4) will provide a greater recovery for the Debtors' creditors than would be provided by any other reasonably practicable available alternative.

AA. The Stalking Horse Agreement, which constitutes reasonably equivalent value and fair consideration, was not entered into, and the Sale is not consummated, for the purpose of hindering, delaying or defrauding creditors of the Debtors under the Bankruptcy Code or under any other law of the United States, any state, territory, possession thereof, or the District of Columbia, or any other applicable law. Neither the Seller, any Debtor nor the Stalking Horse Purchaser has entered into the Stalking Horse Agreement or is consummating the Sale with any fraudulent or otherwise improper purpose.

BB. By consummating the Sale, the Stalking Horse Purchaser is not a mere continuation of Sellers or any other Debtor or any Debtor's estate, and there is no continuity between the Stalking Horse Purchaser and any Debtor. The Stalking Horse Purchaser is not holding itself out to the public as a continuation of any Debtor. The Stalking Horse Purchaser is not a successor to any Debtor or any Debtor's estate by reason of any theory of law or equity, and the Sale does not amount to a consolidation, merger, or de facto merger of the Stalking Horse Purchaser and the Debtors. Except as provided in the Stalking Horse Agreement, neither the Stalking Horse Purchaser nor any of its Affiliates shall assume any obligation or liability of any Debtor and/or any Debtor's estate, including any obligation under any collective bargaining agreement or labor practice agreement.

CC. Good faith negotiations between Stalking Horse Purchaser and the Debtors' management or key employees regarding compensation or future employment are ongoing, and Stalking Horse Purchaser anticipates that agreements regarding employment and compensation will be reached. With respect to any agreements entered into between the Stalking Horse Purchaser and the Debtors' management or key employees regarding compensation or future employment, if any exist, the Stalking Horse Purchaser has disclosed the material terms of such agreements.

DD. The Sale neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a liquidating plan of reorganization of the Debtors. The Sale does not constitute a *sub rosa* plan.

EE. The Sale of the Assets is consistent with the Debtors' policy concerning the transfer of personally identifiable information and the Debtors have, to the extent necessary, satisfied section 363(b)(1) of the Bankruptcy Code. Accordingly, appointment of a consumer ombudsman pursuant to section 363(b)(1) or section 332 of the Bankruptcy Code is not required with respect to the relief requested in the Motion.

FF. The Debtors, acting by and through their existing agents, representatives, and officers, have full corporate power and authority to execute and deliver the Stalking Horse Agreement and all other documents contemplated thereby, and the Debtors require no further consents or approvals are required for the Debtors to consummate the Sale contemplated by the Stalking Horse Agreement, except as otherwise set forth in the Stalking Horse Agreement.

GG. The transfer of each of the Assets to the Stalking Horse Purchaser will be as of the Closing Date a legal, valid, and effective transfer of such assets, and vests or will vest the Stalking Horse Purchaser with all right, title, and interest of Sellers to the Assets free and clear of all Interests or Claims (as defined below) accruing, arising or relating thereto any time prior to the Closing Date, unless otherwise assumed pursuant to the Stalking Horse Agreement.

HH. Sellers may sell the Assets free and clear of all Interests or Claims against Sellers, their estates, or any of the Assets (unless otherwise assumed in the Stalking Horse Agreement) because, in each case, one or more of the standards set forth in section 363(f)(1)–(5) of the Bankruptcy Code has been satisfied. Those holders of Interests or Claims against Sellers, their estates, or any of the Assets who did not object, or who withdrew their objections, to the Sale or the Motion are deemed to have consented thereto pursuant to section 363(f)(2) of the Bankruptcy Code. Those holders of such Interests or Claims who did object fall within one or more of the other subsections of section 363(f) and are adequately protected by having their Interests or Claims, if any, in each instance against Sellers, their estates, or any of the Assets, attach to the cash proceeds of the Sale ultimately attributable to the Assets in which such creditor alleges an interest, in the same order of priority, with the same validity, force, and effect that such creditor had prior to the Sale, subject to any claims and defenses that Sellers or any other Debtor may possess with respect thereto.

II. If the Sale were not free and clear of all Interests or Claims (except as otherwise assumed in the Stalking Horse Agreement), or if the Stalking Horse Purchaser would, or in the future could, be liable for any of the Interests or Claims (except as otherwise assumed in the Stalking Horse Agreement), the Stalking Horse Purchaser would not have entered into the Asset Purchase Agreement and would not consummate the Sale, thus adversely affecting the Debtors and their estates and creditors.

JJ. Sellers have demonstrated that it is an exercise of their sound business judgment for Sellers to assume and assign the Assigned Contracts to the Stalking Horse Purchaser, in each case in connection with the consummation of the Sale, and the assumption and assignment of the Assigned Contracts is in the best interests of Sellers, the other Debtors, their estates and creditors, and other parties in interest. The Assigned Contracts being assigned to the Stalking Horse Purchaser under the Stalking Horse Agreement are an integral part of the Stalking Horse Agreement and the Sale and, accordingly, such assumptions and assignments are reasonable and enhance value to the Debtors estates. Any non-Debtor counterparty to any Assigned Contract that has not actually filed with the Court an objection to such assumption as of the date hereof is deemed to have consented to such assumption and assignment.

KK. Sellers and the Stalking Horse Purchaser have, to the extent necessary, satisfied the requirements of section 365 of the Bankruptcy Code, including sections 365(b)(1)(A), 365(b)(1)(B), and 365(f) of the Bankruptcy Code, in connection with the sale and assumption and assignment of the Assigned Contracts to the extent provided under the Stalking Horse Agreement and have: (1) cured any default existing prior to the date hereof under any of the Assigned Contracts, within the meaning of section 365(b)(l)(A) of the Bankruptcy Code; and (2) provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under any of the Assigned Contracts, within the meaning of section 365(b)(1)(B) of the Bankruptcy Code, and the Stalking Horse Purchaser has provided adequate assurance of future performance of and under the Assigned Contracts, within the meaning of sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code. Each provision of the Assigned Contracts or applicable non-bankruptcy law that purports to prohibit, restrict or condition, or could be construed as prohibiting, restricting or conditioning, assignment of any Assigned Contracts has been satisfied or is otherwise unenforceable under Bankruptcy Code section 365.

LL. The Stalking Horse Agreement and Sale must be approved and the Closing must occur promptly to preserve the value of the Debtors' assets.

MM. Given all of the circumstances of the Chapter 11 Cases and the adequacy and fair value of the consideration provided by the Stalking Horse Purchaser under the Stalking Horse Agreement, the Sale constitutes a reasonable and sound exercise of Sellers' business judgment, is in the best interests of Sellers and the other Debtors, their estates, their creditors, and other parties in interest, and should be approved.

NN. The consummation of the Sale is legal, valid, and properly authorized under all applicable provisions of the Bankruptcy Code, including sections 105(a), 363(b), 363(f), 363(m), 365(b), and 365(f) of the Bankruptcy Code and all of the applicable requirements of such sections have been complied with in respect of the Sale.

Based upon the foregoing findings and conclusions, the Motion and the record before the Court with respect to the Motion, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED that:

1. The relief requested in the Motion is granted as set forth herein.

2. Any and all objections and responses to the Motion that have not been withdrawn, waived, settled, or resolved, and all reservations of rights included therein, are hereby overruled and denied on the merits.

3. Notice of the Motion, the Auction, the Sale Hearing, and the Sale was fair and equitable under the circumstances and complied in all respects with section 102(1) of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, and 6006.

Approval of the Sale of Assets

4. Pursuant to section 363(b) of the Bankruptcy Code, each of the Debtors and the Stalking Horse Purchaser, acting by and through their existing agents, representatives and officers, are authorized, empowered, and directed to take any and all actions necessary or appropriate to: (a) consummate the Sale pursuant to and in accordance with the terms and conditions of the Stalking Horse Agreement; (b) close the Sale as contemplated in the Stalking Horse Agreement and this Sale Order; (c) transfer and assign all right, title, and interest to all property, licenses, and rights to be conveyed in accordance with the terms and conditions of the Stalking Horse Agreement; and (d) execute and deliver, perform under, consummate, and implement the Stalking Horse Agreement and all additional instruments and documents that may be reasonably necessary or desirable to implement the Stalking Horse Agreement and the Sale, including any other ancillary documents, or as may be reasonably necessary or appropriate to the performance of the obligations as contemplated by the Stalking Horse Agreement and such other ancillary documents. The Stalking Horse Purchaser and the Debtors shall have no obligation to close the Sale except as provided for in the Stalking Horse Agreement.

5. This Sale Order shall be binding in all respects upon the Debtors, their estates, all creditors (including the Committee, if one is appointed), all holders of equity interests in the Debtors, all holders of any Interests or Claims (whether known or unknown) against any Debtor, any holders of Interests or Claims against or on all or any portion of the Assets, all counterparties to any executory contract or unexpired lease of the Debtors (including any collective bargaining agreement or labor practice agreement), the Stalking Horse Purchaser and all successors and assigns of the Stalking Horse Purchaser, and any trustees, examiners, or other fiduciary under any section of the Bankruptcy Code, if any, subsequently appointed in any of the Debtors'

Chapter 11 Cases or upon a conversion to chapter 7 under the Bankruptcy Code of the Debtors' cases.

6. The terms and provisions of the Asset Purchase Agreement and this Sale Order shall inure to the benefit of the Debtors, their estates, and their creditors, the Stalking Horse Purchaser, and their respective Affiliates, successors and assigns, and any other affected third parties, including all persons asserting any Interests or Claims in the Assets to be sold to the Stalking Horse Purchaser pursuant to the Asset Purchase Agreement, notwithstanding any subsequent appointment of any trustee, party, entity, or other fiduciary under any section of any chapter of the Bankruptcy Code, as to which trustee, party, entity, or other fiduciary such terms and provisions likewise shall be binding.

Sale and Transfer of Assets

7. Pursuant to sections 105(a), 363(b), 363(f), 365(b) and 365(f) of the Bankruptcy Code, upon the Closing Date and pursuant to and except as otherwise set forth in the Stalking Horse Agreement, the Assets shall be transferred to the Stalking Horse Purchaser free and clear of all encumbrances, claims, interests, and liens, including the Excluded Liabilities, mortgages, restrictions, hypothecations, charges, indentures, loan agreements, instruments, collective bargaining agreements, leases, licenses, options, deeds of trust, security interests, other interests, conditional sale or other title retention agreements, pledges, and other liens (including mechanics', materialman's, and other consensual and non-consensual liens and statutory liens), judgments, demands, encumbrances, rights of first refusal, offsets, contracts, recoupment, rights of recovery, claims for reimbursement, contribution, indemnity, exoneration, products liability, alter-ego, environmental, or tax, decrees of any court or foreign or domestic governmental entity, or charges of any kind or nature, if any, including any restriction on the use, voting, transfer,

receipt of income or other exercise of any attributes of ownership, debts arising in any way in connection with any agreements, acts, or failures to act, including any pension liabilities, retiree medical benefit liabilities, liabilities related to the Employee Retirement Income Security Act of 1974, liabilities related to the Internal Revenue Code, or any other liability relating to Debtors' current and former employees, including any withdrawal liabilities or liabilities under any collective bargaining agreement or labor practice agreement (to the extent not assumed under the Stalking Horse Agreement), of the Debtors or any of the Debtors' predecessors or Affiliates, claims, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of these bankruptcy cases, and whether imposed by agreement, understanding, law, equity or otherwise, including claims otherwise arising under doctrines of successor liability (other than Assumed Liabilities) (collectively, the "Interests or Claims"), with all such Interests or Claims to attach to the cash proceeds of the Sale in the order of their priority, with the same validity, force, and effect that they now have as against the Assets, subject to any claims and defenses the Debtors may possess with respect thereto. Furthermore, except as otherwise provided in the Stalking Horse Agreement, the Stalking Horse Purchaser and/or its Affiliates shall not have any liabilities for the prepetition and pre-Closing Date conduct of the Debtors or any of their officers, directors, employees, or agents, including any conduct which may be the subject of ongoing investigations by the federal government, and the federal government will not seek to set off or recoup any such investigation liabilities against payment obligations for post-Closing shipments of goods to the federal government.

8. On the Closing Date, this Sale Order shall be construed and shall constitute for any and all purposes a full and complete general assignment, conveyance, and transfer of all of the Assets or a bill of sale transferring good and marketable title in such Assets to the Stalking Horse Purchaser pursuant to the terms and allocations set forth in the Stalking Horse Agreement. For the avoidance of doubt, the Excluded Assets set forth in the Stalking Horse Agreement are not included in the Assets.

9. Subject to the terms and conditions of this Sale Order, the transfer of Assets to the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement and the consummation of the Sale and any related actions contemplated thereby do not require any consents other than as specifically provided for in the Stalking Horse Agreement, constitute a legal, valid, and effective transfer of the Assets, and shall vest Purchaser with right, title, and interest of the Debtors in and to the Assets as set forth in the Stalking Horse Agreement, as applicable, free and clear of all Interests or Claims of any kind or nature whatsoever (except as otherwise assumed in the Stalking Horse Agreement).

10. To the greatest extent available under applicable law and except as provided in the Stalking Horse Agreement, the Stalking Horse Purchaser, as provided by the Stalking Horse Agreement, shall be authorized, as of the Closing Date, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Assets, and all such licenses, permits, registrations, and governmental authorizations and approvals are deemed to have been, and hereby are, directed to be transferred to the Stalking Horse Purchaser as of the Closing Date as provided by the Asset Purchase Agreement. To the extent provided by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any grant, permit, or license relating to the operation of the Assets sold, transferred,

assigned, or conveyed to the Stalking Horse Purchaser on account of the filing or pendency of these Chapter 11 Cases or the consummation of the Sale.

11. All entities that are presently, or on the Closing may be, in possession of some or all of the Assets to be sold, transferred, or conveyed (wherever located) to the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement are hereby directed to surrender possession of the Assets to the Stalking Horse Purchaser on the Closing Date.

12. Upon consummation of the Sale set forth in the Asset Purchase Agreement, if any person or entity that has filed financing statements, mortgages, mechanic's liens, *lis pendens*, or other documents or agreements evidencing Interests or Claims against or in the Assets shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfactions, releases of all Interests or Claims that the person or entity has with respect to the Assets (unless otherwise assumed in the Asset Purchase Agreement), or otherwise, then: (a) the Debtors are hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Assets; and (b) the Stalking Horse Purchaser is hereby authorized to file, register, or otherwise record a certified copy of this Sale Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all Interests or Claims in the Assets of any kind or nature (except as otherwise assumed in the Asset Purchase Agreement). For the avoidance of doubt, to the extent necessary, upon consummation of the Sale set forth in the Stalking Horse Agreement, the Stalking Horse Purchaser is authorized to file, with respect to the Assets, termination statements, lien terminations, or other amendments in any required jurisdiction to remove and record, notice filings or financing statements recorded to attach, perfect or otherwise notice any lien or encumbrance that is extinguished or otherwise

released pursuant to this Sale Order under section 363 and the related provisions of the Bankruptcy Code.

13. All entities, including all lenders, debt security holders, equity security holders, governmental, tax, and regulatory authorities, parties to executory contracts and unexpired leases, customers, employees and former employees, dealers and sale representatives, and trade or other creditors holding Claims or Interests of any kind or nature whatsoever against or in the Debtors or the Assets arising under or out of, in connection with, or in any way relating to, the Debtors, the Assets, the operation of the Debtors' businesses prior to the Closing, or the transfer of the Assets to the Stalking Horse Purchaser, hereby are forever barred, estopped, and permanently enjoined from asserting any Claims or Interests of any kind or nature whatsoever (except to the extent such Claims or Interests are assumed by the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement) against the Stalking Horse Purchaser and its successors, designees, permitted assigns, or property, or the Assets conveyed in accordance with the Stalking Horse Agreement.

14. The Stalking Horse Purchaser (and any assignee of the Stalking Horse Purchaser's rights under the Stalking Horse Agreement) and their respective owners, members, shareholders, managers, directors, officers, partners, employees, agents, attorneys, investment bankers and financial advisors are hereby generally released by the Debtors, their Affiliates, their respective estates and their respective owners, members, shareholders, managers, directors, officers, partners, employees, agents, attorneys, investment bankers and financial advisors from any and all claims that the Debtors and their Affiliates or estates or any party claiming derivatively through the Debtors may have against the Stalking Horse Purchaser, other than claims against the Stalking Horse Purchaser arising under the Stalking Horse Agreement, the

Sponsor DIP Credit Agreement or as otherwise provided in this Sale Order; provided however that such release will not be in effect until the later of the Closing or all obligations under the Stalking Horse Agreement and Sponsor DIP Credit Agreement have been fulfilled.

15. The Debtors, their estates and their respective owners, members, shareholders, managers, directors, officers, partners, employees, agents, attorneys, investment bankers and financial advisors are hereby generally released by the Stalking Horse Purchaser and its Affiliates and their respective owners, members, shareholders, managers, directors, officers, partners, employees, agents, attorneys, investment bankers and financial advisors from any and all claims that the Stalking Horse Purchaser and its Affiliates may have against the Debtors, their Affiliates and estates, other than claims against the Debtors, their Affiliates and estates arising under the Stalking Horse Agreement, the Sponsor DIP Credit Agreement or as otherwise provided in this Sale Order; provided however that such release will not be in effect until the later of the Closing or all obligations under the Stalking Horse Agreement and the Sponsor DIP Credit Agreement have been fulfilled.

16. As of and after the Closing: (a) each of the Debtors' creditors is hereby authorized and directed to execute such documents and take all other actions as may be necessary to release their Claims or Interests in the Assets (if any) as such Claims or Interests may have been recorded or may otherwise exist; and (b) any Asset that may be subject to a statutory or mechanic's lien shall be turned over and such liens shall attach to the sale proceeds in the same priority they currently enjoy with respect to the Assets.

Contracts to be Assumed and Assigned

17. Pursuant to sections 105(a), 363, and 365 of the Bankruptcy Code, and subject to and conditioned upon the occurrence of the Closing Date, Sellers' assumption and assignment to

the Stalking Horse Purchaser, and the Stalking Horse Purchaser's assumption on the terms set forth in the Stalking Horse Agreement of the Assigned Contracts is hereby approved in its entirety, and the requirements of section 365 of the Bankruptcy Code with respect thereto are hereby deemed satisfied.

18. The Debtors are hereby authorized in accordance with sections 105(a), 363, and 365 of the Bankruptcy Code to assume and assign to the Stalking Horse Purchaser, effective upon the Closing Date of the sale of the Assets, the Assigned Contracts free and clear of all Interests or Claims of any kind or nature whatsoever and execute and deliver to the Stalking Horse Purchaser such documents or other instruments as may be necessary to assign and transfer the Assigned Contracts to the Stalking Horse Purchaser.

