Court File No. CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

MOTION RECORD OF THE APPLICANTS
(Motion for Approval and Vesting Order and Stay Extension and Priority Order)
(Returnable September 30, 2016)

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

Index

INDEX

Tab		Document
1		Notice of Motion.
2		Draft Approval and Vesting Order.
3		Draft Stay Extension and Priority Order.
4		Affidavit of Robert White sworn September 23, 2016.
	A	Professional Biography of Robert White.
	B	Process Letter.
	C	Purchase Agreement (Redacted).
5		Affidavit of David Roussy sworn September 26, 2016.
	A	DIP Agreement dated September 19, 2016.

1

Court File No. CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

NOTICE OF MOTION
(Motion for Sale Approval Order and Stay Extension and Priority Order)
(Returnable September 30, 2016)

Golf Town Canada Holdings Inc., Golf Town Canada Inc. ("**GT Canada**"), Golf Town GP II Inc., Golf Town Operating Limited Partnership ("**Golf Town LP**") and Golfsmith International Holdings LP (collectively, the "**Golf Town Entities**") will make a motion before a Judge of the Ontario Superior Court of Justice on September 30, 2016 at 10:00 a.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 (the "**Approval and Vesting Order**"), *inter alia*:

    (a) approving the sale of the Golf Town Business (the "**Golf Town Transaction**") to 9918167 Canada Inc. (the "**Purchaser**"), an entity owned by Fairfax Financial Holdings Limited ("**Fairfax**") and certain investment funds managed by CI Investments Inc. ("**CI**") pursuant to a Purchase Agreement dated as of September 14, 2016 (the "**Purchase Agreement**") between GT Canada and Golf Town LP (the "**Vendors**") and the Purchaser;

(b) upon completion of the Golf Town Transaction, vesting the Vendors' right, title and interest in and to the Purchased Assets in the Purchaser, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances;

(c) providing certain protections regarding obligations with respect to any working capital purchase price adjustment that may arise pursuant to the Purchase Agreement;

(d) authorizing and directing the Monitor, on behalf of the Golf Town Entities, to make certain distributions to the DIP Agent and the First Lien Agent from the net proceeds of the Golf Town Transaction; and

(e) ordering the sealing of certain confidential information with respect to the Golf Town Transaction;

2. an Order (the "**Stay Extension and Priority Order**"), *inter alia*:

(a) extending the Stay Period to January 31, 2017; and

(b) ordering that certain Court-ordered Charges rank in priority to certain existing encumbrances over the assets, property and undertaking of the Golf Town Entities on the terms set forth in the Stay Extension and Priority Order; and

3. such further and other relief as this Court deems just.

THE GROUNDS FOR THE MOTION ARE: [1]

1. Golf Town and Golfsmith (collectively, the "**Company**") are leading North American specialty retailers of golf equipment and merchandise. Golf Town operates 55 stores across nine Canadian provinces and Golfsmith operates 109 stores across 29 U.S. states;

---

[1] Capitalized terms used but not otherwise defined herein have the meanings given to them in the affidavit of Robert White sworn September 23, 2016 (the "**White Affidavit**").

2. the Golf Town Entities obtained protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") pursuant to an Order of this Court dated September 14, 2016 (the "**Initial Order**");

3. pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as monitor (the "**Monitor**") of the Golf Town Entities in the CCAA proceedings;

4. at the time of the CCAA application, the Golf Town Entities advised the Court that they would be bringing a motion for approval of the Golf Town Transaction as soon as possible following the granting of the Initial Order;

5. concurrently with the CCAA application, certain Golfsmith entities (the "**U.S. Debtors**") initiated voluntary Chapter 11 proceedings in the United States Bankruptcy Court for the District of Delaware to provide stability while the U.S. Debtors advance and implement a restructuring of the Golfsmith Business (the "**Golfsmith Restructuring**");

6. the Golf Town Transaction is the result of an extensive exploration of strategic alternatives carried out by the Company and its professional advisors to identify recapitalization, restructuring and transaction alternatives to address the financial and operational challenges of the Golf Town Business;

7. the Company, with the assistance of Jefferies LLC, undertook a comprehensive two-phase Sale Process to solicit interest in sale or other restructuring transactions in respect of the Company and its business and assets;

8. following an extensive process and the thorough analysis of available options and alternatives, it was determined, with the advice and assistance of professional advisors, that proceeding with the Golf Town Transaction at this time is in the best interests of the Golf Town Entities and their stakeholders;

9. the Golf Town Transaction provides a going concern solution for the Golf Town Business that will maximize value, provide the Golf Town Business with a sustainable capital structure and retail footprint, and result in the continuation of the Golf Town

Business for the benefit of a broad range of stakeholders, including employees, customers and suppliers;

10. Fairfax and CI, which collectively hold in excess of 40% of the Company's second lien Secured Notes, have entered into a Support Agreement pursuant to which they will support the Golf Town Transaction and the Golfsmith Restructuring on the terms set forth in the Support Agreement;

11. the Golf Town Transaction is a critical component of the overall restructuring solution for the Company and completion of the Golf Town Transaction is a condition to the completion of the Golfsmith Restructuring pursuant to the terms of the Support Agreement;

12. since the granting of the Initial Order, the Golf Town Entities have been working diligently and in good faith to carry out the terms of the Initial Order, finalize the DIP Agreement, manage relationships with key stakeholders, and advance the Golf Town Transaction and the Golfsmith Restructuring;

13. an extension of the CCAA stay of proceedings is appropriate as the Golf Town Entities work to advance and complete the Golf Town Transaction, with a targeted closing date of October 31, 2016, and undertake and complete other wind-down and restructuring activities in respect of the Business;

14. the Golf Town Entities will have sufficient funding to operate to the end of the requested Stay Period, assuming completion of the Golf Town Transaction and continued availability under the DIP Facility;

15. the enhanced priority of the Court-ordered Charges is appropriate in the circumstances and parties that are likely to be affected have received notice of the CCAA proceedings;

16. the sealing of certain confidential information is in the best interests of the Golf Town Entities and their stakeholders;

17. the circumstances that exist make the Approval and Vesting Order and the Stay Extension and Priority Order sought by the Golf Town Entities appropriate;

18. the provisions of the CCAA and this Court's equitable and statutory jurisdiction thereunder;

19. Rules 1.04, 1.05, 2.03, 3.02, 16, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended;

20. Rule 137(2) of the Ontario *Courts of Justice Act*, R.S.O. 1990, c C.43; and

21. 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 this Motion:

1. the White Affidavit;

2. the affidavits of David Roussy sworn September 13, 2016 and September 26, 2016;

3. the Monitor's First Report and Confidential Supplement No. 1 and Confidential Supplement No. 2 to the First Report; and

4. such further and other materials as counsel may advise and this Court may permit.

Date: September 23, 2016

GOODMANS LLP
Barristers & Solicitors
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
Melaney Wagner LSUC#: 44063B
Bradley Wiffen LSUC#: 64279L

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

TO: THE SERVICE LIST

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

Court File No: CV-16-11527-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE AND ARRANGEMENT OF GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

NOTICE OF MOTION
(Motion Returnable September 30, 2016)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234
Lawyers for the Applicants

2

Court File No.: CV-16-11527-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	**FRIDAY, THE 30TH**
	)	
JUSTICE NEWBOULD	)	**DAY OF SEPTEMBER, 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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

APPROVAL AND VESTING ORDER

THIS MOTION, made by Golf Town Canada Holdings Inc., Golf Town Canada Inc., Golf Town GP II Inc. (collectively, the "**Applicants**" and, together with Golfsmith International Holdings LP and Golf Town Operating Limited Partnership, the "**Golf Town Entities**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order (i) approving the sale transaction (the "**Golf Town Transaction**") contemplated by a Purchase Agreement dated as of September 14, 2016 (the "**Purchase Agreement**") between Golf Town Canada Inc. and Golf Town Operating Limited Partnership (together, the "**Vendors**") and 9918167 Canada Inc.; and (ii) vesting in 9918167 Canada Inc. or such other person as 9918167 Canada Inc. may designate with the consent of the Vendors (the "**Purchaser**") all of the Vendors' right, title and interest in and to the Purchased Assets was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Roussy sworn September 13, 2016, the affidavit of Robert White sworn September 23, 2016 (the "**White Affidavit**") and the first report (the "**First Report**") of FTI Consulting Canada Inc. in its capacity as the Court-appointed monitor of the Golf Town Entities (the "**Monitor**") and on hearing the submissions of counsel for the Golf

Town Entities, 9918167 Canada Inc., the First Lien Agent and the DIP Agent, and the Monitor and such other counsel who were present and wished to be heard, and on reading the affidavit of service of Bradley Wiffen sworn September ●, 2016:

1. **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.

2. **THIS COURT ORDERS** that, unless otherwise indicated or defined herein, capitalized terms used in this Order shall have the meanings given to them in the Purchase Agreement.

3. **THIS COURT ORDERS AND DECLARES** that the Golf Town Transaction is hereby approved, and the execution and delivery of the Purchase Agreement by the Vendors is hereby authorized and approved, with such minor amendments to the Purchase Agreement as the Vendors and the Purchaser may agree to with the consent of the Monitor. The Vendors are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Golf Town Transaction and for the conveyance of the Purchased Assets to the Purchaser pursuant to the Purchase Agreement, including, without limitation, the Transition Services Agreement, the Escrow Agreement and any occupancy agreement.