19. To the extent that an objection by a counterparty to any Assigned Contract, including all objections related to Cure Amounts, is not resolved prior to the Closing Date, the Debtors, in consultation with the Stalking Horse Purchaser, may elect to: (i) not assume such Assigned Contract; (ii) postpone the assumption of such Assigned Contract until the resolution of such objection; or (iii) reserve the disputed Cure Amount and assume the Assigned Contract on the Closing Date. So long as the Debtors hold the claimed Cure Amount in reserve, and there are no other unresolved objections to the assumption and assignment of the applicable Assigned Contract, the Debtors can, without further delay, assume and assign the Assigned Contract that is the subject of the objection. Under such circumstances, the respective objecting counterparty's recourse is limited to the funds held in reserve.

20. Upon the Closing, in accordance with sections 363 and 365 of the Bankruptcy Code, the Stalking Horse Purchaser shall be fully and irrevocably vested in all right, title, and interest of each Assigned Contract. To the extent provided in the Stalking Horse Agreement, the

Debtors shall cooperate with, and take all actions reasonably requested by, the Stalking Horse Purchaser to effectuate the foregoing.

21. The Assigned Contracts shall be transferred to, and remain in full force and effect for the benefit of, the Stalking Horse Purchaser in accordance with their respective terms, notwithstanding any provision in any such Assigned Contract that is assumed and assigned to the Stalking Horse Purchaser pursuant to the Stalking Horse Agreement (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer.

22. Pursuant to sections 365(b)(1)(A) and (B) of the Bankruptcy Code, at the Closing, the Stalking Horse Purchaser shall pay the Assumed Cure Costs relating to any Assigned Contract; *provided, however*, to the extent the Assumed Cure Costs exceed the Assumed Cure Costs Cap, the amount of the Assumed Cure Costs in excess of such Assumed Cure Costs Cap (the "Excess Cure Costs") shall be not be included in the Assumed Liabilities or the Assumed Cure Costs. Pursuant to and in accordance with the Stalking Horse Agreement, the Purchaser shall pay all Assumed Cure Costs and the Debtors shall pay all Excess Cure Costs, in each case, at the Closing, unless any of the Assumed Cure Costs or Excess Cure Costs are reserved in accordance with Paragraph 19 of this Order, in which case, such Assumed Cure Costs or Excess Cure Costs shall be paid by the Debtors (if at all) at the time of resolution of the objection.

23. The Cure Costs to which no objections have been filed are hereby fixed at the amounts set forth in the Assumption Schedule filed by the Debtors, or as otherwise agreed, in writing and with the reasonable consent of the Stalking Horse Purchaser, between the Debtors and the non-Debtor third parties to such Assigned Contracts, and the non-Debtor parties to such Assigned Contracts are forever bound by such Cure Costs and, upon payment of such Cure

Costs, are hereby enjoined from taking any action against the Stalking Horse Purchaser or the Assets with respect to any claim for cure under any Assumed Agreement.

24. The payment of the Assumed Cure Costs (if any) shall effect a cure of all defaults existing as of the date that such executory contracts or unexpired leases are assumed and compensate for any actual pecuniary loss to such non-Debtor party resulting from such default. No other amounts will be owed by the Debtors, their estates or the Stalking Horse Purchaser with respect to amounts first arising or accruing during, or attributable or related to, the period before Closing with respect to the Assigned Contracts and any and all persons or entities shall be forever barred and estopped from asserting a claim against the Debtors, their estates, or the Stalking Horse Purchaser that any additional amounts are due or defaults exist under the Assigned Contracts that arose or accrued, or relate to or are attributable to the period before the Closing.

25. The Stalking Horse Purchaser shall have assumed the Assigned Contracts, and pursuant to section 365(f) of the Bankruptcy Code, the assignment by the Debtors of such Assigned Contracts shall not be a default thereunder. After the payment of the relevant Cure Costs by the Debtors, neither the Debtors nor the Stalking Horse Purchaser shall have any further liabilities to the counterparties to the Assigned Contracts, other than the Stalking Horse Purchaser's obligations under the Assigned Contracts that accrue and become due and payable on or after the date that such Assigned Contracts are assumed.

26. Any provisions in any Assigned Contracts that prohibit or condition the assignment of such Assigned Contract or allow the party to such Assumed Agreement to terminate, recapture, impose any penalty, condition on renewal or extension or modify any term or condition upon the assignment of such Assigned Contract constitute unenforceable

anti-assignment provisions that are void and of no force and effect. All other requirements and conditions under sections 363 and 365 of the Bankruptcy Code for the assumption by the Debtors and assignment to the Stalking Horse Purchaser of the Assigned Contracts have been satisfied.

27. Any party having the right to consent to the assumption or assignment of any Assigned Contract that failed to object to such assumption or assignment is deemed to have consented to such assumption and assignment as required by section 365(c) of the Bankruptcy Code.

28. The Stalking Horse Purchaser shall be deemed to be substituted for the Debtors as a party to the applicable Assigned Contracts and the Debtors shall be relieved, pursuant to section 365(k) of the Bankruptcy Code, from any further liability under the Assigned Contracts.

29. The Stalking Horse Purchaser has provided adequate assurance of future performance under the relevant Assigned Contracts within the meaning of sections 365(b)(1)(C), 365(b)(3) (to the extent applicable) and 365(f)(2)(B) of the Bankruptcy Code.

30. There shall be no assignment fees, increases, rent-acceleration, or any other fees charged to the Stalking Horse Purchaser or the Debtors as a result of the assumption and assignment of the Assigned Contracts. Pursuant to sections 105(a), 363, and 365 of the Bankruptcy Code, all counterparties to the Assigned Contracts are forever barred and permanently enjoined from raising or asserting against the Debtors or the Stalking Horse Purchaser any assignment fee, default, breach, claim, pecuniary loss, or condition to assignment, arising under or related to the Assigned Contracts, existing as of the date that such Assigned Contracts are assumed or arising by reason of the Closing.

31. All counterparties to the Assigned Contracts shall cooperate and expeditiously execute and deliver, upon the reasonable requests of the Stalking Horse Purchaser, and shall not charge the Debtors or the Stalking Horse Purchaser for any instruments, applications, consents or other documents which may be required or requested by any public or quasi-public authority or other party or entity to effectuate the applicable transfers in connection with the Sale of the Assets.

32. Neither the Stalking Horse Purchaser nor any successor of the Stalking Horse Purchaser shall be responsible for or have any Interests or Claims or obligations arising out of any of the contracts, agreements, or understandings that are Non-Assigned Contracts after the Closing Date (except as specifically provided by the Stalking Horse Agreement).

No Successorship

33. Neither the Stalking Horse Purchaser nor any of its Affiliates are successors to the Debtors or their estates by reason of any theory of law or equity, and neither the Stalking Horse Purchaser nor any of its Affiliates shall assume or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates, except as otherwise provided in the Stalking Horse Agreement.

Time is of the Essence

34. Time is of the essence in consummating the Sale. In order to maximize the value of the Assets, it is essential that the sale and assignment of the Assets occur within the time constraints set forth in the Stalking Horse Agreement.

Modification of the Automatic Stay

35. The automatic stay provisions of section 362 of the Bankruptcy Code are lifted and modified to the extent necessary to implement the terms and conditions of the Stalking Horse Agreement and the provisions of this Sale Order.

Payment of Certain Indebtedness

36. The Debtors are authorized and directed to repay from the Closing Purchase Price all obligations outstanding at the Closing under a DIP Credit Agreement, unless the Repayable DIP Obligations are or will be $0 as of the Closing as a result of such obligations having been applied towards a Credit Bid Amount.

37. The Debtors are authorized and directed to repay from the Closing Cash Payment the amount necessary to result in the payment, in full, of the Term Loan Obligations and the Prepetition ABL Obligations, as of the Closing Date, if any. For purposes hereof: (a) "Term Loan Credit Agreement" means that certain Term Loan Credit Agreement, dated as of April 15, 2014, by and among the Seller, as borrower, [●], as administrative agent and collateral agent (the "Term Loan Agent"), Bank of America, N.A., J.P. Morgan Securities LLC, RBC Capital Markets and Morgan Stanley Senior Funding, Inc., as joint lead arrangers, Bank of America, N.A., J.P. Morgan Securities LLC, and RBC Capital Markets, as bookrunners, JP Morgan Chase Bank, N.A. and RBC Capital Markets, as syndication agents, and the lenders party thereto (collectively, the "Term Loan Lenders") as amended, modified or supplemented; (b) "Term Loan Obligations" means all Indebtedness and other obligations to the Term Loan Lenders outstanding under the Term Loan Credit Agreement, including all pre-petition and post-petition interest thereunder and all fees, expenses, indemnities and reimbursement obligations in respect thereof, to the extent allowable under the Bankruptcy Code; (c) "Prepetition ABL Credit Agreement" means that certain ABL Credit Agreement, dated April 15, 2014 (as amended modified or

supplemented from time to time), by and among (i) the Sellers (ii) Bank of America, N.A., as administrative agent and collateral agent (in such capacities herein, the "Prepetition ABL Agent") for its own benefit and the benefit of the other "Lender Parties" (as defined therein), and (iii) the Lenders from time to time party thereto (the "Prepetition ABL Lenders" and each a "Prepetition ABL Lender"; the Prepetition ABL Agent, the Prepetition ABL Lenders and the other "Lender Parties" under the Prepetition ABL Credit Documents are referred to collectively as the "Prepetition ABL Creditors"); and (d) "Prepetition ABL Obligations" means all indebtedness and other obligations of the Debtors to the Prepetition ABL Creditors outstanding under the Prepetition ABL Credit Agreement, including all pre-petition and post-petition interest thereunder and all fees, expenses, indemnities and reimbursement obligations in respect thereof, to the extent allowable under the Bankruptcy Code.

Additional Provisions

38. Effective upon the Closing Date and except as otherwise provided in this Sale Order or the Stalking Horse Agreement, all entities are forever prohibited and permanently enjoined from commencing or continuing in any manner any action or other proceeding, whether in law or equity, in any judicial, administrative, arbitral, or other proceeding against the Stalking Horse Purchaser, its successors and assigns, or the Assets, with respect to any: (a) Interests or Claims arising under, out of, in connection with, or in any way relating to the Debtors, the Stalking Horse Purchaser, the Assets, or the operation of the Debtors' businesses or the Assets prior to the closing of the Sale; or (b) successor liability (except to the extent the Stalking Horse Purchaser assumed successor liability pursuant to the Stalking Horse Agreement), including the following actions: (i) commencing or continuing in any manner any action or other proceeding against the Stalking Horse Purchaser, its successors or assigns, assets, or properties, including

with respect to the Interests or Claims; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Stalking Horse Purchaser, its successors, assigns, assets, or properties; (iii) creating, perfecting, or enforcing any Interests or Claims against the Stalking Horse Purchaser, its successors, assigns, assets, or properties; (iv) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Stalking Horse Purchaser or its successors or assigns; (v) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the provisions of this Sale Order or other orders of this Court, or the agreements or actions contemplated or taken in respect thereof, or (vi) revoking, terminating, or failing or refusing to issue or renew any license, permit, or authorization to operate any of the Assets or conduct any of the businesses operated with the Assets.

39. Except as otherwise provided in the Stalking Horse Agreement, the Stalking Horse Purchaser shall have no obligation, as successor or otherwise (including with respect to successor or vicarious liabilities of any kind or character), to pay wages, bonuses, severance pay, benefits (including contributions or payments on account of any under-funding with respect to any and all pension plans) or any other payment to employees of Debtors or their Affiliates. Except as otherwise provided in the Stalking Horse Agreement, the Stalking Horse Purchaser shall have no liability, as successor or otherwise (including with respect to successor or vicarious liabilities of any kind or character), with respect to any collective bargaining agreement, labor practice agreement, employee pension plan, employee welfare or retention, benefit, and/or incentive plan to which Debtors or their Affiliates are a party and relating to the Debtors' businesses (including arising from or related to the rejection or other termination of any such agreement), and the Stalking Horse Purchaser shall in no way, as successor or otherwise

(including with respect to successor or vicarious liabilities of any kind or character), be deemed a party to or assignee of any such agreement, and no employee of the Stalking Horse Purchaser shall be deemed in any way covered by or a party to any such agreement, and all parties to any such agreement are hereby enjoined from asserting against the Stalking Horse Purchaser any and all Interests or Claims arising from or relating to such agreement.

40. Except as provided in the Stalking Horse Agreement and without limiting other applicable provisions of this Sale Order, the Stalking Horse Purchaser is not, by virtue of the consummation of the Sale, assuming, nor shall it be liable or responsible for, as a successor or otherwise (including with respect to successor or vicarious liabilities of any kind or character), under any theory of law or equity, including any theory of antirust, environmental successor or transferee liability, labor law, de facto merger, or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter raised, which may be asserted or unasserted, fixed or contingent, liquidated or unliquidated with respect to the Debtors, or any of their predecessors or Affiliates or any obligations of the Debtors or their predecessors or Affiliates arising prior to the Closing Date, for any liabilities, debts, commitments, or obligations (whether known or unknown, disclosed or undisclosed, absolute, contingent, inchoate, fixed or otherwise) in any way whatsoever relating to or arising from the Assets or the Debtors' operation of their businesses or use of the Assets on or prior to the Closing Date or any such liabilities, debts, commitments, or obligations that in any way whatsoever relate to periods on or prior to the Closing Date or are to be observed, paid, discharged, or performed on or prior to the Closing Date (in each case, including any liabilities that result from, relate to or arise out of tort or other product liability claims), or any liabilities calculable by reference to the Debtors or their assets or operations, or relating to continuing conditions existing on or prior to the Closing Date, including

with respect to any of Debtors' predecessors or Affiliates, which liabilities, debts, commitments, and obligations are hereby extinguished insofar as they may give rise to successor liability, without regard to whether the claimant asserting any such liabilities, debts, commitments, or obligations has delivered to the Stalking Horse Purchaser a release thereof. Without limiting the generality of the foregoing and except as provided in the Stalking Horse Agreement, by virtue of the consummation of the Sale contemplated by the Stalking Horse Agreement, the Stalking Horse Purchaser shall not be liable or responsible, as a successor or otherwise, including with respect to successor or vicarious liabilities of any kind or character, for the Debtors' liabilities, debts, commitments, or obligations, whether calculable by reference to the Debtors, arising on or prior to the Closing and under or in connection with: (a) any employment or labor agreements (including any collective bargaining agreements or labor practice agreements), consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which the Debtors are a party; (b) any pension, welfare, compensation or other employee benefit plans, agreements, practices, and programs, including any pension plan of the Debtors; (c) the cessation of the Debtors' operations, dismissal of employees, or termination (including rejection) of employment or labor agreements (including any collective bargaining agreements or labor practice agreements) or pension, welfare, compensation or other employee benefit plans, agreements, practices, and programs, obligations that might otherwise arise from or pursuant to the Employee Retirement Income Security Act of 1974, as amended, the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination and Employment Act of 1967, the Federal Rehabilitation Act of 1973, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Consolidated Omnibus Budget Reconciliation Act, or the Worker Adjustment and Retraining Notification Act; (d) workmen's compensation, occupational disease or unemployment or temporary disability insurance claims, (e) environmental liabilities, debts, claims or obligations arising from conditions first existing on or prior to Closing (including the presence of hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any basis, including under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*; (f) any bulk sales, bulk transfer, or similar law; (g) any liabilities, debts, commitments, or obligations of, or required to be paid by, the Debtors for any Taxes of any kind for any period; (h) any liabilities, debts, commitments, or obligations relating to the businesses of the Debtors or the Assets for or applicable to the pre-Closing period; (i) any litigation; (j) any products liability, other tort or similar claims, whether pursuant to any state or any federal laws or otherwise including those arising from products or distribution thereof by or on behalf of Debtors; and (k) any Excluded Liabilities as set forth in the Asset Purchase Agreement. The Stalking Horse Purchaser has given substantial consideration under the Asset Purchase Agreement for the benefit of the holders of any Interests or Claims. The consideration given by the Stalking Horse Purchaser shall constitute valid and valuable consideration for the releases of any potential claims of successor liability of the Stalking Horse Purchaser, which releases shall be deemed to have been given in favor of the Stalking Horse Purchaser by all holders of Interests or Claims against or interests in the Debtors or any of the Assets.

41. The recitation, in the immediately preceding paragraph of this Sale Order, of specific agreements, plans, or statutes is not intended, and shall not be construed, to limit the generality of the categories of liabilities, debts, commitments, or obligations referred to therein.

42. The Sale may include the transfer of "personally identifiable information" within the meaning of section 101(41A) of the Bankruptcy Code. No consumer privacy ombudsman

need be appointed under section 363(b)(1) of the Bankruptcy Code because the Stalking Horse Purchaser has agreed to adhere to any such privacy policies applicable to the Debtors.

43. Seller and the Stalking Horse Purchaser hereby waive, and shall be deemed to waive, any requirement of compliance with, and any claims related to non-compliance with, the provisions of any bulk sales, bulk transfer, or similar law of any jurisdiction that may be applicable.

44. Following the Closing, no holder of a Claim or Interest in or against the Debtors or the Assets shall interfere with the Stalking Horse Purchaser's title to or use and enjoyment of the Assets based on or related to such Claim or Interest or any actions that the Debtors may take in these Chapter 11 Cases or any successor cases.

45. The Debtors, including their respective officers, employees and agents, are hereby authorized to execute such documents and do such acts as are necessary or desirable to carry out the transactions contemplated by the terms and conditions of the Stalking Horse Agreement and this Sale Order. The Debtors shall be, and they hereby are, authorized to take all such actions as may be necessary to effectuate the terms of this Sale Order.

46. The Sale contemplated by the Stalking Horse Agreement is undertaken by the Stalking Horse Purchaser without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale (including the assumption and assignment of the Assigned Contracts by the Stalking Horse Purchaser, if any, and the sale free and clear of all Interests or Claims (unless otherwise assumed in the Stalking Horse Agreement)), unless such authorization and consummation of such Sale are duly stayed pending such appeal. The Stalking Horse Purchaser is a good-faith buyer within the

meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protections of section 363(m) of the Bankruptcy Code.

47. As a good-faith purchaser of the Assets, the Stalking Horse Purchaser has not colluded with any of the other bidders, potential bidders, or any other parties interested in the Assets, and therefore neither the Debtors nor any successor in interest to the Debtors' estates nor any other party in interest shall be entitled to bring an action against the Stalking Horse Purchaser or any if its Affiliates, and the sale of the Assets may not be avoided pursuant to section 363(n) of the Bankruptcy Code.

48. Nothing contained in any plan of reorganization or liquidation, or order of any type or kind entered in these Chapter 11 Cases, any subsequent chapter 7 or chapter 11 case of the Debtors, or any related proceeding subsequent to entry of this Sale Order, shall directly conflict with or directly derogate from the provisions of the Stalking Horse Agreement or the terms of this Sale Order.

49. The failure specifically to include any particular provisions of the Stalking Horse Agreement including any of the documents, agreements, or instruments executed in connection therewith in this Sale Order shall not diminish or impair the efficacy of such provision, document, agreement, or instrument, it being the intent of this Court that the Stalking Horse Agreement and each document, agreement or instrument be authorized and approved in its entirety.

50. All time periods set forth in this Sale Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

51. To the extent that this Sale Order is inconsistent with any prior order or pleading with respect to the Motion in these Chapter 11 Cases, the terms of this Sale Order shall govern.

52. To the extent there are any inconsistencies between the terms of this Sale Order and the Stalking Horse Agreement (including all ancillary documents executed in connection therewith), the terms of this Sale Order shall govern.

53. The Stalking Horse Agreement and any related agreements, documents. or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of this Court.

54. The provisions of this Sale Order are nonseverable and mutually dependent.

55. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), 7062, and 9014, this Sale Order shall be effective immediately upon entry and the Debtors and the Stalking Horse Purchaser are authorized to close the Sale immediately upon entry of this Sale Order, in accordance with the Stalking Horse Agreement.

56. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Sale Order.

57. This Court shall retain jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Sale Order and the Stalking Horse Agreement, all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith to which the Debtors are a party or which has been assigned by the Debtors to the Stalking Horse Purchaser, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to Stalking Horse Agreement or the Sale.

Dated: January ___, 2017
Wilmington, Delaware

____
THE HONORABLE [________________________]
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT “D”

EXHIBIT "D"

referred to in the Affidavit of

Brian J. Fox

Sworn November 13, 2016

Commissioner for Taking Affidavits

Daniel Feigenbaum
Notary Public State of New York
02FE6203476
Qualified in Nassau County
Commission Expires 04/06/2017

Court File No. _____________

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 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.

(Applicants)

AFFIDAVIT OF MARK VENDETTI
(Sworn October 31, 2016)

I, MARK VENDETTI, of the City of Exeter, in the State of New Hampshire, MAKE OATH AND SAY:

1. I am the Executive Vice President and Chief Financial Officer of the applicant, Performance Sports Group Ltd. ("**PSG**"). I am also a director of each of 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. ("**KBAU**"), 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. ("**BPS U.S.**"), Easton Baseball/Softball Inc., Performance Lacrosse Group Inc., and PSG Innovation Inc. (collectively with PSG, the "**Applicants**" or the "**PSG Entities**"), each of which is a direct or indirect wholly-owned subsidiary of PSG.

2. As a result of my roles with the Applicants, I have knowledge of the matters to which I hereinafter depose. I have also reviewed the books and records of the Applicants

and have spoken with certain of the directors, officers and/or employees of the Applicants, as necessary and applicable, and where I have relied upon such information, I have set forth the source and believe such information to be true.

3. All references to currency in this affidavit are references to United States ("**U.S.**") dollars, unless otherwise indicated.

I. INTRODUCTION

4. This affidavit is sworn in support of an application by the PSG Entities for an order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). On October 31, 2016 the Applicants will file for creditor protection in the U.S. Bankruptcy Court for the District of Delaware (the "**U.S. Court**") under Chapter 11 of Title 11 of the U.S. Code (the "**Chapter 11 Proceedings**"). The first day hearing in respect of the Chapter 11 Proceedings is expected to take place on November 1, 2016.

5. The PSG Entities are leading designers, developers and manufacturers of high performance sports equipment and related apparel. Historically focused on hockey, the PSG Entities expanded their business to include equipment and apparel in the baseball/softball and lacrosse markets. The hockey business operates under the BAUER, MISSION and EASTON brands; the baseball/softball business operates under the EASTON and COMBAT brands, and the lacrosse business operates under the MAVERIK and CASCADE brands.

6. In the last 18 months, there have been significant negative events and circumstances affecting both PSG's business and the retail sports equipment industry generally. Industry-wide events include, among others:

(a) the insolvency of major sports equipment retailers in the U.S. who were key customers of the PSG Entities, leading to write-offs of accounts receivable, lower sales;

(b) weakness in the baseball/softball equipment market;

(c) consolidation of hockey retailers in the U.S. negatively impacting sales; and

(d) the strengthening of the U.S. dollar relative to other world currencies, including the Canadian dollar, compressing the PSG Entities' margins and reducing profitability.

PSG specific events include, among others:

(a) being significantly leveraged due to the purchase of a significant baseball/softball business in 2014, which was funded with debt;

(b) considerable management attention directed toward, and outside professional fees incurred, responding to regulatory investigations and defending a recent securities class action lawsuit, both arising as a consequence of the recent fall in PSG's share price that was precipitated by the negative events referred to above;

(c) considerable management attention directed toward, and incurrence of outside professional fees related to PSG's inability to file its audited annual financial statements for the fiscal year ended May 31, 2016,[1] related management discussion and analysis, its annual report on Form 10-K and related CEO and CFO certificates (together, the "**Reporting Materials**") by the filing deadline of August 15, 2016 (the "**Filing Deadline**") due to the initiation of an internal investigation regarding PSG's finalization of audited financial statements and the related certification process. The inability to file the Reporting Materials by August 29, 2016 was a breach of covenant sufficient to give rise to an event of default under PSG's secured loan documents. While the Secured Lenders (defined below) granted an extension to file the Reporting Materials to October 28, 2016, PSG has not completed its investigation and thus was unable to file the Reporting Materials by the extension deadline. As such, PSG is in default under its loan agreements as of October 28, 2016 and is not in a position to remedy this default or refinance its secured debt in a timely manner.

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[1] The PSG Entities' fiscal year is June 1 to May 31.

Together, these events have contributed to the liquidity crisis currently faced by the Applicants necessitating this CCAA application.

7. In response to this crisis, the PSG Entities have developed a plan to preserve the value of their businesses for their stakeholders. The Applicants intend to sell substantially all of their businesses as a going concern through a comprehensive marketing process. To that end, the Applicants have negotiated a going-concern asset sale with Sagard Capital Ltd. ("**Sagard**") and Fairfax Financial Holdings Limited ("**Fairfax**" and together with Sagard, the "**Stalking Horse Purchasers**"), pursuant to the terms of which the Applicants will continue as a going-concern under new ownership, their secured debt will be repaid in full, and trade debt will be paid in the ordinary course of business.

8. The PSG Entities require the protection offered by the Initial Order and the CCAA to stabilize their businesses and provide the necessary breathing space to implement a sale of their businesses and property pursuant to a court-supervised sales process.

9. Due to the cross-border nature of the Applicants' businesses and the structure of the proposed transaction, the Applicants have filed for protection in the Chapter 11 Proceedings concurrently with this CCAA application.

10. Each of the boards of directors of the Applicants has authorized this CCAA application.

II. THE PSG ENTITIES

A. Corporate Structure

11. PSG is a public company incorporated under the British Columbia *Business Corporations Act*, SBC 2002, c 57. PSG's registered office is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia and its head office is located at 100 Domain Drive, Exeter, New Hampshire.

12. PSG is the ultimate parent of the other PSG Entities and also is the indirect parent to a number of European subsidiaries and subsidiary in Asia. The European subsidiaries are not seeking any relief in respect of this Application or in the Chapter 11 Proceedings.

13. PSG's common shares are publicly traded on the Toronto Stock Exchange ("**TSX**") and the New York Stock Exchange ("**NYSE**"), in each case under the symbol "PSG". An initial public offering was completed in Canada on March 10, 2011 and in the U.S. on June 25, 2014. Over the past 52 weeks, shares have traded between C$1.55 and C$19.16 on the TSX and $1.18 and $14.43 on the NYSE. The lowest trading value on both stock exchanges was reached on August 15, 2016, the date that PSG announced the delay in the filing of its Reporting Materials. On October 28, 2016, the closing price of PSG common shares was $4.69 on the TSX and $3.48 on the NYSE.

14. PSG's authorized share capital consists of an unlimited number of common shares without par value. As at October 28, 2016, PSG had 45,861,205 common shares issued and outstanding.

15. To my knowledge, Sagard is currently PSG's largest shareholder, with beneficial ownership of approximately 17% of PSG's issued and outstanding common shares.

16. PSG's directly owned subsidiaries are BPS U.S. and KBAU. KBAU, a company wholly-owned by PSG and incorporated under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44 (the "**CBCA**"), is a holding company that holds, directly or indirectly, the shares of the other Canadian subsidiaries and the European subsidiaries. BPS U.S. is a Delaware holding company that holds, directly or indirectly, the shares of the U.S. subsidiaries with the exception of PSG Innovation Inc., which is wholly owned by PSG Innovation Corp. PSG holds 77.93% of BPS U.S.'s equity and Bauer Hockey Corp., a wholly owned subsidiary of KBAU, holds the remaining 22.07%. A chart of the various entities is attached hereto as Exhibit "A".

17. The PSG Entities are generally structured so that there is a Canadian and U.S. subsidiary for each major business line. Set out in Exhibit "B" attached hereto is a chart detailing, on an entity-by-entity basis, the business line, region of operations, jurisdiction of incorporation and registered office of each of the Applicant entities as well as the non-applicant subsidiaries of PSG. In this affidavit, the PSG Entities which are incorporated in the U.S. shall be referred to as the "**U.S. PSG Entities**" and the PSG Entities which are incorporated in Canada shall be referred to as the "**Canadian PSG Entities**."

18. The PSG Entities operate along functional business lines which are intertwined in many respects. Each entity performs specific functions, certain of which benefit all of the PSG Entities. Each operating Applicant's general role within the PSG Entities' business is summarized below:

(a) *Bauer Hockey Corp.* ("**Bauer Canada**"): Bauer Canada sells products for the Bauer Business (defined below) in the Canadian market, and also performs the majority of the research and development for the PSG Entities from its facility in Blainville, Quebec. Bauer Canada performs limited management functions for other PSG Entities, including risk management.

(b) *Bauer Hockey, Inc.* ("**Bauer U.S.**"): Bauer U.S. sells products for the Bauer Business in the U.S. market and provides executive management services, including strategic decision-making and business oversight for the PSG Entities. The majority of the PSG Entities' senior management is employed by Bauer U.S.

(c) *Easton Baseball/Canada Corp.* ("**Easton Canada**"): Easton Canada sells and distributes products for the Easton Business (defined below) in the Canadian market.

(d) *Easton Baseball/Softball Inc.* ("**Easton U.S.**"): Easton U.S. designs and manufactures equipment for the Easton Business, such as bats, helmets, apparel and bags. Easton U.S. also sells and distributes these products in the U.S. market.

(e) *BPS Diamond Sports Corp.*: BPS Diamond Sports Corp. performed research and development, engineering and manufacturing for COMBAT branded composite bats for the Easton Business. Effective September 30, 2016, the functions performed by BPS Diamond Sports Corp. were combined with Easton Canada and this entity now has limited operations and assets. While this entity retains its intellectual property assets, it no longer has any employees or inventory.

(f) *BPS Diamond Sports Inc.*: BPS Diamond Sports Inc. sold and marketed products for the Easton Business in the U.S. market. Effective September 30, 2016, the functions performed by BPS Diamond Sports Inc. were combined with Easton U.S. and this entity now has limited operations and assets. While this entity retains its intellectual property assets, it no longer has any employees or inventory.

(g) *Performance Lacrosse Group Corp.*: The primary function of Performance Lacrosse Group Corp. is sales and marketing for the Lacrosse Business (defined below) in the Canadian market.

(h) *Performance Lacrosse Group Inc.*: Performance Lacrosse Group Inc. designs, develops and manufactures equipment for the Lacrosse Business from its facility in Liverpool, New York. The entity is also responsible for sales and marketing in the U.S. market.

(i) *Bauer Performance Sports Uniforms Corp.*: Performance Sports Uniforms Corp. sources and customizes team sports and active apparel for soccer and each of the business lines. It is also manufacturers or sources products related to the Uniforms Business (defined below) and is responsible for distribution and sales of the Uniforms Business in the Canadian and U.S. markets.

(j) *Bauer Performance Sports Uniforms Inc.*: Bauer Performance Sports Uniforms Inc. has minimal operations and does not record any sales.

(k) *PSG Innovation Corp. and PSG Innovation Inc.*: the entities have limited operations and primarily hold certain intellectual property for the PSG Entities.

(l) *Bauer Hockey Retail Corp.*: Bauer Hockey Retail Corp. is responsible for establishing and growing the Bauer Business' retail presence in Canada. The first store is planned to open in Vaughan, Ontario in June 2017.

(m) *Bauer Hockey Retail Inc.*: Similar to Bauer Hockey Retail Corp., Bauer Hockey Retail Inc. operates the Bauer Business' retail presence in the U.S, selling BAUER branded products directly to end-users. There are currently two stores in the U.S near Boston, Massachusetts and Minneapolis, Minnesota. The stores operate under the brand name Own The Moment - Hockey Experience.

19. Performance Sports Group Hong Kong Limited ("**PSG HK**") is PSG's only subsidiary incorporated in Asia. PSG HK was established to manage certain aspects of the PSG Entities' supply chain, but has not yet commenced operations. Supply chain management is currently managed out of a representative office operated by Bauer U.S.

20. The European subsidiaries, Bauer Hockey AB, and Bauer Hockey GmbH[2] operate primarily sales and marketing hubs in Europe and BPS Luxembourg S.a.r.l. (together with Bauer Hockey AB, and Bauer Hockey GmbH, , the "**European Subsidiaries**") is a holding company with limited operations. No relief is being sought in this CCAA application or in the Chapter 11 Proceedings in respect of the European Subsidiaries or PSG HK.

21. Jacmal BV and Bauer CR spol (Czech Republic), two other subsidiaries, have no operations and were incorporated in relation to financing matters.

B. Corporate Governance

22. PSG's board of directors is comprised of seven individuals and each of the boards of directors of the other PSG Entities is comprised of three individuals.

C. Business Operations

Overview

23. The PSG Entities focus on designing, developing and manufacturing high performance sports equipment and apparel for hockey, baseball, softball, and lacrosse. The hockey and baseball/softball markets are the PSG Entities' largest business focus, generating approximately 60% and 30% of the Applicants' sales in fiscal 2015, respectively, with remaining sales derived from the lacrosse and apparel businesses.

24. The PSG Entities' history is traced back to a hockey equipment business started by the Bauer family in Kitchener, Ontario in 1927. The company was the first to manufacture ice skates with the blade attached to the boot and in 1976, the company introduced the TUUK blade holder, a predecessor to the holder currently used by more than 80% of National Hockey League ("**NHL**") players. A prior iteration of PSG, Canstar Sports Inc., owned and operated well-known brands such as MICRON, LANGE, MEGA, and DAOUST ice skates, as well as FLAK and COOPER hockey equipment. In 1995, the Bauer business was acquired by NIKE, Inc. ("**Nike**") which introduced a line of Nike branded equipment alongside the existing line of BAUER branded equipment. In 2008, Nike sold the business operated by Bauer Canada, Bauer U.S., and their respective subsidiaries to private investors. Through acquisitions, the PSG Entities expanded their business beyond hockey to the baseball/softball, lacrosse, soccer and uniforms markets.

25. The PSG Entities' products span age and experience groups from youth players to professional athletes. The PSG Entities own a number of leading and recognizable brands in the sports equipment market. The hockey business is primarily marketed under the BAUER, MISSION and EASTON brands; the baseball/softball business is marketed under the EASTON and COMBAT brands, the lacrosse business is marketed under the MAVERIK and CASCADE brands, and the uniforms business is marketed under the INARIA brand.

<u>Hockey</u>

26. The Bauer business, the historical business of PSG, primarily focuses on ice, roller and street hockey equipment and apparel and BAUER is a leading brand name in the industry.

27. Bauer grew its business both organically and through acquisitions. In September 2008, the PSG Entities acquired Mission-ITECH Hockey Inc. and the MISSION brand, another hockey equipment brand focused on roller hockey. In January 2016, the PSG Entities acquired substantially all of the assets and assumed certain liabilities of Easton Hockey Holdings, Inc., the manufacturer and designer of EASTON branded hockey equipment.

28. The BAUER, MISSION and EASTON brands currently offer performance-driven hockey equipment for players in every major market in the world (the "**Bauer Business**").

The equipment offerings include skates, sticks, protective equipment, helmets and goalie equipment for ice hockey, roller hockey and street hockey.

29. BAUER has a leading market share position in ice hockey equipment, which was estimated in fiscal 2015 at approximately 56% of the overall market share globally. BAUER and MISSION combined have the number one estimated market share position in roller hockey equipment with approximately 70% of the market. A significant majority of the Bauer Business' sales were derived in the Canadian and U.S. markets, with the remaining sales generated in various other countries primarily in Europe.

Baseball and Softball

30. In April 2014, PSG acquired the baseball and softball business of Easton-Bell Sports, Inc. in a $330 million (plus adjustments and fees) asset purchase transaction (the "**Easton Baseball Acquisition**") funded by long-term debt. The Easton Baseball Acquisition significantly expanded the PSG Entities' baseball and softball market presence which previously consisted of COMBAT branded equipment, a business that was acquired in May 2013. Effective September 30, 2016, COMBAT operations were consolidated with EASTON operations, unifying the brands and allowing the relevant PSG Entities to have a more focused market presence.

31. With the EASTON and COMBAT brands, the PSG Entities offer a broad line of baseball and softball equipment for all ages and levels of play (the "**Easton Business**"). The equipment and accessories (bats, gloves, protective equipment and apparel) for athletes and enthusiasts serve the professional, inter-scholastic, and recreational levels of the diamond sports market across a variety of price points.

32. The acquisition of the Easton Business was intended to reduce the seasonality that previously affected the PSG Entities' business. The Easton Business typically experiences the majority of its sales during the winter, spring and summer seasons which compliments the Bauer Business as it experiences the majority of its sales during the summer and fall seasons. The more evenly distributed seasonality of the combined businesses was expected to provide more consistent working capital levels and allow the PSG Entities to improve efficiency in manufacturing, distribution and other efforts across their business lines. During fiscal 2016, PSG has experienced issues with the Easton Business, which have caused

adverse effects on the group of companies as a whole. The issues are described in greater detail below.

33. The Easton Business holds approximately 19% of the baseball/softball market share in North America. In fiscal 2015, the vast majority of the Easton Business' sales were generated in the U.S., and the remainder of sales were generated in Canada.

Lacrosse

34. In June 2010, the PSG Entities entered the lacrosse market with the acquisition of Maverik Lacrosse LLC, a leading manufacturer of lacrosse equipment branded as MAVERIK. On June 29, 2012, the PSG Entities expanded further into the lacrosse business by completing the acquisition of Cascade Helmets Holdings, Inc, a manufacturer of CASCADE branded head protection and other lacrosse equipment.

35. With the MAVERIK and CASCADE brands, the PSG Entities offer a comprehensive line of lacrosse equipment for all skill levels with an estimated market share of 28% (the "**Lacrosse Business**"). The MAVERIK brand offers a full line of gloves, heads, shafts and protective equipment, as well as a women's specific line of product, for players of all ages. The CASCADE brand offers primarily head protection for lacrosse players and is the number one brand in lacrosse head protection with approximately 97% market share in the segment. In addition to equipment, CASCADE and MAVERIK design and manufacture accessories and related apparel, including performance apparel and lifestyle apparel.

36. In fiscal 2015, the Lacrosse Business primarily generates its sales in the U.S. and the remainder of sales were generated in Canada.