4. **THIS COURT ORDERS** that the Purchase Agreement and any ancillary documents entered into by the Vendors and the Purchaser in connection therewith shall not be repudiated, disclaimed or otherwise compromised in these proceedings.

5. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor's certificate to the Vendors and 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 security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts, or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, rights of distraint, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or

charges created by the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated September 14, 2016 or any other Order of the Court in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**"), provided that the Claims and the Encumbrances referred to herein shall not include Permitted Encumbrances. For greater certainty, this Court orders that all of the Claims and Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

6. **THIS COURT ORDERS** that the Monitor is authorized and directed to undertake and perform such activities and obligations as are contemplated to be undertaken or performed by the Monitor pursuant to this Order or the Purchase Agreement or any ancillary document related thereto, including the Escrow Agreement and the Transaction Services Agreement, and shall incur no liability in connection therewith, save and except for any gross negligence or wilful misconduct on its part.

7. **THIS COURT ORDERS** that: (a) nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of any real property lease; (b) where any real property lease is not, in accordance with its terms, transferrable or assignable to the Purchaser without first obtaining the consent of the applicable landlord, such real property lease shall not be transferred, conveyed, assigned or vested in the Purchaser by operation of this Order, save and except to the extent that the requisite consent has been, or is in the future, obtained from such landlord, or upon further Order of the Court.

8. **THIS COURT ORDERS** that the Vendors and the Monitor are authorized and directed to make any payment to the Purchaser required pursuant to section 2.8(f) of the Purchase Agreement (the "**Working Capital Adjustment Payment**") from the net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**") as and when such Working Capital Adjustment Payment becomes due in accordance with the Purchase Agreement, including from the escrow funds held by the Monitor in accordance with sections 2.5 and 2.8 of the Purchase Agreement and the Escrow Agreement (the "**Escrow Funds**"). The Escrow Funds shall be released in accordance with section 2.8 of the Purchase Agreement and the Escrow Agreement.

9. **THIS COURT ORDERS** that, subject to the terms of the Purchase Agreement, the Vendors are hereby authorized and directed at Closing to reserve, with the consent of the DIP Agent or pursuant to further Order of this Court, such amount, if any, of the Net Proceeds in excess of the Escrow Funds as the Monitor, in consultation with the Vendors and the Purchaser, determines should be reserved in respect of the potential obligation of the Vendors with respect to the Working Capital Adjustment Payment (a "**Reserve**"); and in the event of any disagreement as to the amount or timing of the release of all or any portion of any Reserve established hereunder, then the amount and timing of such release shall be determined by further Order of this Court.

10. **THIS COURT ORDERS** that the Vendors are authorized and directed, with the consent of the Monitor, to release any Reserve or portion thereof or any Escrow Funds that have not been paid to the Purchaser as a Working Capital Adjustment Payment promptly upon the determination that the Working Capital Adjustment Payment has been satisfied or is not payable pursuant to the terms of the Purchase Agreement.

11. **THIS COURT ORDERS** that, subject to the terms of this Order, the Monitor, on behalf of the Golf Town Entities, shall be authorized and directed, without further Order of the Court, to distribute to Antares Capital LP, as DIP Agent and First Lien Agent, from the Net Proceeds following the delivery of the Monitor's Certificate:

(a) forthwith, an amount to be determined by the Monitor to be reasonable after deducting the Escrow Funds, any Reserve and other reasonable reserves determined by the Monitor in its sole discretion to be necessary in connection with these proceedings or the administration of the Golf Town Entities' estate; and

(b) from time to time in its sole discretion, amounts released from any Reserve and the Escrow Funds in accordance with this Order;

in each case free and clear of all Encumbrances other than those in favour of Antares Capital LP, which distributions shall be applied against the indebtedness, liabilities and obligations owing by any of the Golf Town Entities pursuant to the Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement dated as of September 19, 2016 or the Credit Agreement dated as

of July 24, 2014, as amended, provided that nothing in this Order shall impair, limit, derogate from or otherwise affect the right of any Golf Town Entity to assert or claim a right of contribution or subrogation in respect of any amount paid to Antares LP pursuant to this Order.

12. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims and Encumbrances, from and after the delivery of the Monitor's Certificate, the Net Proceeds shall stand in the place and stead of the Purchased Assets and all Claims and Encumbrances shall attach to the Net Proceeds 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, provided that, notwithstanding anything to the contrary in this paragraph, (a) the Working Capital Adjustment Payment shall rank in priority to all other Claims or Encumbrances in respect of the Net Proceeds, and (b) the Claims and Encumbrances shall not attach to any portion of the Reserve or the Escrow Funds that has not been released in favour of the Vendors pursuant to the terms of this Order.

13. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof to the Vendors and the Purchaser.

14. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendors and the Purchaser or their respective counsel regarding the satisfaction of the Purchase Price and the fulfillment of conditions to closing under the Purchase Agreement and shall incur no liability with respect to the delivery of the Monitor's Certificate.

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Vendors are authorized and permitted to disclose and transfer to the Purchaser customer, employee, human resources and payroll information in the Vendors' records. 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 that is consistent with the prior use of such information by the Vendors.

16. **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) (the "**BIA**") 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 entering into of the Purchase Agreement and 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 BIA 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.

17. **THIS COURT ORDERS AND DECLARES** that the Golf Town Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) or any similar legislation in any other province and section 6 of the *Retail Sales Tax Act* (Ontario) or any equivalent or corresponding provision under any other applicable tax legislation.

18. **THIS COURT ORDERS** that the Sellers and the Purchaser are deemed to have obtained clearance certificates as required under the *Tax Administration and Miscellaneous Taxes Act* (Manitoba), the *Revenue and Financial Services Act* (Saskatchewan), and the *Provincial Sales Tax Act* (British Columbia), and the Purchaser shall not be liable for any taxes or penalties based on or in respect of any unpaid taxes of the Vendors pursuant to such statutes.

19. **THIS COURT ORDERS** that each of the Golf Town Entities is authorized, following delivery of the Monitor's Certificate, to execute, deliver and file any document, including, without limitation, any articles of reorganization, required to effect a change of its corporate or partnership name without any requirement to obtain shareholder or partner consent.

20. **THIS COURT ORDERS** that Confidential Supplement No. 1 to the Monitor's First Report be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached

to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

21. **THIS COURT ORDERS** that Confidential Supplement No. 2 to the Monitor's First Report be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order, until delivery of the Monitor's Certificate pursuant to this Order.

22. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or in any other foreign jurisdiction 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 Vendors and the Monitor, as an officer of this Court, as may be necessary or desirable to recognize and give effect to this Order and to assist the Vendors, the Monitor and their respective agents in carrying out the terms of this Order.

____

SCHEDULE A

FORM OF MONITOR'S CERTIFICATE

Court File No.: CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

MONITOR'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated September 14, 2016, FTI Consulting Canada Inc. was appointed as the monitor (the "**Monitor**") of Golf Town Canada Holdings Inc., Golf Town Canada Inc., Golf Town GP II Inc., Golfsmith International Holdings LP and Golf Town Operating Limited Partnership (collectively the "**Golf Town Entities**") in proceedings pursuant to the *Companies' Creditors Arrangement Act* (Canada).

B. Pursuant to an Order of the Court dated September 30, 2016 (the "**Approval and Vesting Order**"), the Court approved the Purchase Agreement dated as of September 14, 2016 (the "**Purchase Agreement**") between Golf Town Canada Inc. and Golf Town Operating Limited Partnership (together, the "**Vendors**") and 9918167 Canada Inc. and provided for the vesting in 9918167 Canada Inc. or such other person as 9918167 Canada Inc. may designate with the consent of the Vendors (the "**Purchaser**") all 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 Vendors and the Purchaser of a certificate confirming (i) the satisfaction of the Purchase Price for the Purchased Assets by the Purchaser in accordance with the Purchase Agreement; (ii) that the conditions to closing as set out in the Purchase Agreement have been satisfied or waived by the Vendors and the Purchaser; and (iii) the Golf Town Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Agreement.

THE MONITOR HEREBY CERTIFIES the following:

1. The Purchaser has satisfied the Purchase Price for the Purchased Assets in accordance with the Purchase Agreement;

2. The conditions to closing as set out in the Purchase Agreement have been satisfied or waived by the Vendors and the Purchaser;

3. The Golf Town Transaction has been completed to the satisfaction of the Monitor; and

4. This Certificate was delivered by the Monitor at ________ ● **[p.m.]** on _______ ●, 2016.

FTI Consulting Canada Inc., in its capacity as Monitor of the Golf Town Entities and not in its personal capacity

Per: ________________________________

Name:

Title:

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

Court File No: CV-16-11527-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

3

Court File No.: CV-16-11527-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	**FRIDAY, THE 30TH**
	)	
JUSTICE NEWBOULD	)	**DAY OF SEPTEMBER, 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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

STAY EXTENSION AND PRIORITY ORDER

THIS MOTION, made by Golf Town Canada Holdings Inc., Golf Town Canada Inc., Golf Town GP II Inc., Golfsmith International Holdings LP and Golf Town Operating Limited Partnership (collectively, the "**Golf Town Entities**"), 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 David Roussy sworn September 13, 2016, the affidavit of David Roussy sworn September 26, 2016, the affidavit of Robert White sworn September 23, 2016 (the "**White Affidavit**"), and the first report (the "**First Report**") of FTI Consulting Canada Inc., in its capacity as monitor of the Golf Town Entities (the "**Monitor**") in the within proceedings, and on hearing the submissions of counsel for the Golf Town Entities, the First Lien Agent and DIP Agent, and the Monitor and such other counsel as were present and wished to be heard:

SERVICE

1. **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.

EXTENSION OF THE STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that the Stay Period, as such term is defined in and used throughout the Order of this Court dated September 14, 2016 (the "**Initial Order**"), be and is hereby extended to and including 11:59 p.m. on January 31, 2017 and that all other terms of the Initial Order shall remain in full force and effect, unamended, except as may be required to give effect to this paragraph or as otherwise provided in this Order.

AMENDMENTS TO THE INITIAL ORDER

3. **THIS COURT ORDERS** that paragraph 53 of the Initial Order shall be deleted in its entirety and replaced with the following:

> "THIS COURT ORDERS that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges, encumbrances and claims of secured creditors, statutory or otherwise (collectively, the "**Encumbrances**") in favour of any Person, notwithstanding the order of perfection or attachment, subject to the following:
>
> (a) any validly perfected security interest evidenced by a registration pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (the "**Secured Claims**"), other than any validly perfected security interest in respect of the Credit Facility and the Secured Notes, shall rank in priority to the Charges;
>
> (b) the Administration Charge, the Priority Directors' Charge and the DIP Lenders' Charge shall rank in priority to any validly perfected security interest in respect of the Credit Facility or the Secured Notes; and

(c) the Directors' Charge, the KEIP Guarantee Charge, the Transition Employee Charge, the Financial Advisor Charge and the Intercompany Charge shall rank subordinate to any validly perfected security interest in respect of the Credit Facility and in priority to any validly perfected security interest in respect of the Secured Notes."

4. **THIS COURT ORDERS** that the following shall be inserted at the end of paragraph 11(d) of the Initial Order:

> ", provided that, notwithstanding anything to the contrary in this paragraph 11, the Golf Town Entities may permanently but not temporarily cease, downsize, or shut down their Business operations in a leased premise and may disclaim the whole, but not part, of a lease agreement with respect to a leased premise;"

5. **THIS COURT ORDERS** that paragraph 17 of the Initial Order shall be deleted in its entirety and replaced with the following:

> "THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Golf Town Entities except with the written consent of the Golf Town Entities and the Monitor, or leave of this Court."

RECOGNITION AND ASSISTANCE

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, or in any other foreign jurisdiction, to give effect to this Order and to assist the Golf Town Entities, 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 Golf Town Entities 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 Golf Town Entities and the Monitor and their respective agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

____

Court File No: CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

STAY EXTENSION AND PRIORITY ORDER

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

4

Court File No. CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

AFFIDAVIT OF ROBERT WHITE
(sworn September 23, 2016)

I, Robert White, of the City of Rye, in the State of New York, MAKE OATH AND SAY:

1. I am a Managing Director in the Global Financial Advisory Group at Jefferies LLC ("**Jefferies**") and have served in that capacity since 2013. Jefferies was engaged by Golf Town and Golfsmith (collectively, the "**Company**") in June 2016 to assist the Company in its ongoing review of strategic alternatives and to undertake a comprehensive sale process (the "**Sale Process**") to solicit interest in sale or other restructuring transactions in respect of the Company and its business and assets. As such, I have personal knowledge of the Company and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. On September 14, 2016, Golf Town Canada Holdings Inc., Golf Town Canada Inc. ("**GT Canada**") and Golf Town GP II Inc. (collectively, the "**Applicants**") sought and obtained an Order of this Court (the "**Initial Order**") providing creditor protection to the Applicants under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The protections and authorizations in the Initial Order were also extended to Golfsmith International Holdings LP ("**Holdings LP**") and Golf Town Operating Limited Partnership ("**Golf Town LP**" and, together with the Applicants and Holdings LP, the "**Golf Town Entities**"). Pursuant to the Initial Order, FTI Consulting Canada Inc. ("**FTI**") was appointed as monitor (the "**Monitor**") of the Golf Town Entities in the CCAA proceedings.

3. At the time of the CCAA application, the Golf Town Entities advised the Court that they would be bringing a motion (the "**Sale Approval Motion**") as soon as possible following the granting of the Initial Order seeking approval of the sale of the Golf Town Business (the "**Golf Town Transaction**") to 9918167 Canada Inc. (the "**Purchaser**"), an entity owned by Fairfax Financial Holdings Limited ("**Fairfax**") and certain investment funds managed by CI Investments Inc. ("**CI**"). This affidavit is sworn in support of the Sale Approval Motion and related relief.

4. Concurrently with the CCAA application, certain Golfsmith entities (the "**U.S. Debtors**") initiated voluntary Chapter 11 proceedings in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") to provide stability to the Golfsmith Business while the U.S. Debtors advance and implement a restructuring of the Golfsmith Business (the "**Golfsmith Restructuring**"). Fairfax and CI, which collectively hold in excess of 40% of the Company's second lien Secured Notes, have entered into a Support Agreement pursuant to which they and

other Secured Noteholders that enter into the Support Agreement (collectively, the "**Supporting Noteholders**") will support the Golf Town Transaction and the Golfsmith Restructuring on the terms set forth in the Support Agreement.

5. Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in the affidavit of David Roussy sworn September 13, 2016 (the "**Roussy Affidavit**") or the Purchase Agreement.

6. In connection with the Sale Approval Motion, the Golf Town Entities are seeking an Order (the "**Approval and Vesting Order**"), among other things:

(a) approving the Golf Town Transaction pursuant to the Purchase Agreement dated as of September 14, 2016 (the "**Purchase Agreement**") between GT Canada and Golf Town LP (together, the "**Vendors**") and the Purchaser and authorizing the Vendors to complete the Golf Town Transaction;

(b) upon completion of the Golf Town Transaction in accordance with the terms of the Purchase Agreement, vesting the Vendors' right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement) in the Purchaser, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances;

(c) providing certain protections to ensure that the Escrow Funds (as defined below) and the net proceeds of the Golf Town Transaction are available to satisfy the obligations of the Vendors and the Purchaser with respect to any working capital purchase price adjustment that may arise pursuant to the Purchase Agreement;

(d) authorizing and directing the Monitor, on behalf of the Golf Town Entities, to make certain distributions to the DIP Agent and the First Lien Agent from the net proceeds of the Golf Town Transaction; and

(e) ordering the sealing of certain confidential commercial information with respect to the Golf Town Transaction.

7. The Golf Town Transaction is the result of an extensive exploration of strategic alternatives carried out by the Company and its professional advisors in recent years to address the financial and operational challenges of the Business. The Company has actively pursued recapitalization, restructuring and transaction alternatives with a view to maximizing value for the benefit of stakeholders and positioning the Golf Town Business for enhanced financial performance. As described in this affidavit, this process has included a comprehensive Sale Process, undertaken by the Company with the assistance of Jefferies, to identify, develop and implement one or more strategic transactions in respect of the Company and its Business.

8. Following an extensive process and the thorough analysis of available options and alternatives, the Company, with the advice and assistance of its professional advisors, has determined that proceeding with the Golf Town Transaction at this time is in the best interests of the Golf Town Entities and their stakeholders.

9. The Golf Town Transaction provides a going concern solution for the Golf Town Business that will maximize value, provide the Golf Town Business with a sustainable capital structure and retail footprint, and result in the continuation of the Golf Town Business for the benefit of a broad range of stakeholders, including employees, customers and suppliers. The

Golf Town Transaction will result in the acquisition of substantially all of the assets of the Golf Town Business and the continued operation of a majority of Golf Town's retail locations by an entity backed by leading Canadian asset management firms.

10. The Golf Town Transaction is a critical component of the overall restructuring solution for the Company and its completion is a condition to the completion of the Golfsmith Restructuring pursuant to the terms of the Support Agreement. Completion of the Golf Town Transaction will enable the Company to significantly reduce its leverage and interest costs while it advances and implements the Golfsmith Restructuring or another value-maximizing alternative transaction in connection with Golfsmith's Chapter 11 proceedings.

11. Accordingly, the Golf Town Entities are seeking the Approval and Vesting Order to enable them to advance and complete the Golf Town Transaction on an expedited basis, which will provide the Golf Town Business with stability and a right-sized capital structure and operating footprint moving forward.

I. BACKGROUND

12. The Company is a leading specialty retailer of golf equipment, consumables, apparel and accessories in North America. The Company operates through an extensive retail store network and direct-to-consumer channels. Golf Town, the Company's Canada-based business, operates 55 stores across nine Canadian provinces. Golfsmith, the Company's U.S.-based business, operates 109 stores across 29 U.S. states. The Company's retail stores offer a full range of golf-related merchandise, service and activities.

13. As more fully described in the Roussy Affidavit, the Company has experienced financial and operational challenges as a result of its leveraged capital structure and weakness in the golf industry and broader economy. These challenges have made it difficult for the Company to maintain sufficient liquidity to support and grow the Business. The Company's capital structure and working capital requirements cannot be supported by current operating performance.