Uniforms

37. On October 16, 2012, the PSG Entities acquired Inaria International Inc., a Toronto-based designer and manufacturer of soccer apparel. With the INARIA brand, the PSG Entities have expanded the business line continuing to sell pro-style jerseys, practice jerseys, socks, warm-up suits and training apparel (the "**Uniforms Business**"). The primary product of the Uniforms Business is a complete ''player kit'' that includes a jersey, shorts and matching socks for each member of a team or association. Each player kit is sized and personalized with team identifiers and numbering.

38. In fiscal 2015, the majority of the Uniforms Business' sales were generated in Canada with the balance generated in the U.S.

Strategic Relationships

39. The PSG Entities also have a number of strategic investments in the sports industry:

(a) Q30: In October 2015, the PSG Entities purchased a $1 million non-controlling interest in Q30 Sports Science, LLC ("**Q30 Sports Science**"). The PSG Entities also acquired an exclusive perpetual licence from a subsidiary of Q30 Sports Science, to use certain of its patents and technology assets in the development of products that are intended to address the issue of mild traumatic brain injury in sports and athletic activity. PSG Innovation Corp. holds the interest in Q30 Sports Science and licence assets;

(b) Cocona: In September 2015, Bauer Canada purchased a non-controlling interest in Cocona, Inc. ("**Cocona**") for $5 million, a privately held entity that created and owns 37.5™ technology, a patented moisture management technology that utilizes body heat to evaporate moisture from apparel and equipment. Contemporaneously with the investment, the PSG Entities entered into a new license agreement with Concona as 37.5™ technology is used in the Bauer Business, Easton Business and Lacrosse Business;

(c) Legacy: In March 2016, Bauer U.S. acquired one million Class A Units of Legacy Global Sports, L.P. (together with its affiliates, "**Legacy**") at the cost of $1 per unit, representing a 5% stake. Legacy is a Portsmouth, New Hampshire-based sports event management company that primarily organizes and oversees youth hockey, lacrosse and soccer tours and tournaments; and

(d) Kingsbridge: In August 2014, PSG loaned $4 million to KNIC Properties LP ("**KNIC**"), a developer involved in efforts to transform the Kingsbridge Armory, located in the Kingsbridge section of the Bronx in New York City, into an ice center. In exchange for the loan, KNIC issued PSG a warrant for 47 common limited partnership units (representing less than five percent of the Common Units of KNIC), executable at $1,000 a unit. PSG has not yet executed the warrant. PSG also receives interest of twelve percent per year on the loan, which KNIC has elected to pay in kind. Political disputes and litigation related to New York City's turnover of the lease for the Kingsbridge Armory to KNIC have delayed the Kingsbridge project.

D. Customers

40. The PSG Entities have a diverse customer base, including over 4,000 retailers across the globe and more than 60 distributors. In fiscal 2015, approximately 58% of the PSG Entities' total sales were in the U.S., approximately 24% were in Canada, and approximately 18% were in the rest of the world.

41. The PSG Entities sell their products through diverse channels of distribution including to: (i) specialty retailers that cater to sports enthusiasts who typically seek premium products at the highest performance levels; (ii) national and regional full-line sporting goods retailers and distributors; (iii) institutional buyers such as educational institutions and athletic leagues; (iv) mass retailers that offer a focused selection of products at entry-level and mid-level price points; (v) directly to hockey consumers through their owned and operated Own The Moment - Hockey Experience retail stores in the U.S; and (vi) directly to end-user consumers through e-commerce channels operated by the PSG Entities.

42. The PSG Entities have a diverse customer base, with the ten largest customers making up 37% of total sales in fiscal year 2015, with the top customer, Canadian Tire Corporation, accounting for approximately 10% of those sales.

43. The Bauer Business sells directly to retailers in Canada, the U.S., and certain northern European countries. In fiscal 2015, approximately 83% of the Bauer Business' sales were directly to retailers in these markets. By specific channel, 18% of sales were to big box retailers and 82% were to hockey specialty retailers. The Bauer Business' secondary sales channel is through distributors primarily outside North America. In fiscal 2015, approximately 17% of sales were to distributors reaching over 1,000 retail outlets globally.

44. As mentioned, the PSG Entities also operate two hockey retail stores which sell BAUER branded products directly to consumers. These "Own the Moment - Hockey

Experience" stores are located near Boston, Massachusetts and Minneapolis, Minnesota. One more store is planned to open in the near term in Vaughan, Ontario.

45. The Easton Business' sales and distribution network primarily focuses on North America but was also recently launched in Japan. The Easton Business' customers are principally made up of online stores, big box retailers, sporting goods chains, and baseball specialty dealers. By channel in fiscal 2015, approximately 51% of the Easton Business' sales were to big box and sporting goods chains and approximately 49% were to baseball specialty retailers.

46. The Lacrosse Business sells its products exclusively through dealers and retailers. In fiscal 2015, approximately 89% of its sales were generated from sales to lacrosse specialty and independent dealers, who then sell to individuals, teams and institutions. The remaining 11% of the Lacrosse Business' sales were through big box retailers and sporting goods retail chains.

47. The Uniforms Business predominantly sells its products directly to teams and associations.

48. The PSG Entities strive to maintain the loyalty, support, and goodwill of their distributors, retailers, and consumers. Towards that end, in the ordinary course of business, the PSG Entities provide distributors, retailers and consumers with certain programs that engender goodwill, maintain loyalty, increase the PSG Entities' sales opportunities, and allow the PSG Entities a comparative advantage over their competition (the "**Customer Programs**").

49. Specifically, the Customer Programs include gift cards, loyalty programs, discounts, warranties allowing refunds and exchanges, and other offers or accommodations the PSG Entities, in their business judgment, provide to their wholesale customers and/or directly to retail consumers, as applicable. The Customer Programs also include consumer protection initiatives including recalls and customer reimbursement vouchers. Ongoing specific Customer Programs currently include a recall in respect of cages of certain hockey goalie masks which commenced in March 2015, and a settlement of product liability claims involving the distribution of vouchers to certain consumers.

50. In order to promote and communicate directly to end-users, the PSG Entities have agreements with approximately 100 industry experts, primarily comprised of amateur and professional athletes, who are a key part of marketing to consumers.

E. Employees

51. As of September 30, 2016, the PSG Entities, European Subsidiaries and PSG HK collectively had 728 employees globally. By location, 224 employees were located in Canada, 430 were located in the U.S., 23 were located in Taiwan, 35 were located in Sweden, 9 were located in Germany and 7 were located in Finland. By business line, 432 of the employees were employed by the Bauer Business and services shared among the PSG Entities, 165 of the employees worked in the Easton Business, 74 were employed by the Lacrosse Business and 57 were employed by the Uniforms Business and in apparel for the various business lines.

52. The majority of the PSG Entities' workforce is non-unionized. Canada is the only location with unionized employees, who are employed by Bauer Canada in Blainville, Quebec. 33 of 119 full-time Blainville situated employees are members of the United Steelworkers' Union of America (the "**USW**") Local 967 and are subject to a five-year collective bargaining agreement expiring on November 30, 2017.

53. In February, 2016, the PSG Entities closed a distribution facility in Mississauga, Ontario. Approximately 51 employees belonging to the Glass, Molders, Pottery, Plastics and Allied Workers International Union were terminated in January and February 2016 because of the closure.

54. Due to the consolidation of the COMBAT operations with the EASTON operations, the PSG Entities terminated the employment of an additional 85 individuals between July and October, 2016, of whom approximately 77% were employees located in Canada and 23% were employees located in the U.S. The workforce reductions, primarily related to consolidation of the COMBAT operations, have resulted in the number of the PSG Entities' employees falling by approximately 15% since the end of fiscal 2016 and approximately 19% since the end of calendar 2015.

F. Pensions and Benefits

Canada

55. Under the collective bargaining agreement with the unionized employees in Blainville, Quebec, Bauer Canada maintains a simplified defined contribution pension plan (the "**Union DC Plan**") registered with Retraite Quebec. Under the Union DC Plan, Bauer Canada matches employee contributions up to C$0.35/per hour worked by the employee up to a maximum of 80 hours bi-weekly. The Union manages the investments of the Union DC Plan on behalf of the participants.

56. Most non-unionized employees of certain of the Canadian PSG Entities are members of a defined contribution Registered Retirement Savings Plan (the "**Canadian RRSP Plan**"). The Canadian PSG Entities do not contribute directly to the RRSP, which is funded through payroll deductions and voluntary lump-sum payments by eligible employees. However, the Canadian PSG Entities match dollar for dollar contributions up to 4% of an employee's regular pay.

57. Bauer Canada provides a supplemental pension plan (the "**Canadian SERP**") for nine former executives which is not a registered pension plan and does not accept new participants. There is no funding obligation under these plans. As at May 31, 2016, the Canadian SERP had an accrued benefit obligation of approximately C$4.53 million. The PSG Entities do not intend to continue paying the Canadian SERP obligations during the CCAA proceedings.

58. Finally, the PSG Entities provide a post-retirement life insurance plan to most Canadian employees. The life insurance plan is not funded and as at May 31, 2016 had an accrued benefit obligation of C$614,000.

U.S.

59. The U.S. PSG Entities provide a 401(k) plan to certain of their employees which consists of matching, dollar for dollar, the first 4% contributed by the employee to the plan. Approximately 320 active employees participate in the 401(k) Plan.

60. Bauer U.S. provides a U.S. supplemental pension plan (the "**U.S. SERP**") which is not qualified, is not funded, and does not accept new participants. As at May 31, 2016, there

is one participant in the U.S. SERP who is a former employee. As at May 31, 2016, the U.S. SERP had an accrued benefit obligation of approximately US$871,000. The Applicants do not intend to continue paying the U.S. SERP obligations during the CCAA proceedings.

G. Suppliers

Sourcing and Manufacturing

61. The PSG Entities have an established and comprehensive manufacturing platform with key third party suppliers, which primarily have their facilities located in China, Thailand and Vietnam and which together produce the vast majority of PSG Entities' manufactured products. Many of these suppliers are legally or functionally exclusive to the PSG Entities such that their businesses are dependent on the Applicants. The PSG Entities also have some suppliers located in Canada and the U.S.

62. The Bauer Business orders the majority of its hockey equipment from suppliers based in Asia who are committed exclusively to supplying to the PSG Entities. The remaining hockey products are manufactured either at non-exclusive facilities in Asia or at the PSG Entities' in-house manufacturing facilities in Blainville, Quebec and Liverpool, New York. The Quebec facility manufactures professional hockey equipment for its sponsored athlete partners, including NHL players. Quality control of the Asian suppliers' manufacturing facilities is primarily managed from the PSG Entities' offices in Blainville, Quebec and Taichung, Taiwan.

63. The Easton Business sources the manufacturing of its composite bats from an exclusive supplier located in China. A small percentage of the Easton Business' products are sourced through vendors based in the U.S. and its wooden bats produced in-house by the PSG Entities at their facility located in West Lake Village, California. Its remaining baseball and softball products are manufactured in non-exclusive facilities that are located in China, Thailand, Indonesia and Vietnam.

64. For the Lacrosse Business, CASCADE branded helmets and other head protection is produced at an in-house facility in Liverpool, New York. MAVERIK branded products are primarily sourced from suppliers in China, Vietnam, and Taiwan.

65. The Uniforms Business' raw materials, work-in-process and non-custom apparel are primarily sourced from suppliers in Asia. For custom orders, production is finished at a facility in Toronto, Ontario.

Internal Supply Chain

66. The U.S. PSG Entities receive inventory from the third party suppliers described above, and the Canadian PSG Entities in turn purchase the inventory needed for their operations from the U.S. PSG Entities. The Canadian PSG Entities pay cost plus a mark-up based upon the value added to the goods provided. The Canadian PSG Entities generally purchase their inventory from the U.S. entity that operates along the same business line (e.g. Bauer Canada buys hockey inventory from Bauer U.S.).

67. For supplies received from outside of North America, the PSG Entities use customs brokers to handle duties, shipping charges and other related expenses. Generally, inventory is shipped free on board, so that title to the goods transfers at the point of shipping.

68. Approximately 40% of the PSG Entities' goods are shipped to warehouses leased by the PSG Entities, with the remaining 60% shipped directly, through third party logistics providers, to customer warehouses.

H. Intellectual Property

69. The PSG Entities protect their technologies, products and brands under the patent, copyright and trademark laws of those countries in which they conduct business in order to maintain a competitive advantage with respect to the technology and design incorporated into their products. Innovation in the PSG Entities' products enhances player performance and management believes it is a key differentiating factor between their products and those of their competitors.

70. The PSG Entities' patent portfolio includes hundreds of issued patents and pending patent applications. The patents are held by various entities and cover the following key areas:

(a) Skate construction: designs, materials, and manufacturing of skates, including their skate boot, blade holder, and blade, to help make them lighter, perform better, customizable, and be manufactured more efficiently.

(b) TUUK skate blade holders: innovative skate blade holders that allow quick and easy change of the holder and steel.

(c) Quick-connect visors: patented visors that can be quickly connected to and disconnected from the helmet to allow the player to easily remove the visor to clean or replace it.

(d) Sticks: composite hockey stick shaft technology to reduce stiffness of shafts, and enhance the elastomeric properties of shafts.

(e) Composite baseball bats: multiple patents directed to achieve desired performance and durability characteristics and allow the bat to achieve a high performance with minimal vibration.

(f) Helmets: advanced features to enhance protection, fit, and ease of adjustment.

(g) Protective gear: optimizing various equipment, including leg pads, gloves and shoulder pads, for protection and performance.

71. In addition to the PSG Entities' patent portfolio, the Applicants have a number of registered trademarks to protect their brands which have become trusted by consumers in their respective markets. The trademarks have been registered in each of the jurisdictions in which the PSG Entities operate and are typically held by the legal entity that operates the business line that uses the trademark. For example, Bauer Canada and Bauer U.S. hold the majority of the trademarks used by the Bauer Business.

72. In addition to having their own registered trademarks, the PSG Entities use certain trademarks that are owned by Nike. Upon selling Bauer Canada, Bauer U.S. and their respective subsidiaries, Nike granted an exclusive, worldwide, royalty-free, perpetual license to use certain trademarks associated with the VAPOR and SUPREME sub-brands in the hockey equipment and apparel markets. Nike continues to brand and mark certain products with the brands outside of the hockey equipment and apparel markets.

I. Properties and Facilities

73. As of October 28, 2016, the PSG Entities leased 17 facilities across the globe for various functions, including sales, marketing, research and development, warehousing and distribution and retail stores. The PSG Entities' global headquarters is located in Exeter, New Hampshire and another nine leased facilities are located in the U.S. Six facilities are located in either Ontario or Quebec, including the research and development centre in Blainville, Quebec. Bauer U.S. also leases a facility located in Taiwan.

74. The European Subsidiaries lease another 5 facilities located in Finland, Sweden, and Germany.

75. PSG has issued a letter of credit in respect of the Exeter, New Hampshire leased property in the amount of approximately $1 million.

J. Cash Management System and Intercompany Transactions

Cash Management

76. In the ordinary course of their business, the PSG Entities use a centralized cash management system (the "**Cash Management System**") to, among other things, collect funds and pay expenses associated with their operations. The Cash Management System gives the Applicants the ability to quickly, cost-effectively and accurately track and control corporate funds and ensure cash availability

77. As described below, the PSG Entities maintain bank accounts in both Canada and the U.S. for their respective Canadian and U.S. operations as well as accounts related to the holding companies. Most of the PSG Entities' North American accounts are with Bank of America ("**BOA**"). While the Applicants' business is intertwined in many ways, in other ways there are low levels of integration, for example with respect to their cash management, which is complex and has only recently been standardized and integrated internally.

Canada

78. The PSG Entities maintain 23 bank accounts with BOA in Canada (the "**Canadian Accounts**"), consisting of:

(a) Two bank accounts for Bauer Canada;

(b) Two bank accounts for Bauer Performance Lacrosse Corp.;

(c) Two bank accounts for Bauer Performance Sports Uniforms Corp.;

(d) One bank account for BPS Diamond Sports Corp.;

(e) Four bank accounts for Easton Canada;

(f) Two bank accounts for PSG;

(g) Two bank accounts for PSG Innovation Corp.; and

(h) One bank account for each of the U.S. PSG Entities which hold approximately $1,000 each.

79. The Canadian Accounts are all located at BOA's branch in Toronto, Ontario.

80. Four Canadian Accounts are used to deposit receipts (the "**Canadian Receipt Accounts**"), typically payments received from customers. All the Canadian Receipt Accounts are denominated in Canadian dollars. There is a Canadian Receipt Account for each business line, each of which is held by the respective entity operating the business line. The Canadian Receipt Accounts are blocked accounts and are swept daily by BOA to repay amounts outstanding under the ABL Facility (defined below).

81. Eleven Canadian Accounts are used as operating accounts (the "**Canadian Operating Accounts**") to make disbursements on account of expenses owed by the PSG Entities, including payroll and accounts payable. Eight Canadian Operating Accounts are denominated in Canadian dollars and two are denominated in U.S. dollars. The primary Canadian Operating Accounts are funded by draws on the ABL Facility as funds are required.

82. One Canadian Account is a concentration account that is held by Easton Canada. The concentration account disburses funds to two of the Canadian Operating Accounts.

83. The Canadian PSG Entities' Canadian dollar accounts are ultimately aggregated into the Bauer Canada operating account.

<u>United States</u>

84. The PSG Entities maintain another 19 bank accounts with BOA in the U.S. (the "**U.S. Accounts**"), consisting of:

(a) Two accounts held by Bauer U.S.;

(b) Two accounts held by Bauer Canada;

(c) Two accounts held by Bauer Performance Lacrosse Inc.;

(d) Two accounts held by Bauer Hockey Retail Inc.;

(e) One account held by Bauer Performance Sports Uniforms Corp.;

(f) Two accounts held by BPS Diamond Sports Inc.;

(g) One account held by BPS Diamond Sports Corp.;

(h) Four accounts held by Easton U.S.;

(i) One account held by PSG Innovation Inc.;

(j) One account held by BPS Canada Intermediate Corp.; and

(k) One account held by BPS US Holdings Inc.

85. The U.S. Accounts are located at BOA branches in Concord, California and Farmington, Connecticut.

86. Six of the U.S. Accounts denominated in U.S. dollars are used to deposit receipts (the "**U.S. Receipt Accounts**"). Similar to Canada, there is a U.S. Receipt Account for each business line held by the respective entity operating the business line. There is also a U.S. Receipt Account for deposits in respect of the PSG Entities' retail operations in the U.S. and a U.S. Receipt Account held by Bauer Canada which is not currently operational, but was set up to be used to allow Canadian customers to pay in U.S. dollars. The U.S. Receipt Accounts are all denominated in U.S. dollars. Five of the accounts are blocked accounts and are swept daily by BOA to repay amounts outstanding under the ABL Facility.

87. Twelve U.S. Accounts are used as operating accounts (the "**U.S. Operating Accounts**") to make disbursements on account of expenses owed by the PSG Entities, including payroll and accounts payable. All of the U.S. Operating Accounts are denominated in U.S. dollars. The primary U.S. Operating Accounts are funded by draws on the ABL Facility.