14. The Company, with the assistance of its professional advisors, has made significant efforts over a number of years to explore and advance operational and strategic alternatives to identify business enhancements, address its liquidity challenges, deleverage its balance sheet and position the business for future growth (the "**Operational and Strategic Review**"). As described in the Roussy Affidavit, the Operational and Strategic Review has included:

(a) the engagement of Alvarez & Marsal North America LLC (together with its affiliates, "**A&M**") in 2014 to assist the Company in performing a review of possible business enhancements and cost reduction initiatives, developing and improving controls for forecasting and monitoring cashflows, and strengthening stakeholder communications;

(b) the transition to a new senior leadership team in 2015 and development and implementation of the Company's "Next Generation Strategy" to capitalize on market opportunities;

(c) the engagement of A&M in 2016 to assist the Company in an in-depth review of the Company's business, operations, financial outlook and strategic alternatives, including a comprehensive review of the Company's retail store network

analysing, among other things, operating performance, lease and occupancy costs on a store-by-store basis, and attractiveness and significance of local golf markets;

(d) the exploration of various restructuring and recapitalization initiatives for the Business, including the development and advancement of potential restructuring and recapitalization alternatives with certain of the Company's key stakeholders in an effort to deleverage the Company's balance sheet, enhance its liquidity, and position it for improved financial performance; and

(e) the engagement of Jefferies to assist the Company in its ongoing review of strategic alternatives and to undertake the Sale Process.

15. The Operational and Strategic Review and the other actions taken by the Company to address its financial and operational challenges are described in greater detail in the Roussy Affidavit.

II. JEFFERIES LLC

16. In June 2016, the Company engaged Jefferies to provide investment banking and financial advisory services to the Company and to conduct a Sale Process to identify potential sale or other restructuring transactions in respect of the Company and its Business.

17. Jefferies is a global investment banking firm, with operations in all facets of corporate finance, mergers and acquisitions, restructurings and recapitalizations, debt and equity capital markets, investment research and investment management. In the last 12 months, Jefferies has completed nearly 400 merger and acquisition, restructuring and financing transactions totalling more than US$220 billion in value. Jefferies has extensive experience in connection with

restructuring and recapitalization transactions and in providing investment banking services to retail industry clients.

18. I have supervised a team of professionals at Jefferies as part of our engagement to undertake the Sale Process and to assist the Company in the identification and analysis of strategic alternatives. The Jefferies' engagement team includes professionals from both Jefferies' financial advisory group and retail group. Attached as Exhibit "A" to this affidavit is a copy of my professional biography.

III. THE SALE PROCESS

19. Upon being engaged by the Company in June 2016, Jefferies commenced extensive preparatory work for the Sale Process in close consultation with the Company's senior management, legal counsel and A&M. During this period, Jefferies developed a teaser document describing the Company and its Business and highlighting potential transaction opportunities. Jefferies also undertook a comprehensive assessment of the Company and its Business, together with the Company and A&M, to identify potential purchasers that might be interested in considering an acquisition or investment transaction in respect of the Golf Town Business and/or the Golfsmith Business.

20. The Sale Process was structured as a two-phase process. The first phase of the Sale Process ("**Phase 1**") involved contacting potential purchasers, initial due diligence and the receipt by the Company of non-binding initial indications of interest ("**Indications of Interest**") by July 20, 2016 (the "**Phase 1 Bid Deadline**"). The second phase of the Sale Process ("**Phase 2**") involved additional due diligence, site visits, management presentations, advisor and principal discussions and the submission of final bids in the form of binding definitive

documentation by August 25, 2016, which date was subsequently extended to August 29, 2016 on notice to potential bidders (the "**Phase 2 Bid Deadline**"). Attached as Exhibit "B" to this affidavit is the process letter (the "**Process Letter**") dated July 1, 2016 provided to participants in Phase 1 of the Sale Process, which contained an overview of the Sale Process and instructions with respect to the submission and required content of Indications of Interest and final bids. The Process Letter indicated to potential purchasers that the Company would consider potential transactions in respect of all or part of the Company and its business and assets and Jefferies communicated to potential purchasers the willingness of the Company to consider transactions in respect of the Golf Town Business and the Golfsmith Business on a consolidated or standalone basis.

21. The Company, with the assistance of Jefferies and its other professional advisors, provided regular updates on the Sale Process to the board of directors of Golfsmith International Holdings GP ("**Holdings GP**"), which provides strategic direction for both Golf Town and Golfsmith. FTI, which became involved with the Company in August 2016 as the proposed Monitor in the event a CCAA filing became necessary, was provided with regular updates with respect to the Sale Process and the potential transactions being advanced by various parties. The First Lien Agent under the Credit Facility was also provided with periodic updates as the Sale Process advanced and prior to the execution of the Purchase Agreement.

22. I understand that the Monitor will provide its views on the Sale Process and the Golf Town Transaction in the Monitors' First Report to be filed in connection with the Sale Approval Motion.

A. Phase 1 of the Sale Process

23. Phase 1 of the Sale Process was formally commenced on June 13, 2016. During Phase 1, Jefferies contacted 214 potential buyers – comprised of 37 potential strategic buyers and 177 potential financial buyers located in Canada, the United States and elsewhere – to describe the transaction opportunity and to encourage them to participate in the Sale Process. Sixty-seven parties ultimately entered into non-disclosure agreements to receive confidential information with respect to the Company. Parties that executed non-disclosure agreements were provided with the teaser document and the Process Letter and were given access to a confidential data site containing non-public information regarding the Company and the Business.

24. The Company and Jefferies worked diligently with potential purchasers throughout Phase 1 of the Sale Process to respond to inquiries, discuss the Business and the acquisition opportunity, and to otherwise ensure that prospective purchasers had the information necessary to formulate an Indication of Interest in respect of a potential transaction involving Golf Town and/or Golfsmith.

25. As of the Phase 1 Bid Deadline, the Company received twelve Indications of Interest in respect of the Business, which included Indications of Interest for transactions involving the consolidated Business, as well as Indications of Interest for transactions involving either the Golf Town Business or the Golfsmith Business on a standalone basis. All of the Indications of Interest, with the exception of one bid, contemplated going concern transactions with respect to the relevant business.

B. Phase 2 of the Sale Process

26. The Company, with the assistance of Jefferies, A&M and its legal advisors, undertook an extensive review of the Indications of Interest received in Phase 1 of the Sale Process. After considering, among other things, the amount and form of consideration, transaction structure, timing, conditionality and feasibility in connection with other potential transactions, it was determined that seven of the parties that had submitted Indications of Interest would be invited to participate in Phase 2 of the Sale Process (the "**Phase 2 Participants**") and that the Indications of Interest submitted by the five other parties contained valuations that did not warrant advancing further discussions with such parties. Jefferies advised each of the parties that had submitted Indications of Interest whether or not they would be advancing to Phase 2 of the Sale Process. An updated Process Letter was also provided to Phase 2 Participants.

27. Phase 2 Participants were given access to an expanded data room, which contained, among other things, detailed operational, human resources, legal, customer and supplier information in respect of the Company and the Business. A management presentation was also developed and delivered by the Company's senior management to provide Phase 2 Participants with in-depth information regarding, among other things, the Company's corporate strategy, operations, financial condition, and industry opportunities and challenges. Phase 2 of the Sale Process also involved more extensive due diligence, site visits, and detailed discussions between the Company, the Phase 2 Participants and their respective advisors.

28. Following the initial management presentations, Phase 2 Participants conducted detailed due diligence, including reviewing materials in the Company's data room, making additional information requests and participating in further meetings with the Company's management and

Jefferies. Certain of the Phase 2 Participants also engaged advisors to assist in their evaluation of the Company's Business and prospects and the formulation of their final bids.

29. Throughout Phase 2 of the Sale Process, the Company, Jefferies and the Company's other professional advisors continued to work diligently with the Phase 2 Participants to respond to information requests and inquires and to otherwise provide the Phase 2 Participants with the information necessary to formulate their final bids. For purposes of the submission of final bids, Phase 2 Participants were provided with three forms of asset purchase agreement relating to transactions in respect of the Golf Town Business, the Golfsmith Business and the consolidated Business.

30. At the conclusion of Phase 2 of the Sale Process on August 29, 2016, the Company received multiple bids, including for the Golf Town Business, the Golfsmith Business and both businesses on a consolidated basis. The bids were made up of both final bids and some further indications of interest. The final bid submitted by the Purchaser for the Golf Town Business also indicated the interest of Fairfax and CI in separately advancing and finalizing arrangements with respect to the Golfsmith Restructuring.

31. The Company, with the assistance of Jefferies, A&M and legal counsel, reviewed the final bids and indications of interest received in connection with Phase 2 of the Sale Process. Following this review, the Company or the Company's advisors had in-person meetings with prospective purchasers, including another significant Phase 2 bidder for the Golf Town Business, to discuss the structure and terms of their respective bids and, given the multiple competitive bids in respect of the Golf Town Business, such prospective purchasers were encouraged to consider enhancing the economics and other terms of their bids. The Company and its advisors

continued to work with the prospective purchasers to respond to inquiries and to address various aspects of the proposed transactions.

32. The Purchaser and another significant bidder with respect to the Golf Town Business subsequently provided the Company with updated final bids in respect of the Golf Town Business on September 8, 2016 and September 9, 2016, respectively. The other significant bidder for the Golf Town Business had completed significant due diligence and business review activities and was in a position to enter into a binding agreement with the Golf Town Entities.

33. A party that had submitted a non-binding indication of interest for the purchase of the consolidated Business subsequently provided the Company with an updated indication of interest on September 9, 2016. To date, none of the parties that submitted non-binding indications of interest in connection with Phase 2 of the Sale Process have submitted binding transaction documentation capable of acceptance by the Company.

34. I understand that a summary of the final bids and indications of interest with respect to the Golf Town Business will be provided to the Court in a confidential supplement to the Monitor's First Report ("**Confidential Supplement No. 1**"). The Golf Town Entities are requesting that this Court seal Confidential Supplement No. 1 until further Order of the Court as it contains highly confidential information with respect to the terms of the Golf Town Transaction and the other bids advanced with respect to the Golf Town Business, the disclosure of which could affect the interests of the Golf Town Entities and their stakeholders.

35. The board of directors of Holdings GP (the "**Board**") was provided with frequent updates by management, Jefferies and the Company's legal and financial advisors throughout the Sale

Process. At a series of Board meetings held during and following Phase 2 of the Sale Process, the Board, with the assistance of the Company's professional advisors, received updates with respect to the Sale Process, considered the transaction and restructuring options available to the Company and reviewed the various final bids, indications of interest and other transaction documents submitted or developed in connection with Phase 2 of the Sale Process.

36. At a meeting of the Board held on September 13, 2016, the directors of Holdings GP, with the assistance of Jefferies and the Company's other legal and financial advisors, reviewed the final bids, indications of interest and restructuring alternatives and documents based on relevant factors, including valuation (including amount, timing and certainty), transaction structure, due diligence requirements, timing and certainty of closing, conditionality, impact on stakeholders, and the identity of the submitting party and its capability to implement the proposed transaction. Potential transactions were also assessed for their interaction and feasibility with other bids and restructuring options in respect of the Company.

37. Following an extensive review and discussion process, the Board, with the advice and assistance of its professional advisors and in the exercise of its business judgment, determined that the Company should proceed with the sale of the Golf Town Business to the Purchaser and enter into the Support Agreement with the Supporting Noteholders to advance and implement the Golfsmith Restructuring as the best available options in the circumstances.

38. Following the Board's determination, Fairfax and CI were notified that the Company was prepared to proceed with the Golf Town Transaction and the Golfsmith Restructuring and the parties finalized and executed the Purchase Agreement and the Support Agreement.

39. As a result of an extensive review of strategic options and the completion of the comprehensive Sale Process, the Golf Town Entities believe that the Golf Town Transaction represents the best available alternative for Golf Town and its stakeholders. The Golf Town Transaction will result in the going concern sale of substantially all of the assets of the Golf Town Business and is expected to result in the continued operation of a majority of Golf Town's existing retail locations. The Golf Town Transaction will benefit a broad range of Golf Town's stakeholders, including suppliers, employees and customers. In addition, the Golf Town Transaction is a critical component of a broader overall solution for the Company that, if implemented, will result in a financial and operational restructuring of the Golfsmith Business.

IV. THE GOLF TOWN TRANSACTION AND THE PURCHASE AGREEMENT

40. The terms of the Golf Town Transaction are set forth in the Purchase Agreement between the Vendors and the Purchaser, a partially redacted copy of which is attached hereto as Exhibit "C". An unredacted copy of the Purchase Agreement will be provided to the Court in a confidential supplement to the Monitor's First Report ("**Confidential Supplement No. 2**"). The Purchase Agreement contains sensitive commercial information that, if disclosed before closing of the Golf Town Transaction, could adversely impact the interests of the Golf Town Entities and their stakeholders. Accordingly, the Golf Town Entities are requesting that this Court order that Confidential Supplement No. 2 be sealed pending the completion of the Golf Town Transaction.

41. The material terms of the Golf Town Transaction, which are more fully set out in the Purchase Agreement, are summarized as follows:

(a) the Purchaser will be a newly-incorporated entity owned by Fairfax and CI;

(b) the Purchaser will acquire certain assets of the Golf Town Business (the "**Purchased Assets**") in exchange for (i) all-cash consideration consisting of a fixed component and a variable component determined based on certain financial adjustments, and (ii) the assumption of the Assumed Liabilities;

(c) the Purchased Assets include:

(i) the leases (the "**Assumed Real Property Leases**") for certain of Golf Town's store locations (the "**Leased Locations**") and certain of Golf Town's contracts and agreements (the "**Assumed Contracts**"), in each case as determined by the Purchaser on or prior to October 26, 2016. The purchase price is unaffected by the number of Assumed Real Property Leases or other Assumed Contracts ultimately assigned to the Purchasers;

(ii) inventory, supplies and other tangible personal property of the Golf Town Business, wherever located (including at Leased Locations or Excluded Locations);

(iii) certain accounts receivable and customer deposits in respect of the Golf Town Business;

(iv) cash floats and petty cash located at the Leased Locations at Closing;

(v) prepaid expenses and deposits in respect of the Purchased Assets; and

(vi) Golf Town's right, interest and benefits in intellectual property used exclusively in the Golf Town Business;

(d) the Purchased Assets include certain assets of the U.S. Debtors that are utilized in the Golf Town Business, to be transferred to the Vendors prior to Closing;

(e) except as expressly set forth in the Purchase Agreement, the Purchased Assets are purchased on an "as is, where is" basis;

(f) the Purchaser will assume certain obligations of the Golf Town Business, including:

   (i) certain obligations in respect of Assumed Real Property Leases and Assumed Contracts in respect of the post-Closing period;

   (ii) gift cards obligations;

   (iii) obligations in respect of employees that accept the Purchaser's offer of employment; and

   (iv) Golf Town's product and service warranty claims;

(g) the Purchaser will make an offer of employment to the Vendors' employees at the Leased Locations and may make offers to certain other employees at Golf Town's head office and Excluded Locations, in each case effective as of the Closing Date and on substantially similar terms and conditions of employment in the aggregate as in effect immediately prior to the Closing;

(h) completion of the transaction is subject to certain closing conditions, including:

   (i) Court approval of the Golf Town Transaction;

(ii) the assignment of Material Contracts, including Assumed Real Property Leases, through third-party consents or an Order of this Court (the "**Assignment Order**");

(iii) the execution of a transition services agreement between the Purchaser and the applicable Golfsmith and Golf Town entities (the "**Transition Services Agreement**") providing for:

(A) the provision by the Company to the Purchaser of post-Closing shared services and a right to use software and information technology systems used in the operation of the Golf Town Business, at no additional cost to the Purchaser, for a one year term following Closing (which term is subject to certain extensions at the option of the Purchaser on pricing terms set out in the Purchase Agreement); and

(B) the occupancy by the Purchaser, for a maximum period of up to 60 days post-Closing (the "**Post-Closing Occupancy Period**"), of certain premises used in the Golf Town Business (the "**Occupied Premises**") that are not acquired or assumed by the Purchaser at Closing, provided that the Purchaser shall be responsible for all cost and expenses associated with such occupancy during the Post-Closing Occupancy Period;

(iv) the approval of the Transition Services Agreement in connection with the Chapter 11 proceedings; and

(v) the receipt of necessary regulatory approvals, including approval pursuant to the *Competition Act* (Canada);

(i) the transaction is expected to close by October 31, 2016.[1] If the transaction does not close by October 31, 2016, the Purchase Agreement provides for an effective closing date of October 31, 2016 (the "**Effective Closing Date**") and for an increase to the purchase price to take into account the net operating costs of the Golf Town Business from and after the Effective Closing Date. The purchase price adjustment in favour of the Vendors is determined by reference to, among other things, specified occupancy costs, inventory and supply purchases, human resources costs, taxes and amounts payable in respect of Assumed Contracts, less gross cash receipts from the sale of inventory and supplies, the collection of accounts receivable and the sale of gift cards; and

(j) the Purchaser shall remove all Purchased Assets from Excluded Locations within 30 days following Closing, provided that the Purchaser shall have until the end of the Post-Closing Occupancy Period to remove Purchased Assets from the Occupied Premises.

42. The Purchase Agreement contains a purchase price adjustment in the event that the Final Working Capital of the Golf Town Business as at the Closing Date or the Effective Closing Date,

[1] The Purchase Agreement has a "sunset date" of December 1, 2016.

as applicable, is outside of a range specified in the Purchase Agreement. Pursuant to the Purchase Agreement, a portion of the purchase price (the "**Escrow Funds**") will be held in escrow by the Monitor pending the calculation of Final Working Capital in accordance with the Purchase Agreement. If Final Working Capital exceeds the maximum of the specified range, the Escrow Funds will be released to the Vendors and the Purchaser will make a payment to the Vendors equal to the amount by which Final Working Capital exceeds the maximum of the specified range; if Final Working Capital is within the specified range, the Escrow Funds will be released to the Vendors; and if Final Working Capital is less than the minimum of the specified range, the Escrow Funds will be released to the Purchaser to the extent of the deficiency, and any remaining deficiency that exceeds the amount of the Escrow Funds must be repaid to the Purchaser from the net proceeds of the Golf Town Transaction.

43. The Approval and Vesting Order contains provisions to ensure that the Escrow Funds and adequate reserves from the net proceeds of the Golf Town Transaction are available to satisfy the obligations of the parties with respect to the working capital purchase price adjustment in the Purchase Agreement. The Approval and Vesting Order also authorizes and directs the Monitor to make certain distributions on behalf of the Golf Town Entities to the DIP Agent and the First Lien Agent, subject to the holdback of reasonable reserves, as determined by the Monitor, in connection with these CCAA proceedings and the administration of the Golf Town Entities' estate.