Europe and Asia

88. Outside of North America, Bauer U.S. (through its branch office in Taiwan), the European Subsidiaries and PSG HK hold three bank accounts with BOA, fifteen bank accounts with Handelsbanken, and two bank accounts with Cathay United Bank (the "**Eurasia Accounts**"). In particular:

(a) BPS Luxembourg S.a.r.l. holds two bank accounts with BOA;

(b) Bauer Hockey AB holds twelve bank accounts with Handelsbanken;

(c) Bauer Hockey GmbH holds three accounts with Handelsbanken;

(d) PSG HK holds an account with BOA; and

(e) Bauer U.S. holds two accounts with Cathay United Bank through its representative office in Taiwan.

89. One of the Eurasia Accounts is a customs guarantee account and the remaining are general operating accounts used to deposit receipts and pay disbursements of the European Subsidiaries and PSG HK.

90. The cash management for the European Subsidiaries is structured so that each subsidiary retains sufficient cash to pay for ongoing operations. Funds received from sales are paid by customers to the applicable European Subsidiary, which converts the funds to U.S. dollars and sends them to Bauer Canada. The inventory sold is never owned by the European Subsidiaries and Bauer Canada retains title of the inventory until it is delivered to the customer.

91. Continued access to the Cash Management System is critical to the ongoing business of the Applicants.

Foreign Exchange Forward Contracts

92. With a global customer-base and operations in various jurisdictions, the PSG Entities' financial results are exposed to fluctuations in foreign currency exchange rates. Due to the significant amount of Canadian sales, a declining Canadian dollar is the most significant currency exposure of the PSG Entities. The PSG Entities are also exposed to fluctuations in the Swedish krona and the euro, among others.

93. The PSG Entities use foreign exchange forward contracts to manage these currency exchange risks, hedging the effect of changes in currency exchange rates on product costs. The hedging practice is designed to provide stability around the receipt of cash, and at least partially offset the impact of exchange rate changes on the underlying exposure.

94. Currently, the PSG Entities are not initiating new hedges or forward contracts. The PSG Entities hold approximately $51.3 million in forward contracts allowing for the purchase of certain currencies at pre-determined exchange rates. Forward contracts with a current value of approximately $7.5 million expire in the second quarter of fiscal 2017, forward contracts with a current value of approximately $34.8 million expire in the third and fourth quarters of 2017 and the remaining contracts expire in fiscal 2018.

Transfer Pricing

95. The PSG Entities' business is integrated such that certain PSG Entities perform specific functions for the benefit of all of the Applicants. This organizational structure results in high levels of inter-company receivables and payables necessitating an inter-company transfer pricing model.

96. The PSG Entities' transfer pricing model (the "**Transfer Pricing Model**"), in most instances, involves allocating certain costs incurred by specific entities across the PSG Entities. Generally, the Transfer Pricing Model can be broken down as follows:

(a) *Provision of Physical Goods*: Certain PSG Entities are responsible for the procurement and manufacturing of products. To access global markets these PSG Entities sell inventory and products to other PSG Entities who perform sales and marketing functions. When selling products between the PSG Entities, each company sells at cost plus a mark-up. Each business line applies a mark-up of 5% or 25% based upon the value added to the products by the selling PSG Entity and the costs ancillary to the products, such as warehousing and arranging freight.

(b) *Provision of Research and Development*: Certain entities provide research and development services to the other PSG Entities. In particular, Bauer Canada and Bauer U.S. focus on research and development and a majority of the employees responsible for product development are employed by these two entities. Research and development costs are allocated between the PSG Entities using a two-step methodology. First, the research and development costs are allocated to each functional division or business line. Second, the costs of each functional division are allocated to legal entities based upon the entity that benefits from such services. A mark-up of 10% based on the arm's length principle is applied when allocating the costs on each legal entity.

(c) *Provision of Selling, General and Administrative Services*: The PSG Entities and the European Subsidiaries provide sales and marketing and administrative services to each other. Bauer Canada and Bauer U.S. employ the majority of the employees that are responsible for providing administrative services to the PSG Entities, such as legal, sourcing, finance and accounting. The main function of the European Subsidiaries is sales and marketing and therefore, they generally invoice Bauer Canada and the other relevant entities for their services. Generally, selling, general and administrative expenses costs are allocated in same fashion as research and development costs. First, the costs are allocated to each functional division and second, the costs are allocated to the legal entity that benefited from the services. General and administrative costs are allocated at cost without a mark-up. Sales and marketing costs are allocated either at cost or cost plus a mark-up of 10%.

97. The PSG Entities engage an independent accounting firm to analyze whether the transactions under the Transfer Pricing Model represent a reasonable measure of arm's length prices. The most recent report, consistent with past reports, concluded that the current Transfer Pricing Model provides a reasonable measure of the arm's length price

associated with the transactions which that the accounting firm analyzed. The report was based upon transfer pricing analysis on the accounting firm's expertise and analysis of comparable companies operating in similar industries.

III. ASSETS AND LIABILITIES OF THE PSG ENTITIES

98. A copy of the PSG Entities' fiscal 2015 audited financial statements are attached hereto as Exhibit "C" and a copy of the unaudited financial statements for the quarter ending November 30, 2015 are attached hereto as Exhibit "D". The PSG Entities' latest unaudited financial statements are for the quarter ending February 29, 2016, a copy of which are attached hereto as Exhibit "E". As detailed starting at paragraph 147 to this affidavit, as at the date of this affidavit, the fiscal 2016 financial statements have not been prepared and are pending, among other things, internal review.

A. Assets of PSG

99. As at September 30, 2016, PSG's assets had a book value of approximately $594 million. The majority of these assets were comprised of accounts receivable, inventory and intangible assets. The bulk of the intangible net assets line item relates to the PSG Entities' proprietary research and development, license agreements with third parties, and brand names.

B. Liabilities of PSG

100. As at September 30, 2016, PSG had liabilities totalling approximately $608 million. The major liabilities of the PSG Entities consisted of short term debt and long term debt. The majority of the PSG Entities' liabilities are obligations under the Term Loan Facility and ABL Facility (both defined below).

Term Loan Facility

101. PSG, as borrower, and a syndicate of lenders, as lenders, are among the parties to a term loan credit agreement dated as of April 15, 2014 (as amended from time to time, the "**Term Loan Agreement**") in the principal amount of $450 million (the "**Term Loan Facility**"). The Term Loan Facility matures on April 15, 2021. As at October 28, 2016, approximately $330.5 million was outstanding under the Term Loan Facility.

102. The rate of interest payable on amounts outstanding under the Term Loan Facility varies based on the type of advance, the appropriate applicable margin, and PSG's choice of LIBOR or the U.S. base rate. The current rate of interest under the Term Loan Facility is 4.83% per annum.

103. Principal amounts outstanding under the Term Loan Facility are repayable according to a repayment schedule set out in the Term Loan Agreement. The next scheduled payment of principal and interest is due on November 30, 2016.

104. PSG's obligations in respect of the Term Loan Facility are jointly and severally guaranteed by Bauer Canada, Bauer U.S., Performance Lacrosse Group Corp., Performance Lacrosse Group Inc., Bauer Performance Sports Uniforms Corp., Bauer Performance Sports Uniforms Inc., BPS Diamond Sports Corp., BPS Diamond Sports Inc., Easton Canada, Easton U.S., BPS U.S., KBAU, BPS Canada Intermediate Corp., Bauer Hockey Retail Inc., and Bauer Hockey Retail Corp. (collectively, the "**PSG Guarantors**"). PSG Innovation Corp. and PSG Innovation Inc. are the only Applicants which are not PSG Guarantors.

105. The obligations of PSG and the PSG Guarantors in respect of the Term Loan Facility are secured by, among other things, a U.S. security agreement and a Canadian security agreement (collectively, the "**Term Loan Security Agreements**") and a U.S. pledge agreement and a Canadian pledge agreement (collectively, the "**Term Loan Pledge Agreements**"), each dated as of April 15, 2014.

106. Pursuant to the Term Loan Security Agreements and the Intercreditor Agreement (as defined below), the administrative agent under the Term Loan Agreement (the "**Term Loan Agent**") was granted a first priority security interest in the following collateral, subject to permitted liens and certain exceptions:

(a) all present and future shares of capital stock (or other ownership or profit interests) held by PSG or any PSG Guarantor (subject to certain exceptions);

(b) all present and future debt owed to PSG or any of the PSG Guarantors;

(c) all present and future property and assets, real and personal (other than assets constituting the ABL Priority Collateral, as defined below) of PSG and the PSG Guarantors, including, but not limited to, machinery and equipment, patents, trademarks, trade names, copyrights, other intellectual property and other contract rights; and

(d) all proceeds and products of the property and assets described above (collectively, the "**Fixed Asset (Term) Priority Collateral**").

107. The Term Loan Facility is further secured by perfected second priority security interest in the ABL Priority Collateral (defined below), subject to permitted liens and certain exceptions.

108. Pursuant to the Term Loan Pledge Agreements, PSG and the PSG Guarantors pledged a security interest in, among other things, all accounts, shares, notes, interests, participations or other equivalents owned or acquired from time to time by PSG and the PSG Guarantors.

109. Repayment of the Term Loan Facility may be accelerated upon occurrence of an event of default, subject (in certain cases) to a requirement that the Term Loan Agent give notice that an event of default has occurred and to certain cure rights. Events of default under the Term Loan Agreement include, among other things, non-payment of the principal or interest when due, failure to file financial statements, defaults under any other indebtedness to which the PSG Entities or PSG's other restricted subsidiaries are subject and the commencement of insolvency proceedings by any of those entities.

110. PSG did not file its annual audited financial statements for fiscal 2016 by the filing deadline, as described in greater detail below. As a result, the PSG Entities which were borrowers under the Term Loan Agreement would have been in default under same.

111. Pursuant to an amendment to the Term Loan Agreement dated as of August 29, 2016 (the "**Term Loan Amendment**"), the period of time granted to PSG to file its annual financial statements for fiscal 2016 was extended to October 28, 2016. A copy of the Term Loan Amendment is attached hereto as Exhibit "F".

ABL Facility

112. Bauer Hockey Corp., Bauer Hockey, Inc., and most of the other U.S. and Canadian subsidiaries of PSG[3] (collectively, the "**ABL Borrowers**"), as borrowers, and Bank of America, N.A., as administrative agent, collateral agent and lender (the "**ABL Agent**"), and others are parties to a revolving ABL credit agreement dated as of April 15, 2014 (as amended from time to time, the "**ABL Agreement**"), in the principal amount of $200 million (the "**ABL Facility**"). The ABL Facility matures on April 15, 2019. As at October 28, 2016, approximately $158.9 million was outstanding under the ABL Facility.

113. The ABL Facility is an asset-backed loan governed by a borrowing base calculation that is comprised of eligible accounts receivable and eligible inventory. The ABL Facility requires that a certain cash balance be maintained to meet a minimum calculated borrowing base equal to the outstanding principal amount. The ABL Facility contains various restrictive covenants which, among other things, limit PSG's ability to incur additional indebtedness or encumber its assets.

114. The rate of interest payable on amounts outstanding under the ABL Facility is determined according to formulas set out in the ABL Agreement. The current rate of interest under the ABL Facility is 3.33%.

115. The ABL Borrowers' obligations in respect of the ABL Facility are jointly and severally guaranteed by PSG and the PSG Guarantors.

116. The ABL Borrowers' obligations in respect of the ABL Facility are secured by, among other things, a U.S. security agreement and a Canadian security agreement (collectively, the "**ABL Security Agreements**") and a U.S. pledge agreement and a Canadian pledge agreement (collectively, the "**ABL Pledge Agreements**"), each dated as of April 15, 2014.

117. Pursuant to the ABL Security Agreements and the Intercreditor Agreement (defined below), the ABL Agent was granted a first priority security interest in certain collateral, including:

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[3] PSG Innovation Corp. and PSG Innovation Inc. are not parties to the ABL Facility. PSG and BPS Canada Intermediate Corp. are guarantors but not borrowers under the ABL Facility.

(a) all present and future accounts receivable (except to the extent constituting proceeds of equipment, real property, intellectual property, or intercompany loans);

(b) all present and future inventory;

(c) all present and future instruments, chattel paper and other contracts, in each case, evidencing or substituted for, the accounts receivable;

(d) all present and future guarantees, letters of credit, security and other credit enhancements for the accounts receivable;

(e) all present and future documents of title for any inventory;

(f) all present and future bank accounts, or investment property but excluding certain deposit accounts and any capital stock;

(g) all present and future tax refunds;

(h) all present and future supporting obligations, documents and books and records relating to any of the above; and

(i) all substitutions, replacements, accessions, products or proceeds of any of the above, (collectively, the "**ABL Priority Collateral**").

118. The ABL Facility is further secured by perfected second priority security interest in the Fixed Asset (Term) Priority Collateral, subject to permitted liens and certain exceptions.

119. Pursuant to the ABL Pledge Agreements, PSG and the PSG Guarantors pledged a security interest in, among other things, all accounts, shares, notes, interests, participations or other equivalents owned or acquired from time to time by PSG and the PSG Guarantors.

120. Repayment of the ABL Facility may be accelerated upon occurrence of an event of default, subject (in some cases) to a requirement that the ABL Agent give notice that an event of default has occurred and to certain cure rights. Events of default under the ABL Agreement include, among other things, non-payment of the principal or interest when due, failure to file financial statements, defaults under any other indebtedness to which the PSG

Entities and PSG's other restricted subsidiaries are subject and the commencement of insolvency proceedings by any of those entities.

121. As discussed above, PSG failed to file its annual financial statements, which would have triggered a breach of covenant sufficient to give rise to an event of default under the ABL Agreement without an amendment under same.

122. Pursuant to an amendment to the ABL Agreement dated as of August 29, 2016 (the "**ABL Loan Amendment**"), the period of time granted to PSG to file its annual financial statements for fiscal 2016 was extended to October 28, 2016. A copy of the ABL Loan Amendment is attached hereto as Exhibit "G".

Intercreditor Agreement

123. In connection with the Term Loan Facility and the ABL Facility (collectively, the "**Credit Facilities"**), PSG and the PSG Guarantors thereunder, entered into an intercreditor agreement with their lenders as contemplated by the Term Loan Agreement and the ABL Agreement (as amended from time to time, the "**Intercreditor Agreement"**), dated April 15, 2014.

124. Pursuant to the Intercreditor Agreement:

(a) the lenders under the ABL Facility (the "**ABL Lenders**") have first-ranking security on the ABL Priority Collateral and second-ranking security on the Fixed Asset (Term) Priority Collateral ; and

(b) the lenders under the Term Loan Facility (the "**Term Lenders**" and, together the "**Secured Lenders**") have first-ranking security on the Term Loan Collateral and second-ranking security on the ABL Priority Collateral.

IV. FINANCIAL DIFFICULTIES AND NEED FOR CCAA PROTECTION

A. Financial Difficulties

125. Over the last year, the PSG Entities have experienced significant unfavourable financial results due to the occurrence of a number of negative events in a relatively short timeframe. Sales for the first nine months of fiscal 2016 declined by 10%, as compared to the first nine months of fiscal 2015, contributing to a decrease in gross profit by $25 million. At

the same time, expenses have increased significantly due to, among other things, write-offs of accounts receivables due to customer insolvencies and other non-operational expenses described below. Further, due in part to a decline in sales and gross margins of the products sold by the PSG Entities, PSG impaired goodwill by over $145 million by February 29, 2016. As result of these and other events described below, for the nine-month period ending February 28, 2016, the PSG Entities experienced an operating loss of approximately $164 million and a net loss of approximately $197 million, as compared to a net profit of $3.28 million in fiscal 2015 and $19.99 million in fiscal 2014. The causes of these poor results are described in greater detail below.

Customer Insolvencies

126. A major factor leading to the PSG Entities' current liquidity position has been the consequences of the unexpected financial difficulties experienced by a number of key customers in late 2015 and 2016, primarily Team Express Distributing, LLC ("**Team Express**"), the Sports Authority ("**TSA**"), Vestis Retail Group, LLC ("**Vestis**") and Total Hockey Inc. ("**Total Hockey**").

127. On December 16, 2015, Team Express filed chapter 11 proceedings in the U.S. Team Express was primarily an online retailer of baseball and softball equipment. At the time of its filing, the PSG Entities were owed approximately $4.75 million in accounts receivable and have since written-off approximately $4.5 million of that amount. In fiscal 2015, the Easton Business' sales to Team Express totalled approximately $9.5 million.

128. On March 2, 2016, TSA filed chapter 11 proceedings in the U.S. TSA was a major sports retailer in the U.S. with approximately 450 locations. TSA was one of the Easton Business' most significant customers with fiscal 2015 sales totalling approximately $19.9 million. According to initial news reports and TSA's own public disclosure, it intended to close only 140 of its 450 stores during the course of its restructuring. However, according to subsequent news reports, after failing to reach an agreement with its creditors on a restructuring plan, TSA proceeded to close all remaining stores and liquidate its remaining assets. At the time of TSA's bankruptcy, the PSG Entities were owed approximately $2.6 million in accounts receivable and have since written-off the entire amount. The PSG

Entities also entered into settlement agreements with TSA with respect to consignment inventory and other anticipated liabilities.

129. On April 16, 2016, Vestis, the company operating Sport Chalet, a network of sporting goods store in the southwest U.S, filed for chapter 11 protection. The Sport Chalet stores were a customer of the Easton Business, stocking various baseball and softball products. After commencing its chapter 11 proceedings, Vestis proceeded to shut down approximately 47 Sport Chalet stores. At the time of its filing, the PSG Entities were owed approximately $800,000 in accounts receivable.

130. Finally, Total Hockey, a hockey and lacrosse retailer with approximately 30 stores and a significant online presence, filed chapter 11 proceedings in the U.S. in July 2016. Total Hockey was a significant customer of the Bauer Business and the Lacrosse Business. In fiscal 2015, the PSG Entities' sales to Total Hockey were approximately $19 million and upon Total Hockey's filing for creditor protection, the PSG Entities were owed approximately $14 million. Since the filing the PSG Entities have written-off approximately $13 million of that amount.

131. Ultimately, Team Express and Total Hockey's insolvency proceedings resulted in sales of these businesses to other sporting goods retailers in May and July 2016, respectively. Though continuing as going-concerns, Team Express and Total Hockey have reduced the size of their operations through the course of their respective chapter 11 cases, affecting the amount of product that the PSG Entities are able to sell to the businesses. These hockey and lacrosse retailer insolvencies were compounded by the fact that in 2015, two large retailers consolidated the market through acquisitions such that the industry was already more concentrated when the insolvencies and resulting tightening of the industry occurred.

132. TSA and the Sports Chalet stores owned by Vestis have both wound down operations and liquidated their inventories.

133. The insolvency of these customers significantly negatively affected the PSG Entities' financial performance by causing a number of receivables to become fully or partially uncollectable within a short-period of time. Compounding the negative impact on receivables is the fact that as these customers have entered into restructuring and/or

liquidating proceedings, they have reduced purchase orders from the PSG Entities and their unsold existing inventory is being liquidated in the market.

Below-Target Performance of Key Business Lines

134. As noted above, in 2014, PSG acquired the Easton baseball/softball business line for $330 million (plus adjustments and fees). The Easton Baseball Acquisition, funded by proceeds of the Credit Facilities, substantially increased the leverage of the PSG Entities.