44. The Vendors and the Purchaser are working to finalize the terms of the Transition Services Agreement, the Escrow Agreement, and other ancillary agreements in connection with the Golf Town Transaction. The U.S. Debtors will be seeking approval of the Transition

Services Agreement in the Chapter 11 proceedings and the Golf Town Entities will seek the assistance of this Court as necessary with respect to any ancillary matters.

45. I am also informed by Melaney Wagner of Goodmans LLP that the milestones in the DIP Agreement require:

(a) approval of the Golf Town Transaction by this Court on or before September 30, 2016;

(b) consummation of the Golf Town Transaction by October 31, 2016; and

(c) on or before October 21, 2016, the Golf Town Entities shall have obtained the consents of all applicable counterparties to all Assumed Contracts and Assumed Real Property Leases to be assigned to the Purchaser pursuant to the Purchase Agreement, or alternatively shall have filed a motion, returnable not later than October 28, 2016, for an Assignment Order approving the assignment of Assumed Real Property Leases and other Assumed Contracts for which counterparty consents have not been obtained.

Accordingly, the Golf Town Entities intend to bring a motion seeking an Assignment Order on or before October 28, 2016 to the extent necessary to effectuate any required assignments. As the Purchaser has until October 26, 2016 pursuant to the Purchase Agreement to designate the Assumed Real Property Leases and other Assumed Contracts, the scope of required counterparty consents is not known with certainty at this time. I understand that it is the Purchaser's intention to discuss potential assignment arrangements with relevant stakeholders in order to reduce or eliminate the need for an Assignment Order.

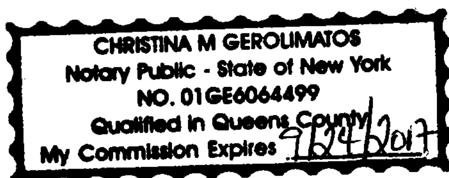
V. CONCLUSION

46. The Golf Town Entities and their professional advisors have extensively considered and explored a wide variety of strategic alternatives over an extended period to achieve a transaction that addresses the financial and operational challenges of the Golf Town Business. In connection with this process, the Company conducted a comprehensive two-phase Sale Process that generated significant interest and resulted in multiple competitive offers involving the purchase of the Golf Town Business.

47. In connection with this process, the Golf Town Entities, with the advice and assistance of their professional advisors, have determined that the Golf Town Transaction is the best available alternative for the Golf Town Business and that completion of the Golf Town Transaction is in the best interests of the Golf Town Entities and their stakeholders. The Golf Town Transaction is a going concern outcome for the Golf Town Business that will provide the Golf Town Business with a sustainable capital structure and retail footprint, maximize and preserve value, and facilitate an overall solution for the Company for the benefit of a broad range of stakeholders, including employees, suppliers and customers.

48. I swear this affidavit in support of the Sale Approval Motion and for no improper purpose.

SWORN before me at the City of New York, in the State of New York, on September 23, 2016.	
Christina M. Gerolimatos	Robert White
A Commissioner for taking affidavits	Robert White


CHRISTINA M GEROLIMATOS
Notary Public - State of New York
NO. 01GE6064499
Qualified in Queens County
My Commission Expires 9/24/2017

A

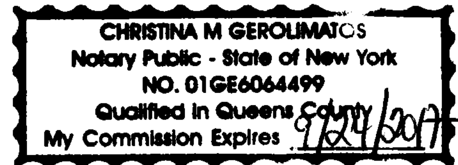
THIS IS EXHIBIT "A"

TO THE AFFIDAVIT OF ROBERT WHITE

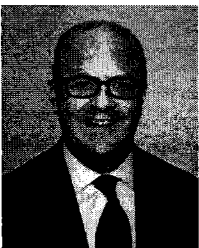
SWORN BEFORE ME ON THE 23rd DAY OF SEPTEMBER, 2016.

Christina M. Gerolimatos

Commissioner for Taking Affidavits



Global Restructuring & Recapitalization Senior Banker Expertise

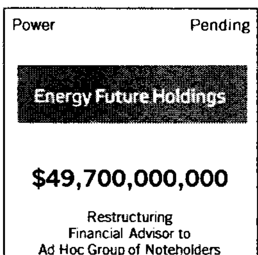


Robert White
Managing Director
Restructuring & Recapitalization
New York, NY
Office: +1 212 284 2542
Cell: +1 917 356 4512
rwhite@Jefferies.com

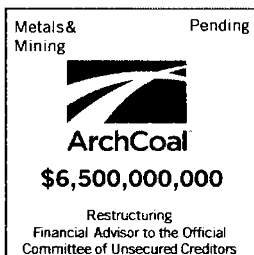
- 16 years experience working in investment banking
- 7 years at Jefferies LLC
- 1 year at a Fintech Advisory Inc. as a Senior Distressed Debt Analyst
- 1 year at Barclays Capital's Distressed Debt trading desk as a Director
- 7 years at Chanin Capital Partners where he was a Senior Vice President specializing in restructuring advisory services
- Mr. White has completed over 30 recapitalization and restructuring transactions. Mr. White's recent restructuring transaction experience includes Accuride Corp., Arch Coal, Brookstone, Blockbuster Inc., Extended Stay Hotels, Energy Future Holdings, Fairpoint Communications, Forbes Energy, The Great Atlantic and Pacific Tea Company, Kodak, Reddy Ice, Spansion Inc., White Energy and Wolverine Tube
- Mr. White has been recognized by The Deal as a leading restructuring advisor
- Expert testimony experience includes Accuride, Arch Coal, Kodak
- MBA from Boston University and a Bachelor of Arts, with honors, in History and Economics from Allegheny College

Selected Transactions Executed by Robert White

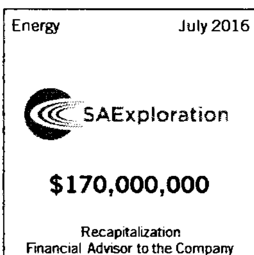
Power — Pending
Energy Future Holdings
$49,700,000,000
Restructuring
Financial Advisor to
Ad Hoc Group of Noteholders

Metals & Mining — Pending


$6,500,000,000
Restructuring
Financial Advisor to the Official
Committee of Unsecured Creditors

Energy — July 2016


$170,000,000
Recapitalization
Financial Advisor to the Company

Industrials — October 2014


$5,148,000,000
Restructuring
Financial Advisor to the Official
Committee of Unsecured Creditors

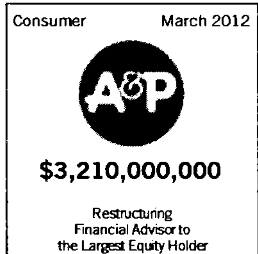
Consumer — July 2014
Brookstone
$188,000,000
Restructuring
Financial Advisor to the Company

TMT — September 2013
Kodak
$4,625,000,000
Restructuring
Financial Advisor to Official
Committee of Unsecured Creditors

Consumer — May 2012
Reddy Ice
$500,000,000
Restructuring
Financial Advisor to the Company

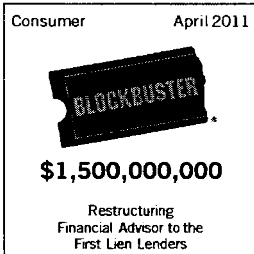
Consumer — April 2012
DS Waters
$900,000,000
Restructuring
Financial Advisor to Company

Consumer — March 2012
A&P
$3,210,000,000
Restructuring
Financial Advisor to
the Largest Equity Holder

Energy — July 2011


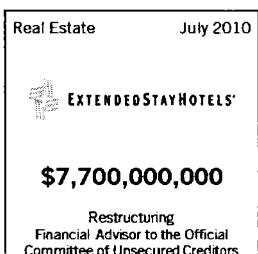
$300,000,000
Restructuring
Financial Advisor to the Company

Consumer — April 2011
BLOCKBUSTER
$1,500,000,000
Restructuring
Financial Advisor to the
First Lien Lenders

TMT — January 2011


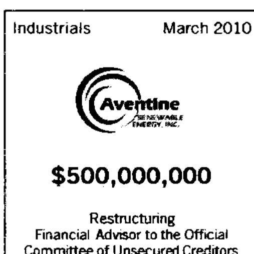
$3,300,000,000
Restructuring
Financial Advisor to the Official
Committee of Unsecured Creditors

Real Estate — July 2010
EXTENDED STAY HOTELS
$7,700,000,000
Restructuring
Financial Advisor to the Official
Committee of Unsecured Creditors

TMT — May 2010


$2,400,000,000
Restructuring
Financial Advisor to the Equity Holders

Industrials — March 2010
Aventine
$500,000,000
Restructuring
Financial Advisor to the Official
Committee of Unsecured Creditors

Industrials — February 2010


$847,000,000
Restructuring
Financial Advisor to the Official
Committee of Equity Holders

Note: Includes transactions in which the banker participated while at former employers.

B

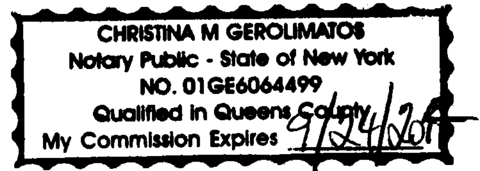
THIS IS EXHIBIT "B"

TO THE AFFIDAVIT OF ROBERT WHITE

SWORN BEFORE ME ON THE 23rd DAY OF SEPTEMBER, 2016.