135. In fiscal year 2015, the Easton Business' sales were strong and new product launches and a geographical expansion was expected to roll out in 2016.

136. However, in fiscal 2016, the Easton Business suffered from a reduction in sales attributed to weakness in the baseball/softball market generally and the above-noted challenges faced by the PSG Entities' customers. During fiscal 2016, PSG wrote down the value of the Easton Business due to these events.

137. The PSG Entities also experienced lower than expected sales in the Bauer Business, in part due to a consolidation of hockey retailers in the U.S. and the insolvency of the hockey equipment retailers noted above.

138. The underperformance in the two most significant of the PSG Entities' business lines has significantly negatively affected the PSG Entities' overall profitability.

Unfavourable Exchange Rates

139. As explained above, the PSG Entities' financial results are exposed to fluctuations in currency exchange rates. With the Bauer Business' significant amount of Canadian dollar denominated sales while the majority of production costs are denominated in U.S. dollars, a declining Canadian dollar compresses the PSG Entities' margins and reduces overall profitability.

140. Despite the PSG Entities' hedging efforts, in fiscal 2015, the PSG Entities experienced a $19.5 million currency loss and, as of February 29, 2016, had experienced a further $8.7 million loss. The losses were primarily due to the weakening Canadian dollar starting in late 2014, which weakened by 8.3% over the course of fiscal 2015 and 4.2% over the course of fiscal 2016. The declining Canadian dollar resulted in lower revenue realized by the PSG Entities relative to their cost of goods sold.

141. In all, responding to the significant number of adverse events affecting the Applicants in the past year has taken up a considerable amount of management time in an effort to improve profitability and turn around the business for the benefit of all stakeholders.

Commencement of Regulatory Investigations

142. In response to the difficulties experienced by their customers and the below target performance of the Easton Business, the PSG Entities reduced their earnings guidance for the third quarter of fiscal 2016 and entire fiscal 2016. The press releases issued in respect of the revisions in January and March 2016 are attached hereto as Exhibits "H" and "I", respectively. After issuing the revised earning guidance, on March 8, 2016, the PSG Entities common share price fell by approximately 67%.

143. The Ontario Securities Commission (the "**OSC**") has commenced an issue-oriented review of PSG's continuous disclosure record, and the Securities and Exchange Commission (the "**SEC**") Enforcement Division has opened an inquiry into PSG's revised earnings guidance and several other related topics of interest, in response to PSG's revised third quarter and full fiscal year earnings guidance. Following the August 15, 2016 announcement that an internal investigation was ongoing which would impact the filing of audited financial statements, the OSC and SEC extended their inquiries to related matters. In addition, the Financial Industry Regulatory Authority ("**FINRA**") conducted a review of trading in PSG's common shares surrounding (i) PSG's March 8, 2016 revised earnings guidance announcement and (ii) PSG's August 15 announcement that its Annual Report on Form 10-K would not be filed by the required filing date. PSG provided the information requested by FINRA pursuant to these reviews.

144. The PSG Entities have cooperated with the OSC, SEC and FINRA throughout their reviews.

Commencement of U.S. Securities Litigation

145. Connected to the revised earnings guidance, on May 16, 2016, certain equity investors commenced a class action lawsuit in the U.S. against PSG and certain former officers of PSG (the "**Class Action**"). The lead plaintiff in the Class Action is the Plumbers & Pipefitters National Pension Fund and it is proceeding before the U.S. District Court,

Southern District of New York (Case No. 1:16-cv-03591) (the "**U.S. District Court**"). The former officers of PSG named by the Class Action are Kevin Davis, the former Chief Executive Officer of PSG and Amir Rosenthal, the former President of PSG.

146. Per the filed complaint, the Class Action alleges that (i) PSG and the named officers withheld information from investors about PSG's sales practices and their impact on the PSG's financial performance; and (ii) that shareholders were injured as a result of this misconduct because they purchased PSG shares at inflated prices. PSG has filed a comprehensive defence to the Class Action denying the allegation contained in the complaint. The PSG Entities also filed to a motion to dismiss the Class Action on October 13, 2016. Paul, Weiss, Rifkind, Wharton & Garrison LLP represents PSG in its defence of the Class Action.

<u>Inability to File Fiscal 2016 Financial Statements</u>

147. Pursuant to securities laws in both Canada and the U.S., PSG was required to file the Reporting Materials by the Filing Deadline.

148. However, on August 15, 2016, PSG announced that the Reporting Materials would not be filed by the Filing Deadline. The delay was the result of the decision of the audit committee (the "**Audit Committee**") of PSG's board of directors to commence an internal investigation in connection with the finalization of the Reporting Materials. The press release issued in respect of the internal investigation is attached hereto as Exhibit "J".

149. The Audit Committee retained Richards Kibbe & Orbe LLP ("**RKO**") as outside independent legal counsel to assist with the internal investigation. RKO subsequently retained Alix Partners, LLP to provide accounting services, including forensic services, if necessary. The Audit Committee is working closely with these professionals as well as the PSG Entities' Canadian and U.S. outside counsel during this investigation.

150. The Audit Committee's investigation remains ongoing as of the date of this affidavit and consequently, the Applicants remain unable to file the Reporting Materials.

151. As noted above, not filing the Reporting Materials in a timely manner constitutes a breach of covenant sufficient to give rise to an event of default under the Credit Facilities. The Secured Lenders and PSG initially agreed to extend the period for filing the Reporting

Materials to October 28, 2016. However, PSG has not been able to file the Reporting Materials by the extended deadline and are now in default under the Credit Facilities.

B. Reponses to Financial Difficulties

152. Taken together, the events of the past year have presented significant and unforeseen challenges to the business and operations of a group of companies that had undertaken an assertive acquisition approach to its business in the past eight years.

153. The PSG Entities have undertaken significant efforts to counteract the recent financial difficulties experienced, including:

(a) Reorganizing certain key members of management within the company, including replacing the CEO;

(b) Consolidating the EASTON and COMBAT brands into one business line;

(c) Other cash generating initiatives , including workforce reductions, operating consolidation and reducing overall working capital requirements through reductions in inventory and accounts receivable;

(d) Efficiency improvements including inventory quality improvements, reduced product costs and reduced working capital requirements in the PSG Entities' supply chain;

(e) Hiring a restructuring advisor (Alvarez & Marsal North America, LLC ("**A&M**")) to assist with liquidity management; and

(f) Forming a special committee of the board of directors of PSG which has hired an investment bank (Centerview Partners LLC ("**Centerview**")) to assist with reviewing strategic alternatives and finding a potential financer to or purchaser of the Applicants' businesses.

C. The Applicants are Insolvent

154. The Applicants have experienced a net loss for the first nine months of fiscal year 2016, and significantly reduced expectations, and have limited cash with which to run a business of this size.

155. The Applicants (with the exception of the PSG Innovation Corp. and PSG Innovation Inc.) are in default under the Credit Facilities as of October 28, 2016. The Applicants have not been able to enter into any further amendments or forbearances under the Credit Facilities with respect to the delayed filing of the Reporting Materials on commercially reasonable terms. Further, the Applicants are not able to repay the amounts owing under the Credit Facilities. The Applicants are not able to obtain further funding on reasonable terms or at all given the inability to file the Reporting Materials.

156. Further, PSG is expending significant funds each month in professional fees responding to the OSC, SEC and FINRA regulatory inquiries, conducting the internal investigations and defending the Class Action, which is not sustainable in the long and likely even short term.

157. PSG Innovation Corp. has intercompany debts of approximately $13 million and PSG Innovation Inc. has intercompany debts of approximately $50,000, neither of which has the means to repay these debts as they have no operations of their own.

158. As a result, the Applicants are insolvent. The PSG Entities cannot meet their liabilities as they come due and do not have sufficient cash to fund their operations without CCAA protection and access to DIP Financing (defined below). Without the protection of the CCAA, a shut-down of operations is inevitable, which would be extremely detrimental to the PSG Entities' stakeholders, including employees, suppliers, and customers. CCAA protection will allow the PSG Entities to access DIP Financing and maintain operations while giving them the necessary time to consult with their stakeholders regarding the future of their business operations and structure, including the proposed sales process.

V. RESTRUCTURING THE PSG ENTITIES

159. The Applicants, in response to the myriad of issues leading to the current liquidity crisis and in particular in response to their failure to timely file the Reporting Materials,

engaged in a thorough review of the PSG Entities' strategic alternatives with the advice and guidance of their legal and financial advisors. The PSG Entities concluded that negotiating a going-concern sale of their businesses was the optimal course to maximize value, and structured a process by which do so. As part of that process, the PSG Entities have entered into an asset purchase agreement (the "**Stalking Horse Agreement**") for the sale of substantially all of their assets to a group of investors led by the Stalking Horse Purchasers.

160. The bid contemplated under the Stalking Horse Agreement will, subject to Court approval, serve as the stalking horse bid in a CCAA/Chapter 11 sales process to take place over the next 60 days of the proceedings and which is expected to conclude early in 2017. As noted in greater detail herein, the Stalking Horse Purchasers will provide the Term Loan DIP Facility (defined below) to fund the CCAA proceeding.

161. The Stalking Horse Agreement provides for the sale of substantially all of the Applicants' business for a base purchase price of $575 million in the aggregate plus the assumption of certain liabilities. The Stalking Horse Agreement contemplates that the Applicants will continue as a going concern under new ownership, their secured debt will be fully repaid and payment of trade creditors. The Stalking Horse Agreement further contemplates the preservation of a significant number of jobs in Canada and the U.S. Other features of the Stalking Horse Agreement include:

(a) The assignment of substantially all of the contracts to which the PSG Entities are party;

(b) Payment of a good faith deposit of 5% of the base purchase price by the Stalking Horse Purchasers;

(c) The option to pay part of the purchase price by offsetting as against the amounts funded under the Term Loan DIP Facility;

(d) A break-up fee of 3.5% of the base purchase price (the "**Break Fee**") and an expense reimbursement fee of $3.5 million due only in certain instances;

(e) Payment of a work fee of approximately $2.5 million paid pursuant to a side letter of Stalking Horse Agreement, which shall be credited against the Break

Fee and returned if the transaction contemplated by the Stalking Horse Agreement closes.

(f) Court approval of the Stalking Horse Agreement and the bidding procedures governing the sale process; and

(g) Closing of the transaction within two business days of the satisfaction of the conditions to closing, which is expected to be in early February, 2017.

162. It is anticipated that the Applicants will commence the sale process contemplated by the Stalking Horse Agreement on November 1, 2016 and seek approval of the sale process (including the Stalking Horse Agreement) at a motion returnable on November 21, 2016. It is further anticipated that the bid deadline will be January 4, 2017, and auction (if necessary) will take place on January 9, 2017 and the motion to approve the sale of assets will be heard by January 11, 2017.

VI. CASH FLOW FORECAST

163. As set out in the 13-week cash flow projection (the "**Cash Flow Statement**") that was prepared by the PSG Entities in consultation with their restructuring advisor, A&M, and reviewed by the proposed Monitor for the period from October 31, 2016 to the week ending January 27, 2017, the Applicants' estimated principal uses of cash will consist of the payment of ongoing day-to-day operational expenses and professional fees and disbursements in connection with these CCAA proceedings. I understand from counsel to the Applicants that a copy of the Cash Flow Statement will be attached to the pre-filing report of the proposed Monitor which is to be filed with the Court.

164. As at the time of execution of this affidavit, the Applicants have $7.2 million cash on hand. The Cash Flow Statement projects that, subject to obtaining the relief outlined herein including approval of the DIP Financing (defined below), they will have sufficient cash to fund their projected operating costs until the end of the stay period. If the DIP Financing is not approved, the Applicants do not have sufficient cash to support their operations during the stay period.

165. The Cash Flow Statement is consolidated so that it includes the U.S. PSG Entities, the Canadian PSG Entities and all of their subsidiaries. The PSG Entities do not maintain country-by-country cash flows, and the interconnected nature of the business and the operation along business lines prevents the PSG Entities' restructuring advisors from creating country-by-country basis without significant expenditures of cost and time.

166. The PSG Entities, in consultation with their restructuring advisor, have conducted a high level analysis of cash flows as between the Canadian PSG Entities and the U.S. PSG Entities and have estimated that, on a cash basis, the European Subsidiaries will realize net positive cash flows of approximately $31 million and the Canadian PSG Entities will realize net positive cash flows of approximately $9 million for the 15 week period ended January 20, 2017.

167. These cash amounts do not include operational obligations borne by the Canadian PSG Entities (with respect to the European Subsidiaries) and certain operational and non-operational obligations borne by the U.S. PSG Entities (with respect to the Canadian PSG Entities).

168. With respect to the positive net cash flows of the European Subsidiaries, as described above, Bauer Canada retains title to the inventory sold by the European Subsidiaries. Substantially all of the cash brought in by the European Subsidiaries is flowed to Bauer Canada in the normal course to cover inventory costs. The European Subsidiaries maintain approximately 5% from the collection in order to fund limited operating expenses, facilities, employees and sale agent commissions.

169. With respect to the positive net cash flows of the Canadian PSG Entities, certain of this cash would be owed to the U.S. PSG Entities to cover some transfer pricing amounts for cost of goods sold and sales, as well as to cover certain non-operating costs, such as interest payments and professional fees. Even incorporating these adjustments, however, the Canadian PSG Entities are predicted to have net positive cash flows over the CCAA Proceeding, while the U.S. PSG Entities are predicted to have net negative cash flows over the CCAA proceedings.

VII. PROPOSED INITIAL ORDER

A. Payment of pre-filing amounts

170. The Applicants believe that authority to pay the pre-filing amounts set out below is vital to their efforts to preserve and maximize the value of their estates and to their reorganization efforts.

Foreign Suppliers

171. As noted above, the PSG Entities source the majority of their manufacturing operations out to suppliers located in various jurisdictions in Asia (such suppliers being the "**Foreign Suppliers**"). The PSG Entities' business is reliant on those suppliers, many of which are committed exclusively to the PSG Entities and integrated with the PSG Entities' ongoing operations, including their technology and quality specifications. Further, the PSG Entities do not have sufficient inventory to complete the CCAA proceedings and Chapter 11 Proceedings and will need to order from the Foreign Suppliers.

172. It is the opinion of management of the PSG Entities that, without payment of the pre-filing amounts owing to them, the Foreign Suppliers may refuse to deliver goods which are critical to the PSG Entities' ongoing business, leading to a supply chain disruption during the first critical weeks of the CCAA proceedings. Finding replacement suppliers would interrupt operations and require a lengthy qualification process. Enforcing an order of a Canadian court in multiple countries in Asia could take weeks or longer, during which time the Applicants would be at significant risk of not being able to supply their customers with product.

173. As such, the Applicants are seeking authorization to pay pre-filing amounts of the Foreign Suppliers, with consent of the proposed Monitor on individual payments in excess of $10,000. The CRO has calculated the pre-filing amount owing to Foreign Suppliers as being approximately $19.2 million, as discussed with and reviewed by the proposed Monitor. The Applicants believe that payment to the Foreign Suppliers is in the best interests of their stakeholders. The proposed Monitor will be kept apprised of any payments that are made on a weekly basis.

Critical Suppliers

174. The PSG Entities also have a number of suppliers in North America who are critical to ensuring there is no disruption to the Applicants' business, such suppliers being the "**Critical Suppliers**".

175. The PSG Entities have worked with their financial advisors in determining the list of Critical Suppliers and have discussed this list with the proposed Monitor, considering (i) the importance of each supplier to the PSG Entities' operations; (ii) the nature of the goods or services supplied and whether there are alternative supply sources; (iii) the ability of the supplier to either remain in business or continue normal operations if not paid for pre-filing goods and services; (iv) the ability and likelihood that the supplier may delay or otherwise restrict supplying goods or services in the event of the PSG Entities' non-payment; (v) the volume of goods or services supplied; (vi) the potential for disruption of the PSG Entities' operations if the supplier delays or fails its supply of goods pursuant to its existing contracts; and (vii) the amount that the PSG Entities currently owe the supplier.

176. The Critical Suppliers are the most cost-efficient and, in many cases, the only source from which the Applicants can procure critical goods and services within a timeframe that would permit the Applicants to avoid unanticipated interruptions, delays or shutdowns in their operations. The proposed Monitor will be kept apprised of any payments that are made on a weekly basis.

177. Based on the above criteria, the PSG Entities identified approximately 31 Critical Suppliers which are owed in the aggregate approximately $1.2 million. The PSG Entities are seeking authorization, but not the requirement, to make those payments with consent of the proposed Monitor on individual payments in excess of $10,000**.**

178. To the extent that the PSG Entities determine that additional critical suppliers are paid, the PSG Entities are seeking authorization to pay pre-filing amounts to those suppliers with the approval of the proposed Monitor.

179. The PSG Entities intend to continue to rely on their suppliers during the CCAA proceedings and require the flexibility to pay these suppliers to ensure adequate and timely supply of required products and services to attempt to obtain and negotiate credit terms.

20 Day Goods Suppliers

180. Pursuant to 503(b)(9) of the U.S. Bankruptcy Code, the Applicants are required to pay any suppliers who delivered goods to the Applicants in the 20 days leading to the filing, in this case, October 11, 2016 (the "**20 Day Goods Suppliers**").

181. As the Applicants have commenced the Chapter 11 Proceedings, the Applicants are required to pay the 20 Day Goods Suppliers. The proposed Initial Order seeks authorization, but not the requirement, for the PSG Entities to pay 20 Day Good Suppliers, with consent of the proposed Monitor for individual amounts over $5,000.

182. The amounts owing to the 20 Day Goods Suppliers total approximately $1.4 million in the aggregate.

Shippers and Warehousemen

183. The PSG Entities depend on an extensive shipping, warehousing and distribution network to move raw materials from the PSG Entities' suppliers, which are largely based overseas, and to move finished products to the PSG Entities customers, including those in Europe. This network is dependent on shippers, brokers, warehousers, distributors and logistics providers, based at various locations around the world, including in Canada (together, the "**Shippers and Warehousemen**").

184. The failure to pay any of these parties for charges incurred in connection with the transportation and storage of any goods or materials may result in Shippers and Warehousemen asserting possessory liens against the Applicants' Property. In addition, in respect of the Shippers and Warehousemen, shipments may be stopped in transit if customs duties are not paid by the PSG Entities or their customs agents when due in the ordinary course.

185. The PSG Entities rely on Shippers and Warehousemen to provide the inventory necessary to continue their business without interruption. The successful uninterrupted operation of the Applicants' business during the CCAA proceedings is critical to the Applicants' restructuring, and the payment of the amounts owing to the Shippers and Warehousemen.

186. As at October 28, 2016, the PSG Entities estimate that approximately $2.5 million is owed in the aggregate to the Shippers and Warehousemen.

187. To the extent that additional amounts are found to be outstanding to Shippers and Warehousemen (most likely due to delayed invoicing or the timing of certain shipments), for shipments that are important to the PSG Entities' ongoing operations, the PSG Entities must be able to pay such amounts, and thus request the authority to make such payments, with the consent of the proposed Monitor for amounts in excess of $5,000.

188. Payment to these parties will avoid disruption in the Applicants' business, prevent the possibility of possessory liens being asserted against merchandise, and enable the PSG Entities to realize the value of the merchandise and other property and allow the PSG Entities' to continue their business operations uninterrupted.

Lien Claimants

189. The Applicants also routinely transact with third parties such as contractors, builders, and repairers, who may potentially assert liens under applicable law against the PSG Entities (collectively, "**Lien Claimants**") if they are not paid for goods or services rendered. The Lien Claimants may be able to assert possessory liens against the Applicants' Property. Lien Claimants without violating the automatic stay in the U.S. These possessory liens could cause interruptions to the Applicants' business.

190. The Applicants are requesting the authorization, but not the requirement, to pay Lien Claimants with consent of the proposed Monitor and up to a maximum of $3 million in the aggregate.

Taxes

191. In the ordinary course of business, the PSG Entities are responsible for paying or collecting and remitting various taxes to governmental authorities, including (i) sales taxes; (ii) use taxes (iii) franchise taxes; (iv) property taxes; (v) import duties; (vi) goods and services taxes; and (vii) certain other miscellaneous taxes ("**Taxes**"). The proposed Initial Order includes the standard relief from the Model Order regarding the collection and remittance of priority source deductions and property taxes; however, the PSG Entities are also seeking the authority, but not the obligation, to pay Taxes outstanding as of the filing

date up to an individual maximum amount of $1,000 and up to $15,000 in the aggregate. The PSG Entities are seeking similar relief in the Chapter 11 Proceedings.

192. Failure to pay certain Taxes could damage the PSG Entities' relationships with the taxing authorities or could cause the taxing authorities to exercise action contrary to the stay of proceedings, including conducting audits, filing liens or seeking to impose liability against the directors of the Applicants. Such actions could disrupt the PSG Entities' business and restructuring efforts and cause the PSG Entities to incur professional fees as result of needing to seek relief from this Court or the U.S. Court. The PSG Entities believe that authorizing, but not requiring, them to pay pre-filing Taxes with the approval of the proposed Monitor would minimize the interruptions to their business operating in the ordinary course and benefit stakeholders generally.

B. Maintenance of Customer Programs

193. As described above, consistent with industry practice, the PSG Entities maintain various Customer Programs to generate sales and maintain customer loyalty. The Customer Programs often result in the PSG Entities' accruing liabilities for the benefit of their customers, some of which will not have been paid upon commencement of the CCAA proceedings.

194. Maintaining the loyalty, support, and goodwill of their wholesale and retail customers is critical to the business of the PSG Entities and their efforts to maximize the value for the benefit of stakeholders. Accordingly, the proposed Initial Order provides that the PSG Entities are authorized, but not required, to continue to honour and fulfill their obligations under the Customer Programs, including those relating to the pre-filing period. The PSG Entities are seeking similar relief in the Chapter 11 Proceedings.[4]

195. Allowing the PSG Entities to honour their Customer Programs will maintain goodwill and positive relationships with customers for the duration of the CCAA proceedings and Chapter 11 Proceedings. It will also allow the PSG Entities to maintain

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[4] In the Chapter 11 Proceedings, the PSG Entities are not seeking authorization to pay liabilities accruing in respect of certain indemnity obligations under standard form agreements with certain wholesale customers. The proposed Initial Order also provides a carve-out of these indemnity obligations and the PSG Entities are not seeking authorization to pay such amounts. As of September 30, 2016, the PSG Entities are not aware of any amounts owing in respect of the indemnity obligations.

their operations in the ordinary course without any interruption. The Cash Flow Statement presents customer receipts on a net basis after the deduction of such applicable Customer Program amounts.

C. Engagement of A&M and Chief Restructuring Officer

196. As described above, A&M was previously retained by the Applicants and A&M has played a central role in advising and assisting the PSG Entities with liquidity management and operational restructuring initiatives. PSG and A&M have entered into an engagement letter dated as of October 24, 2016 (the "**A&M Engagement Letter**"), conditional upon the initiation of the CCAA proceedings and Chapter 11 Proceedings and the appointment of Brian J. Fox as the Chief Restructuring Officer (the "**CRO**") of the PSG Entities, with respect to A&M's mandate moving forward. A copy of the A&M Engagement Letter is attached hereto as Exhibit "K".

197. Pursuant to the A&M Engagement Letter, A&M will provide restructuring personnel to assist the PSG Entities during the CCAA and Chapter 11 Proceedings. Brian J. Fox of A&M will serve as CRO of the PSG Entities, subject to Court approval. The A&M Engagement Letter provides that A&M will be compensated based on the services of the CRO and the engagement team at their hourly rates, and that PSG shall be responsible for the payment of the fees and expenses of A&M for the services provided by A&M to the PSG Entities. A&M is not entitled to a success fee under the A&M Engagement Letter.

198. In the proposed Initial Order, the PSG Entities are seeking the Court's confirmation of the retention of A&M and the CRO and the approval of the A&M Engagement Letter. The PSG Entities will also be seeking confirmation of the retention of A&M and the CRO in the Chapter 11 Proceedings. The approval of the engagement of A&M, including the CRO, is appropriate in the circumstances as A&M has worked extensively with the PSG Entities since its initial engagement and has significant knowledge with respect to their business, operations and finances. A&M's continued involvement will be critical to the successful completion of the going-concern restructuring transaction as part of the CCAA proceedings and Chapter 11 Proceedings that will maximize value for stakeholders. The Applicants believe that the retention of A&M and appointment of the CRO, is in the best interests of the PSG Entities and their stakeholders.

D. Continuance of Transfer Pricing System

199. As described above, the PSG Entities operate as hubs for certain operations that are used in their business necessitating use of the Transfer Pricing Model to record intercompany transactions. The Transfer Pricing Model is critical to ensuring that intercompany transactions are recorded at fair market value and a PSG Entity providing goods or services to another PSG Entity receives appropriate value for those goods or services. Accordingly, the proposed Initial Order contemplates approval of the continued use of the Transfer Pricing Model. Use of the Transfer Pricing Model during the CCAA proceedings will allow the PSG Entities to continue operating in an integrated manner and facilitate intercompany transactions in the ordinary course, preserving going-concern value for benefit of their stakeholders.

200. During the CCAA proceedings, the PSG Entities will continue to settle inter-company receivables and payables arising from use of the Transfer Pricing Model in the ordinary course.

E. Administration Charge

201. The Applicants seek a Charge (defined below) on the assets, property and undertakings of the Applicants (the "**Property**") in the maximum amount of $7.5 million to secure the fees and disbursements incurred in connection with services rendered to the Applicants both before and after the commencement of the CCAA proceedings by the proposed Monitor, U.S. and Canadian counsel to the Monitor, U.S. and Canadian counsel to the Applicants, counsel to the directors of the Applicants and the CRO (the "**Administration Charge**").

202. The PSG Entities worked with A&M to estimate the proposed quantum of the Administration Charge. The proposed Monitor has reviewed the quantum of the Administration Charge and believes it is reasonable and appropriate in view of the complexities of the Applicants' CCAA proceedings and the services to be provided by the beneficiaries of the Administration Charge.

203. The Initial Order provides that the Administration Charge shall rank first on the Property of the Applicants.

204. At the Comeback Motion (defined below), the Applicants will be seeking to split the Administration Charge between the Fixed Asset (Term) Priority Collateral and the ABL Priority Collateral such that the Administration Charge will be two separate $3.5 million Charges against each class of collateral.

F. DIP Financing

205. As described above, the Applicants have insufficient liquidity to maintain operations through the proposed CCAA proceedings and require interim debtor-in-possession financing ("**DIP Financing**") to provide suppliers, customers and other stakeholders with confidence that the business of the PSG Entities will continue to operate smoothly throughout these CCAA proceedings. Further, the liquidity position of the PSG Entities and the inability to file the Reporting Materials and the corresponding default under the Credit Facilities, resulted in the PSG Entities not having the time nor resources to run a comprehensive pre-filing sales process making access to DIP Financing critical to preserve value for the PSG Entities and their stakeholders and allow them the appropriate time to run a post-filing sales process.

206. I am advised by Kathryn Esaw of Stikeman Elliott LLP, counsel to the PSG Entities, that the counsel to the ABL Lenders and counsel to the Term Loan Lenders will receive notice of this application.

Process for Selecting DIP Financing

207. Due to the current capital structure of PSG and its recent business performance, the PSG Entities, with the assistance of Centerview, determined that obtaining DIP Financing from a third party would be extremely challenging, unless such facility was provided either junior to the ABL Facility and Term Loan Facility or on unsecured basis or paired with a refinancing of the PSG Entities' existing indebtedness. In both cases, the only third parties likely to provide such financing were those evaluating a potential purchase of the PSG Entities' businesses (with the DIP Financing effectively serving as a "down payment" on such purchase). As such, the PSG Entities focused their efforts on negotiating with the three parties most likely to provide DIP Financing: the ABL Lenders, the Term Loan Lenders and Sagard, due to its interest in acquiring the Applicants' businesses.

208. The PSG Entities received three DIP Financing proposals: one from each of the above noted parties. The PSG Entities evaluated the DIP Financing proposals with the assistance of Centerview, A&M and their counsel, considering, among other things, the costs and fees associated with each proposal, the priority ranking of charges securing the proposed DIP Financing and the liquidity requirements to fund the sales process and operations during these CCAA proceedings and Chapter 11 Proceedings.

209. After evaluating the proposals, on an informed basis and in good faith with a view to the best interests of the Applicants and their stakeholders, the PSG Entities, with the assistance of their advisors, focused on negotiating with Sagard and the ABL DIP Lenders due to the superiority of their proposals. After negotiating, through Centerview and their Canadian and U.S. counsel, the PSG Entities selected the DIP Financing proposal from Sagard and an interim DIP Financing proposal from the ABL Lenders to provide supplementary liquidity.

210. The DIP facility provided by Sagard (the "**Term Loan DIP Facility**") is provided on terms that are fair and reasonable and the product of significant arms'-length negotiation and compromise. For example, Sagard initially sought to link its DIP Financing package to its stalking horse bid, including by inserting cross-default provisions in its proposed Term Loan DIP Credit Agreement (defined below) and the Stalking Horse Agreement. The PSG Entities were successfully able to persuade Sagard to "de-link" its Term Loan DIP Facility from the Stalking Horse Agreement, resulting in greater flexibility and value for the PSG Entities. In addition, the economic terms of the Term Loan DIP Credit Agreement were subject to significant negotiation and the interest rate and fees embedded in the Term Loan DIP Facility are on economic and other terms significantly better than those initially proposed by Sagard. In fact, the interest rate on the Term Loan DIP Facility provided by Sagard is equivalent to the default rate on the Term Loan Facility. As well, as set out below, the Term Loan DIP Facility is structured as a delayed draw term loan facility so the PSG Entities may borrow and incur concomitant interest expenses, only as needed. The PSG Entities also requested that Sagard provide the Applicants with the required financing on a junior basis to the Term Loan Facility, so it would not need to be refinanced early in the CCAA proceedings and Chapter 11 Proceedings, but Sagard declined to provide the requisite financing on such terms.

211. The DIP Financing proposal submitted by the Term Loan Lenders was predicated on the Term Loan Lenders credit bidding their approximately $330 million of secured debt and being named the stalking horse bidder in connection with the sale process. The Term Loan Lenders were not willing to provide the PSG Entities with DIP Financing without also being named the stalking horse bidder. Further, the overall economic terms of their initial DIP Financing proposal, were less favourable than the combined proposals of Sagard and the ABL Lenders, including higher fees, interest rates and tighter sale process milestones. Also important, the Stalking Horse Agreement provides value well in excess of the PSG Entities' aggregate secured indebtedness and, therefore, by definition well in excess of any potential credit bid offered by the Term Loan Lenders. For these and other reasons, the PSG Entities determined in their business judgment not to accept the Term Loan Lenders' DIP Financing proposal.

212. While evaluating the other DIP Financing proposals, the PSG Entities with the assistance of their advisors, engaged in extensive discussions and good faith, arms'-length negotiations with the ABL Lenders on the terms of a DIP Financing proposal. In the view of the PSG Entities, with the eligible inventory and receivables levels forecasted in the near term, the borrowing base is not sufficient to support an asset-backed facility large enough to fund the entirety of the CCAA proceedings and Chapter 11 Proceedings and supplemental liquidity is required. However, given that the PSG Entities' ABL Facility is their lowest cost form of indebtedness, the Applicants negotiated extensively and in good faith, terms of a DIP facility to be provided by the ABL Lenders (the "**ABL DIP Facility**" and together with the Term Loan DIP Facility, the "**DIP Facilities**") to supplement the liquidity provided by the Term Loan DIP Facility, reducing the PSG Entities' overall weighted average cost of DIP Financing.

Summary of DIP Financing

213. In connection with the selection, the PSG Entities, through Centerview, A&M and their Canadian and U.S. counsel, have negotiated the Term Loan Superpriority Debtor-In-Possession Credit Agreement (as amended, supplemented or otherwise modified from time to time, the "**Term Loan DIP Credit Agreement**") with the Stalking Horse Purchasers and the other lenders party thereto (the "**Term Loan DIP Lenders**") pursuant to which the PSG

Entities will obtain access to the Term Loan DIP Facility in the maximum amount of $361 million. A copy of the Term Loan DIP Credit Agreement is attached hereto as Exhibit "L".

214. The PSG Entities also negotiated the ABL Superpriority Debtor-In-Possession Credit Agreement (as amended, supplemented or otherwise modified from time to time, the "**ABL DIP Agreement**" and together with the Term Loan DIP Credit Agreement, the "**DIP Agreements**") with the ABL Lenders (in such capacity, the "**ABL DIP Lenders**") giving the PSG Entities' access to the ABL DIP Facility in a maximum principal amount of $200 million. A copy of the ABL DIP Agreement is attached hereto as Exhibit "M".

215. The ABL DIP Facility and Term Loan DIP Facility are coordinated facilities. The ABL DIP Facility will be available to the PSG Entities on an interim basis upon entry of the appropriate orders of the Canadian and U.S. Courts (the "**Interim DIP Orders**") in order to provide immediate liquidity to the Applicants. The Term Loan DIP Facility, which is proposed to be approved by the Initial Order, but shall not be funded until entry of the applicable final orders of Canadian and U.S. Courts (the "**Final DIP Orders**"), will be used to refinance the existing Term Loan Facility and provide the PSG Entities with incremental liquidity for the remainder of the CCAA proceedings and Chapter 11 Proceedings.

216. It is essential that both the ABL DIP Facility and Term Loan DIP Facility be committed to the Applicants upon entry of the Initial Order, with borrowing on the Term Loan DIP Facility subject to entry of the Final DIP Orders, so that the PSG Entities may be certain that adequate financing is available from the first day of the CCAA proceedings and Chapter 11 Proceedings to support operation of the business, vendor and customer relationships, and execution of the sales process to completion.

ABL DIP Agreement

217. Some of the material terms of the ABL DIP Agreement are set out below:

(a) **Borrowers**: Bauer Canada, Bauer Hockey Retail Corp., Bauer Performance Sports Uniforms Corp., BPS Canada Intermediate Corp., BPS Diamond Sports Corp., Easton Canada, KBAU, Performance Lacrosse Group Corp., Bauer Hockey Retail Inc., Bauer U.S., Bauer Performance Sports Uniforms Inc., BPS Diamond Sports Inc., BPS U.S., and Easton U.S., Performance Lacrosse Group Inc.

(b) **Guarantors**: PSG, PSG Innovation Corp. and PSG Innovation Inc.

(c) **Facility Amount:** US$200,000,000

(d) **Availability:** Subject to a borrowing base calculated by adding the U.S. borrowing base and Canadian borrowing base *less* a carve-out reserve, and *less* the amount outstanding under the ABL Facility. The Canadian borrowing base is calculated as follows: (i) the book value of the eligible accounts of the Canadian PSG Entities *multiplied by* 85%; *plus* (ii) the book value of the foreign eligible accounts of the Canadian PSG Entities *multiplied by* 85% of; *plus* (iii) the lesser of (x) the cost of eligible inventory of the Canadian PSG Entities *multiplied by* the advance rate of 70% and (y) the net recovery cost percentage *multiplied by* the cost of eligible inventory of the Canadian PSG Entities *multiplied by* the advance rate of 85%; plus (iv) the cost of eligible in-transit inventory of the Canadian PSG Entities *multiplied by* the advance rate of 30%; *minus* (v) any reserves established from time to time by the administrative agent under ABL DIP Agreement. The U.S. borrowing base is calculated as follows: (i) the book value of eligible accounts of the U.S. PSG Entities *multiplied by* the advance rate of 85%; *plus* (ii) the lesser of (x) the cost of eligible inventory of the U.S. PSG Entities *multiplied by* the advance rate of 70% and (y) the net recovery cost percentage *multiplied by* the cost of eligible inventory of the U.S. PSG Entities *multiplied by* the advance rate of 85%; *plus* (c) the cost of eligible in-transit inventory of the U.S. PSG Entities *multiplied by* the advance rate of 30%; *minus* (d) any reserves established from time to time by the administrative agent under ABL DIP Agreement.

(e) **Maturity**: The earlier of (i) February 28, 2017; (ii) the date on which the PSG Entities consummate a sale transaction approved in the Canadian and U.S. Courts; (iii) the acceleration of the ABL DIP Facility in accordance with the ABL DIP Agreement; (iii) three (3) business days after the filing date if the Interim DIP Orders are not issued; and (iv) 30 days after the date of the issuance of the Interim DIP Orders, if the Final DIP Orders are not issued.

(f) **Conditions**: The essential terms for drawing on the ABL DIP Facility are: (i) issuance of the Interim DIP Orders; (ii) all reasonable fees of the administrative agent and other lenders under the ABL DIP Facility will be paid in accordance with the ABL DIP Agreement; (iii) the ABL Lenders have received and approved the most recent budget prepared by the PSG Entities; and (iv) the ABL DIP Facility shall be in full force and effect.

(g) **Milestones**: The milestones to the ABL DIP Agreement are set out in section 8.15 thereof, the key provisions of which are as follows: (i) the PSG Entities will obtain the Interim DIP Orders within three business days of the filing date and the Final DIP Orders within 30 days of the filing date; (ii) that the PSG Entities will file a motion to approve bidding procedures as soon as reasonably possible and obtain orders from the Canadian and U.S. Courts approving the bidding procedures within 21 days of the filing date; and (iii) certain bid deadlines set out in subsections 8.15(e)-(h) will be complied with in full.

(h) **Negative Covenants**: The PSG Entities shall not, amongst other things, (i) create, incur, or assume any liens on the Property except for certain permitted liens; (ii) convey, sell, lease or otherwise dispose of all or any part of their property or assets; (iii) pay any dividends; (iv) create, incur, or assume any indebtedness except certain permitted indebtedness; (v) make any investments except in certain permitted instances; (vi) permit the proceeds of the ABL DIP Facility to be used in a manner other than for permitted uses in accordance with a budget approved by the Term Loan DIP Lenders; (vii) appoint a CRO, other than a CRO employed by A&M or as otherwise agreed to by the ABL DIP Lenders; or (viii) make payments to critical vendors except in accordance with orders of the Canadian and U.S. Courts.