Christina M. Gerolimatos

Commissioner for Taking Affidavits



Jefferies

Jefferies LLC

520 Madison Avenue
New York, NY 10022
tel 212.284.2300
Jefferies.com

July 1, 2016

STRICTLY PRIVATE AND CONFIDENTIAL

TO: All Process Participants

RE: Golfsmith International Holdings, Inc. and Golf Town Canada Inc.

Thank you for your interest in Golfsmith International Holdings, Inc. ("**Golfsmith**") and Golf Town Canada Inc. ("**Golf Town**" and, together with Golfsmith and their respective affiliates, the "**Company**") and pursuing a potential transaction involving all or part of the Company and its business and assets (a "**Transaction**"). On behalf of the Company, we are sending you this letter to review the process and timetable that has been established for the Transaction.

Background

The Company is the largest specialty retailer of golf equipment, consumables, athletic apparel and accessories in North America. The Company operates 109 stores across 29 U.S. states under the Golfsmith banner and operates 56 stores across 9 Canadian provinces under the Golf Town banner.

The Company was formed through the acquisition of Golf Town in 2007 and subsequent merger between Golf Town and Golfsmith in 2012. At its peak in 2013, the Company generated Net Sales of $786 million and Adjusted EBITDA of $41 million, representing an Adjusted EBITDA margin of 5%.

Beginning in 2014, the Company encountered a number of headwinds which led to lower financial results. David Roussy was appointed CEO in June 2015 and significantly strengthened the management team with new hires across finance, store operations and human resources. The new team has developed the Company's "next generation strategy" leveraging core, highly profitable, small format stores to return the Company to growth and profitability.

To ensure that the value of the Company is maximized, Jefferies LLC ("**Jefferies**") has been retained as its investment banker to oversee a marketing process in respect of the Company in accordance with the process set out in this letter.

Process Overview

We are pleased to invite you to participate in this process and to provide you with the following guidelines to assist with your formulation of a proposal. Please note that following key dates and deadlines:

- **July 20, 2016 (5:00 pm Eastern time)** – deadline (the "**First Phase Bid Deadline**") for submission of (i) non-binding initial indications of interest (the "**Initial Indications**") and (ii) accompanied requests to schedule management presentations ("**Management Presentations**")

- **July 22 – 28, 2016** – dates during which the Company will schedule Management Presentations with Selected Bidders.

- **August 25, 2016 (5:00 pm Eastern time)** – deadline for submission of Second Phase Bids (the "**Second Phase Bid Deadline**").

Upon entering into a non-disclosure agreement with the Company, potential bidders wishing to conduct due diligence concerning the proposed Transaction shall be granted access to relevant information regarding the business of the Company reasonably necessary to enable a potential bidder to evaluate the proposed Transaction via access to confidential information in the Company's dataroom (the "**Dataroom**"). The Dataroom is intended to provide you with sufficient information upon which to formulate your Initial Indication due **July 20, 2016 (5:00 pm Eastern time)**. Further, Jefferies will be available to consult with interested parties prior to the submission of Initial Indications to clarify information and procedures and to answer questions.

Jefferies

On or prior to the First Phase Bid Deadline, potential bidders interested in pursuing a Transaction shall submit an Initial Indication providing an overview of a proposed Transaction, which Initial Indication:

- Identifies the potential bidder and any members of its investor group, and provides satisfactory evidence of the financial and other capabilities of the potential bidder and its investor group.
- Describes the material terms of the proposed Transaction, including (collectively, the "**Material Terms**"):
    - total consideration and the form of consideration;
    - a specific indication of the expected structure and financing of the proposed Transaction;
    - a description of the entities, business and assets that are the subject of the proposed Transaction;
    - a description of the potential bidder's intentions for the assets and/or business subject to the proposed Transaction and the treatment of stakeholders in connection therewith; and
    - any other terms and conditions that may be material to the Transaction.
- Describes any additional due diligence required to be completed during the Second Phase of the process.

Following a review of Initial Indications received on or prior to the First Phase Bid Deadline, the Company, in consultation with Jefferies, anticipates selecting a targeted group of interested parties (the "**Selected Bidders**") to proceed to a second phase of the process (the "**Second Phase**").Selected Bidders will be provided an opportunity to visit the Company's facilities and to participate in Management Presentations to receive detailed information regarding the Company's corporate strategy, operations, growth prospects and financial information. It is our intention to give Selected Bidders access to information related to the Company that is typically requested for the purpose of completing final round due diligence. Representatives of the Company and Jefferies will participate in all Second Phase meetings and will be available to respond to questions and issues as they arise. Accordingly, we expect that Selected Bidders will have representatives of their financing sources and financial advisors present at all Management Presentations and site visits.

Selected Bidders will be asked to submit their final bid and a mark-up of relevant Transaction documentation to be provided by the Company (the "**Final Documents**", and together with the "**Initial Indications**", the "**Documents**") prior to **5:00 pm Eastern Time on August 25, 2016**.All Documents should be delivered to:

Golfsmith International Holdings, Inc. and Golf Town Canada Inc.
c/o Jefferies LLC
520 Madison Avenue, 6th Floor
New York, NY, 10022
Facsimile: (646) 786-5822
Attention: Robert White
Email: rwhite@Jefferies.com

and with a copy to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON
Facsimile : (416) 979-1234
Attention : Robert Chadwick / Melaney Wagner
Email : rchadwick@goodmans.ca / mwagner@goodmans.ca

Qualified Bids

The Company will review all Final Documents, in consultation with Jefferies, to determine, in their sole discretion, whether a particular Bid received in the Second Phase constitutes a "**Qualified Bid**" (the party submitting such Qualified Bid being a "**Qualified Bidder**"). In order for a Bid to be considered as a basis for a Transaction, it must be a Qualified Bid. Among other things, a Bid will be considered as a Qualified Bid only if the Bid:

- Is submitted on or prior to the Second Phase Bid Deadline in the form of a legally binding agreement, fully executed by the Qualified Bidder in a clean copy.
- Is irrevocable until the earlier of (a) the selection of a Successful Bid (as defined below) pertaining to the business and assets to which the Qualified Bid relates, and (b) 28 days following the Second Phase Bid Deadline.
- Provides evidence of all required internal approvals, including approval of the boards of directors of the Selected Bidder and its financing sources (as applicable).
- Is structured on an "as is, where is" basis.
- Identifies the Qualified Bidder and any members of its investor group, if applicable, and provides evidence of a firm, irrevocable commitment of financing or other satisfactory evidence of the financial and other capabilities of the Qualified Bidder and its investor group, if applicable, to consummate a Transaction.
- Is not subject to any conditions, representations, or terms that the Company determines to be unacceptable.
- Describes with specificity the Material Terms of the proposed Transaction.
- Is not conditional on any diligence, financing or other contingencies.
- Contains such other information as may be reasonably requested by the Company, in consultation with Jefferies, and communicated to Selected Bidders.
- Is accompanied by a written commitment to provide a deposit to the Company in an amount equal to 10% of the consideration payable in respect of the proposed Transaction within two (2) business days of being notified that the Qualified Bid has been selected as a Successful Bid.

Evaluation of Qualified Bids and Subsequent Actions

The Company, in consultation with Jefferies, will evaluate the Qualified Bids. Following such review, the Company may designate one or more Qualified Bids as a successful bid (a "**Successful Bid**") and take such steps as may be necessary to finalize definitive Final Documents with respect to such Successful Bid(s) and/or continue negotiations with one or more Qualified Bidders with a view to finalizing acceptable terms of a Transaction with respect to any entities, business or assets that are not the subject of a Successful Bid.

The Company and its advisors reserve the right to negotiate with one or more prospective acquirers at any time, to enter into a definitive agreement with respect to a Transaction at any time, or to determine not to proceed with any Transaction, without prior notice to or approval of any recipient of this letter. The Company reserves the right to terminate, at any time, and for any reason, further participation in the process by any party and to modify any other procedures it establishes without assigning any reason therefore. The Company and its advisors also expressly reserve the right, in their sole discretion, to amend or modify in any manner the guidelines and procedures set forth in this letter, including the right to change any date herein.

Jefferies

All inquiries concerning the Company or the Transaction process contemplated herein should be directed to the following individuals at Jefferies:

Jefferies LLC
520 Madison Avenue
New York, NY 10022

Global Retail Group		Global Financial Advisory Group	
Steven Tricarico Managing Director (704) 943-7420 stricarico@jefferies.com	**Chris Vossen** Vice President (704) 943-7427 cvossen@jefferies.com	**Robert White** Managing Director (212) 284-2542 rwhite@Jefferies.com	**Sandeep Patel** Vice President (646) 805-5456 spatel@jefferies.com
Timothy Zepp Associate (704) 943-7432 tzepp@jefferies.com	**Garrett Stalker** Analyst (704) 943-7463 gstalker@jefferies.com	**Joseph Castiner** Associate (917) 344-1876 jcastiner@jefferies.com	**Joseph Jurbala** Analyst (212) 444-4297 jjurbala@jefferies.com

C

THIS IS EXHIBIT "C"

TO THE AFFIDAVIT OF ROBERT WHITE

SWORN BEFORE ME ON THE 23rd DAY OF SEPTEMBER, 2016.