(i) **Interest Rate**: Canadian prime rate plus 3.5% per annum in respect of Canadian prime rate loans and CDOR rate (annual yield rates applicable to banker's acceptances) plus 4.5% per annum in respect of CDOR rate loans.

The US prime rate and LIBO rate also apply as a base rate to certain loans, which are equivalent to the Canadian prime rate and CDOR rate.

(j) **Fees:** The fees under the ABL DIP Agreement are (i) an unused line fee of 0.5% per annum of the average daily unused availability; (ii) an agent fee of $120,000; (iii) an origination fee of $600,000; and (iv) a letters of credit fronting fee of 0.125% per annum of face amount of issued letters of credit.

(k) **Charge**: The obligations under the ABL DIP Agreement are proposed to be secured by a Charge over the Property (the "**ABL DIP Charge**") having second-ranking priority on the ABL Priority Collateral, subject only to the Administration Charge, and third-ranking priority on the Fixed Asset (Term) Priority Collateral, described in more detail below. The

218. The ABL DIP Agreement provides that any amounts collected in accounts controlled by the ABL DIP Lenders will be applied to reduce the outstanding amount of the ABL Facility. Amounts repaid under the ABL Facility will create additional availability for the PSG Entities under the ABL DIP Facility. Refinancing the ABL Facility in such a fashion is a requirement of the ABL Lenders agreeing to provide additional liquidity to the PSG Entities under the ABL DIP Facility. Further, pursuant to the Stalking Horse Agreement, the ABL DIP Facility will be paid in full at closing of the sale transaction.

219. Because the proposed ABL DIP Facility is provided by the ABL Lenders and the ABL Lenders have first-ranking security on the ABL Priority Collateral, the PSG Entities believe there will be no material prejudice to any of their existing creditors. Further, the PSG Entities do not believe that the ABL Lenders would consent to any DIP Financing that primed their security position. Accordingly, the ABL DIP Facility is the only option to provide immediate liquidity to the PSG Entities until at least the Final DIP Orders are issued and the Term Loan DIP Facility is able to be advanced.

220. Altogether, the PSG Entities believe in their business judgement that the repayment provisions of ABL DIP Agreement are a necessary component to the ABL DIP Facility and will ensure the PSG Entities have access to sufficient liquidity for working capital and general corporate purposes during the CCAA proceedings and Chapter 11 Proceedings.

Term Loan DIP Credit Agreement

221. Some of the material terms of the Term Loan DIP Credit Agreement are set out below:

(a) **Borrower**: PSG

(b) **Guarantors:** The PSG Entities, other than PSG.

(c) **Facility Amount**: The Term Loan DIP Facility consists of two facilities: (i) a delayed draw term loan, funded in cash in one or more drawings occurring after the closing date in the principal amount of approximately $30 million; and (ii) a refinancing term loan, funded in cash on the closing date in the principal amount of approximately $331 million, which will be used to refinance the Term Loan Facility.

(d) **Maturity**: The earlier of (i) February 28, 2017; (ii) the date on which the PSG Entities consummate a sale transaction approved by the Canadian and U.S. Courts; (iii) the acceleration of the Term Loan DIP Facility in accordance with the Term Loan DIP Credit Agreement; (iii) three business days after the filing date, if the Interim DIP Orders are not issued; and (iv) 30 days after the date of the issuance of the Interim DIP Orders, if the Final DIP Orders are not approved.

(e) **Conditions**: The essential terms for drawing on the delayed draw term loan facility are: (i) the issuance of the Interim DIP Orders; (ii) all reasonable fees of the administrative agent and other lenders under the Term Loan DIP Facility will be paid in accordance with the Term Loan DIP Credit Agreement; (iii) the PSG Entities will comply with the budget in the Term Loan DIP Credit Agreement; and (iv) the ABL DIP Facility shall be in full force and effect. The refinancing term loan is functionally a debt roll-over of the PSG Entities' secured term loan facility, whose central condition is that the PSG Entities pre-filing term loan facility is paid in full.

(f) **Milestones**: The milestones to the Term Loan DIP Credit Agreement are set out in section 8.15 thereof, the key provisions of which are as follows: (i) the PSG Entities will obtain the Interim DIP Orders within three (3) business days of the filing date and the Final DIP Orders within 30 days of the filing date (ii) that the PSG Entities will file a motion to approve bidding procedures as soon as reasonably possible and the PSG Entities' obtain orders from the Canadian and U.S. Courts approving the bidding procedures within 21 days of the filing date; and (iii) that certain bid deadlines set out in subsections 8.14(e)-(h) of the Term Loan DIP Credit Agreement will be complied with in full.

(g) **Negative Covenants**: The PSG Entities shall not, amongst other things, (i) create, incur, or assume any liens on the Property except for certain permitted liens; (ii) convey, sell, lease or otherwise dispose of all or any part of their property or assets; (iii) pay any dividends; (iv) create, incur, or assume any indebtedness except certain permitted indebtedness; (v) make any investments except in certain permitted instances; (vi) permit the proceeds of the Term Loan DIP Facility to be used in a manner other than permitted uses in accordance with a budget approved by the Term Loan DIP Lenders; (vii) appoint a CRO, other than a CRO employed by A&M or otherwise agreed to by the Term Loan DIP Lenders; or (viii) make payments to critical vendors except in accordance with orders of the Canadian and U.S. Courts.

(h) **Interest Rate**: 8% per annum.

(i) **Fees**: The fees under the Term Loan DIP Credit Agreement are (i) an unused line fee of 1% per annum of the delayed draw term loan; (ii) a commitment fee of 1% on the portion of the Term Loan DIP Facility being used to refinance the Term Loan Facility; (iii) a commitment fee of 3% on the delayed draw term loan; (iv) an agent fee of $100,000; and (v) 1% on amounts prepaid that were used to refinance Term Loan Facility and 2.5% on amounts prepaid that were from the delayed draw term loan, reducing to 0% in each case if the

Stalking Horse Agreement and corresponding Break Fee are approved by Canadian and U.S. Courts.

(j) **Charge**: The obligations under the Term Loan DIP Credit Agreement will not secured by a Charge under the Interim DIP Orders, including the Initial Order. However, it is proposed that under the Final DIP Orders obligations under the Term Loan DIP Credit Agreement will be secured by a Charge (the "**Term Loan DIP Charge**" and together with the ABL DIP Charge, the "**DIP Lenders' Charges**") having second-ranking priority on the Fixed Asset (Term) Priority Collateral, subject only the Administration Charge, and fourth-ranking priority on the ABL Priority Collateral, described in more detail below. For greater certainty, the Applicants are not seeking the Term Loan DIP Charge in the proposed Initial Order but will seek it at the Comeback Motion.

222. Although funds under the Term Loan DIP Facility are not being advanced until after the Comeback Motion, the PSG Entities are seeking approval of it under the Initial Order. Obtaining approval on the first day of the CCAA proceedings and Chapter 11 Proceedings will allow the Applicants to communicate to its employees, vendors, regulators and customers, as well as potential bidder's assets, that the PSG Entities are entering creditor protection on strong financial footing and will continue operating without interruption.

223. In addition, interim relief is critical to prevent any value destruction that could diminish the likelihood of receiving bids in connection with the sales process. By approving the Term Loan DIP Facility at the outset of these proceedings, the PSG Entities will be able to maintain the value of their business during the course of the sale process.

224. Given the PSG Entities' current projections, and absence of meaningful unencumbered assets, immediate access to the DIP Facilities is necessary for continued operations, including to fund wages, salaries, and benefits of the PSG Entities' employees, procure necessary goods and services (and maintain trade terms with the PSG Entities' vendors), finance the cost of these CCAA proceedings and Chapter 11 Proceedings and meet other working capital needs.

225. Following the competitive selection process between the ABL Lenders, the Term Lenders and Sagard, the Applicants have determined that the DIP Facilities, as reflected by the DIP Agreements, represent the best interim financing available under the circumstances. Based on current projections, the DIP Facilities are necessary to fund their continued operations. In the circumstances, the PSG Entities believe in their business judgement, that the pricing, fees, interest rates, and other terms and conditions of the DIP Facilities are reasonable and are generally consistent with those contained in the pre-filing ABL Facility and Term Loan Facility. In addition, the milestones, covenants, and restrictions included in the DIP Agreements are reasonable and are not designed to make the PSG Entities disproportionately susceptible to a breach of their terms.

226. The DIP Facilities are expected to provide sufficient liquidity to allow the Applicants to pursue a restructuring in these CCAA proceedings and the Chapter 11 Proceedings. Accordingly, the Applicants seek an order authorizing and empowering the Applicants to obtain and borrow under the DIP Facilities in order to refinance the Term Loan Facility and finance the operations of the Applicants during the CCAA proceedings and Chapter 11 Proceedings.

227. I understand from counsel to the Applicants that the proposed Monitor supports approval of the DIP Agreements.

<u>DIP Lenders' Charges</u>

228. The proposed Initial Order only contains an ABL DIP Charge. The ABL DIP Charge is proposed to rank below the security interests, charges, and liens securing the obligations under the Term Loan Agreement (the "**Pre-Filing Term Loan Security**") on the Fixed Asset (Term) Priority Collateral, avoiding any need to prime the Term Loan Lenders in respect of their first-ranking Pre-Filing Term Loan Security. Only the ABL DIP Lenders' Charge and only Administration Charge will prime the Pre-Filing Term Loan Security in respect of the ABL Priority Collateral.

229. The ABL DIP Charge will prime the security interests, charges, and liens securing the obligations under the ABL Facility Agreement (the "**Pre-Filing ABL Facility Security**") in respect of the ABL Priority Collateral. However, the ABL DIP Charge will cause no

prejudice as it is being granted to the ABL Lenders themselves in their capacity as the ABL DIP Lenders.

230. The ABL DIP Charge is also proposed to be over the Property that is not Fixed Asset (Term) Priority Collateral or ABL Priority Collateral, including the assets of PSG Innovation Corp. and PSG Innovation Inc. The ABL DIP Lenders have indicated that extending this Property is a condition to them providing DIP Financing. Under the proposed Initial Order, with respect to the assets, property and undertakings of PSG Innovation Corp. and PSG Innovation Inc. (the "**PSG Innovation Collateral**"), the ABL DIP Charge is proposed to rank second, behind the Administration Charge. With respect to all other Property that is not Fixed Asset (Term) Priority Collateral, ABL Priority Collateral and PSG Innovation Collateral (the "**Other Unencumbered Collateral**"), the ABL DIP Charge is also proposed to rank second, again behind the Administration Charge.

231. The Applicants will be seeking relief with respect to the Term Loan DIP Charge at the Comeback Motion.

232. I understand from counsel to the Applicants that the proposed Monitor supports approval of the ABL DIP Charge. The priority with respect to the other Charges is explained further below.

G. Directors' Charge

233. To ensure the ongoing stability of the Applicants' business during the CCAA proceedings, the Applicants require the continued participation of their respective directors, officers, managers and employees.

234. The Applicants are seeking, what I am informed by counsel are, typical provisions staying all proceedings against the directors and officers of the PSG Entities with respect to all claims against the directors or officers that relate to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers of the Applicants.

235. I am advised by counsel to the Applicants that in certain circumstances directors can be held liable for certain obligations of a corporation owing to employees and government entities. As of October 21, 2016, the Applicants are potentially liable for accrued but unpaid

vacation pay, wages, source deductions and sales tax in the aggregate amount of approximately $7.5 million.

236. The Applicants maintain directors' and officers' liability insurance (the "**D&O Insurance**") that benefit the directors and officers of the Applicants. The current D&O Insurance policy provides $70 million in aggregate coverage (plus certain additional amounts in respect of certain claims). In addition, there are also contractual indemnities which have been given to the directors and officers by the PSG Entities. The Applicants may not have sufficient funds to satisfy those indemnities should their directors and officers be found responsible for the full amount of the potential directors' liabilities. Lastly, there is a deductible for certain claims and the presence of a number of exclusions creates a degree of uncertainty.

237. The directors and officers of the Applicants have indicated that, due to the potentially significant personal exposure arising going forward, they cannot continue their service with the Applicants unless the Initial Order grants a charge on the Property in the amount of $7.5 million (the "**D&O Charge**").

238. The D&O Charge is proposed to rank fifth in priority on the Property.

239. The D&O Charge will allow the Applicants to continue to benefit from the efforts and knowledge of their directors and officers. The Applicants and the proposed Monitor believe the D&O Charge is reasonable in the circumstances.

H. Intercompany Charge

240. As described above, the Canadian PSG Entities are expected to have positive net cash flows during the first 26 weeks of the CCAA Proceeding. Certain of these monies will be used to fund the deficit expected to be experienced by the U.S. PSG Entities during the first 26 weeks of the CCAA proceedings. To the extent that one or more of the Canadian PSG Entities have cash on hand that could be utilized by other Applicants, the Applicants are seeking authorization to effect intercompany advances secured by a charge (the "**Intercompany Charge**") on the Property of the borrowing Applicant. The provision of an Intercompany Charge will minimize the amounts needed to be borrowed under the DIP Facilities.

241. The Intercompany Charge is proposed to rank sixth on the Property.

I. Ranking of the Court Ordered Charges

242. As mentioned above, each of the DIP Agreements requires issuance of Interim DIP Orders and Final DIP Orders which include Court-ordered charges (the "**Charges**" and each a "**Charge**") on the Property for the DIP Facilities. Under the proposed Initial Order, the Applicants are only seeking the ABL DIP Charge and the Term Loan DIP Charge will only be sought at the Comeback Motion for the Final DIP Orders. The Applicants are also seeking an Administration Charge, D&O Charge and Intercompany Charge in the Initial Order.

243. The Administration Charge is proposed to have first-ranking priority on all the Property. The D&O Charge is to rank in priority to the Intercompany Charge, and both are proposed to rank junior to the Administration Charge, ABL DIP Charge, the Pre-Filing ABL Facility Security and the Pre-Filing Term Loan Security on all the Property. In the Chapter 11 Proceedings, the PSG Entities are seeking liens from the U.S. Court with the same priority scheme as in Canada except for slightly minor difference with respect to the PSG Innovation Collateral and Other Unencumbered Collateral.

244. The full proposed waterfall priority scheme being sought in the Interim DIP Orders is set out at Schedule "1" to this affidavit.

245. The PSG Entities believe the provision of protections to ABL Lenders and Term Loan Lenders, the payment of default rate interest, fees and expenses (including certain reasonable fees and expenses of counsel and financial advisors, as agreed), is reasonable and appropriate under the circumstances. Absent such provisions, the ABL Lenders and Term Loan Lenders likely would not consent to the ranking of the Charges, including the priming of the Pre-Filing ABL Facility Security and Pre-Filing Term Loan Security. Thus, the PSG Entities likely would have been required to litigate with the ABL Lenders and Term Loan Lenders over the imposition of priming Charges, if the above-mentioned protections were not granted. Given the distraction, uncertainty, and costs associated with such a dispute, the PSG Entities believe that the protections agreed to be provided by the PSG Entities to the ABL Lenders and Term Loan Lenders is in the best interest of the PSG Entities and their stakeholders.

J. Retention of Prime Clerk

246. As part of the Chapter 11 Proceedings, the Applicants have retained Prime Clerk LLC ("**Prime Clerk**") as claims and noticing agent. In order to realize efficiencies within the two proceedings, the Applicants propose to use the noticing services of Prime Clerk for the services of all notices and motion materials in these CCAA proceedings.

247. In selecting Prime Clerk, the Applicants solicited proposals from a number of agents. Prime Clerk was determined by U.S. Counsel to the Applicants to provide the most value to the Applicants. A copy of the Prime Clerk engagement letter is attached hereto as Exhibit "N".

248. Any party who advises the Applicants in writing that it prefers to be served via the E-Service Protocol will be served as such going forward.

VIII. COMEBACK MOTION

249. The Applicants intend to return to Court on notice to the service list for a motion (the "**Comeback Motion**") seeking, among other things:

(a) Approval of a Cross Border Protocol;

(b) Approval of the Term Loan DIP Charge;

(c) Amendments to the priority and structure of certain Charges;

(d) A super-priority ranking for the Charges;

(e) Approval of the Stalking Horse Agreement and bidding procedures;

(f) Approval of the Centerview engagement letter, including the success fee contemplated therein;

(g) Approval of the key employee incentive and retention programs; and

(h) Extension of the stay of proceedings established by the proposed Initial Order.

250. Pursuant to the Stalking Horse Agreement, the Applicants are required to serve and file the Comeback Motion materials within two business days of the commencement of the CCAA proceedings, at which point all parties will have the full details and documents relating to the relief sought at the Comeback Motion.

IX. MONITOR

251. Ernst & Young Inc. (**"EY"**) has consented to act as the Court-appointed Monitor (the "**Monitor**") of the PSG Entities, subject to Court approval.

252. EY is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act* as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

253. I am advised by Brian Denega of EY that the proposed Monitor is supportive of the relief being sought in favour of the PSG Entities, including authorization to pay certain pre-filing amounts, approval of the DIP Agreements and approval of the Charges. Mr. Denega has also advised me that the proposed Monitor will be filing a pre-filing Monitor's report in respect of that relief.

SWORN BEFORE ME at the City of Exeter, State of New Hampshire, on October 31, 2016. Kathleen Jewkes Commissioner for Taking Affidavits	MARK VENDETTI

KATHLEEN A. JEWKES, Notary Public
My Commission Expires April 6, 2021

TAB 3

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.	)	MONDAY, THE 21st
	)	
JUSTICE NEWBOULD	)	DAY OF NOVEMBER, 2016

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., 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.

Applicants

STAY EXTENSION ORDER

THIS MOTION, made by Performance Sports Group Ltd. ("**PSG**"), Bauer Hockey Corp., Bauer Hockey Retail Corp., Bauer Performance Sports Uniform 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 Sport Inc., BPS US Holdings Inc., Easton Baseball/Softball Inc., Performance Lacrosse Group Inc., and PSG Innovation Inc. (together, the "**Applicants**") for an order extending the stay of proceedings referred to in the Initial Order of the Honourable Mr. Justice Newbould dated October 31, 2016, to November 30, 2016, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Brian J. Fox sworn November 13, 2016, and the First Report of Ernst & Young Inc. dated November ●, 2016, in its capacity as Monitor of the Applicants (the "**Monitor**"), and on hearing the submissions of counsel for the Applicants, the Monitor and those other parties present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of ●, filed:

EXTENSION OF STAY PERIOD

1. **THIS COURT ORDERS** that the Stay Period referred to in the Initial Order of the Honourable Mr. Justice Newbould dated October 31, 2016, is extended until February 28, 2017.

GENERAL

2. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

____

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

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.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

STAY EXTENSION ORDER

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Lawyers for the Applicants

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

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.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERICAL LIST

Proceeding commenced at Toronto

SUPPLEMENTARY MOTION RECORD
(RETURNABLE NOVEMBER 21, 2016)

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