Christina M. Gerolimatos

Commissioner for Taking Affidavits

CHRISTINA M GEROLIMATOS
Notary Public - State of New York
NO. 01GE6064499
Qualified in Queens County
My Commission Expires 9/24/2017

PURCHASE AGREEMENT

GOLF TOWN CANADA INC. and
GOLF TOWN OPERATING LIMITED PARTNERSHIP

as the Sellers

- and -

A CORPORATION TO BE INCORPORATED

as the Buyer

Made as of September 14, 2016

TABLE OF CONTENTS

ARTICLE 1 – INTERPRETATION 1
1.1 Definitions 1
1.2 Schedules 12
1.3 Statutes 12
1.4 Headings and Table of Contents 12
1.5 Interpretations 12
1.6 Currency 12
1.7 Knowledge 12
1.8 Invalidity of Provisions 12
1.9 Entire Agreement 13
1.10 Waiver, Amendment 13
1.11 Governing Law, Jurisdiction and Venue 13

ARTICLE 2 – PURCHASE AND SALE 13
2.1 Purchased Assets 13
2.2 Excluded Assets 15
2.3 Material Contracts, Assumed Contracts and Assumed Real Property Leases Schedules 16
2.4 As is, Where is 16
2.5 Purchase Price and Payment 17
2.6 Prepaid Rent Statement 18
2.7 Post-Effective Closing Date Estimate 18
2.8 Post-Closing Working Capital Adjustment 18
2.9 Post-Effective Closing Date Adjustment 19
2.10 Purchase Price Allocation 20
2.11 Tax Matters 20

ARTICLE 3 – ASSUMED LIABILITIES AND EXCLUDED LIABILITIES 22
3.1 Assumed Liabilities 22
3.2 Excluded Liabilities 23
3.3 Assumption of Contractual and Real Property Leases Liabilities 24

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES OF THE SELLERS 25
4.1 Corporate Power 25
4.2 Residence of the Sellers 25
4.3 Absence of Conflicts 25
4.4 Due Authorization and Enforceability of Obligations 25
4.5 Approvals and Consents 26
4.6 Compliance with Laws 26
4.7 Litigation 26
4.8 Title to the Purchased Assets 26
4.9 Assumed Real Property Leases 26
4.10 Assumed Contracts 27
4.11 Environmental Matters 27
4.12 Taxes 27
4.13 Employees 27
4.14 Employee Benefits 28
4.15 No Other Representations and Warranties 28

ARTICLE 5 – REPRESENTATIONS AND WARRANTIES OF THE BUYER 28
5.1 Corporate Power 28
5.2 Residence of the Buyer 28
5.3 Absence of Conflicts 28
5.4 Due Authorization and Enforceability of Obligations 29
5.5 Approvals and Consents 29
5.6 HST Legislation 29
5.7 Litigation 29
5.8 Financing and Solvency 29
5.9 Regulatory 29
5.10 Informed and Sophisticated Buyer 29
5.11 Diligence 30
5.12 No Brokers 30
5.13 No Other Representations and Warranties. 30

ARTICLE 6 – CONDITIONS AND OTHER AGREEMENTS 30
6.1 Conduct Prior to Closing 30
6.2 CCAA Proceedings 31
6.3 Exclusivity 32
6.4 Possession of Purchased Assets; Expenses for Removal 32
6.5 Access to Information 33
6.6 Competition Act 34
6.7 Software and Technology 35
6.8 Transition Services Agreement 35
6.9 Conditions for the Benefit of the Buyer 36
6.10 Conditions for the Benefit of the Sellers 37
6.11 Mutual Conditions 37
6.12 No Frustration of Closing Condition 38

ARTICLE 7 – CLOSING 38
7.1 Date, Time and Place of Closing 38
7.2 Sellers Deliverables at Closing 38
7.3 Buyer Deliverables at Closing 39

ARTICLE 8 – EMPLOYEES 39
8.1 Employees 39
8.2 Employee Liability 41

ARTICLE 9 – TERMINATION 42
9.1 Termination 42
9.2 Effect of Termination 42

ARTICLE 10 – GENERAL MATTERS 42
10.1 Further Assurances 42
10.2 Third Party Beneficiaries 43
10.3 Confidentiality 43
10.4 Return and Destruction of Confidential Information 44
10.5 Privacy Laws 45
10.6 Excluded Marks 45
10.7 Survival 46
10.8 Non-Recourse 46
10.9 Expenses 46
10.10 Time of the Essence 47

10.11 Successors and Assigns 47
10.12 Notices 47
10.13 Specific Performance 48
10.14 Counterparts, Facsimile Signatures 48

PURCHASE AGREEMENT

THIS AGREEMENT is made as of September 14, 2016

BETWEEN:

GOLF TOWN CANADA INC. and GOLF TOWN OPERATING LIMITED PARTNERSHIP, a corporation organized under the laws of Canada and a limited partnership formed under the laws of the Province of Ontario, respectively (each, a "**Seller**" and together, the "**Sellers**")

- and -

FAIRFAX FINANCIAL HOLDINGS LIMITED, in trust for a corporation to be incorporated under the laws of Canada (the "**Buyer**")

RECITALS:

A. Among other things, the Sellers own and operate one of the largest specialty retailers of golf equipment, consumables, athletic apparel and accessories in Canada.

B. The Sellers have agreed to sell, convey, assign, transfer and deliver to the Buyer, and the Buyer has agreed to purchase, acquire, assume and accept from the Sellers, substantially all of Sellers' respective assets used exclusively in connection with, and certain liabilities and obligations of, the Canadian Business, on the terms and subject to the conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged and confirmed), the Parties agree as follows:

ARTICLE 1– INTERPRETATION

1.1 Definitions

In this Agreement,

(a) "**Additional Indemnitees**" means, with respect to any Party, its directors, officers and employees;

(b) "**affiliate**" has the same meaning as "**affiliate**" under National Instrument 45-106 – *Registration and Prospectus Exemptions*;

(c) "**Agreement**" means this purchase agreement and all Exhibits and Schedules attached hereto, in each case as the same may be supplemented, amended, restated or replaced from time to time; and the expressions "**Article**", "**Section**", "**Schedule**" and "**Exhibit**" followed by a number or letter mean and refer to the specified Article, Section, Schedule or Exhibit of this Agreement;

(d) "**Applicable Law**" means any U.S. or Canadian statute, law (including the common law), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or licence of any Governmental Authority, that applies in whole or in part to the Transaction, the Sellers, the Buyer or any of the Purchased Assets;

(e) "**Assumed Contracts**" has the meaning given to it in Section 2.1(c);

(f) "**Assumed Liabilities**" has the meaning given to it in Section 3.1;

(g) "**Assumed Real Property Leases**" has the meaning given to it in Section 2.1(a);

(h) "**Authorizations**" means, with respect to any Person, any order, permit, approval, waiver, license or similar authorization of any Governmental Authority having jurisdiction over the Person;

(i) "**Bank Security**" means Encumbrances against (among other things) the Purchased Assets granted by the Sellers to Antares Capital LP (as successor to General Electric Capital Corporation), as Agent for all Lenders pursuant to the Loan Agreements;

(j) "**Base Purchase Price**" has the meaning given to it in Section 2.5(a);

(k) "**Boards**" means the boards of directors of each of the Sellers, as constituted from time to time;

(l) "**Business Day**" means any day of the year on which national banking institutions in Toronto, Ontario are open to the public for conducting business and are not required or authorized by Applicable Law to close;

(m) "**Buyer**" has the meaning given to it in the preamble to this Agreement;

(n) "**Canadian Business**" means the Sellers' business of owning and operating in Canada one of the largest specialty retailers of golf equipment, consumables, athletic apparel and accessories in Canada including all on-line and e-commerce matters in Canada relating thereto. For greater certainty, the Canadian Business excludes any part of the Sellers' respective business, rights, benefits, undertakings, assets, properties and operations (including on-line and e-commerce matters) that are not used exclusively for the Sellers' operations and business in Canada, including the U.S. Business;

(o) "**CCAA**" means the *Companies' Creditors Arrangement Act*;

(p) "**CCAA Assignment Order**" means an order or orders of the CCAA Court pursuant to Section 11.3 and other applicable provisions of the CCAA authorizing and approving the assignment of any Assumed Contract for which a consent, approval or waiver necessary for the assignment of such Assumed Contract has not been obtained;

(q) "**CCAA Court**" means the Ontario Superior Court of Justice (Commercial List);

(r) "**CCAA Proceedings**" means proceedings that may be commenced by the Sellers under the CCAA pursuant to the Initial CCAA Order;

(s) "**Closing**" means the completion of the Transaction pursuant to the terms and conditions of this Agreement at the time set forth in Section 7.1 (including, as applicable, pursuant to the CCAA Proceedings) and of all other transactions contemplated by this Agreement (or, as applicable, the CCAA Proceedings) that are to occur concurrently with the sale and purchase of the Purchased Assets;

(t) "**Closing Date**" means the first Business Day following the first date by which all of the conditions in Section 6.11 have been satisfied or waived, or such other date as may be agreed upon by the Parties hereto, provided that such date shall not be earlier than October 31, 2016 without the consent of the Buyer;

(u) "**Commercially Reasonable Efforts**" means the efforts that a reasonably prudent Person who desires to complete the Transaction on commercially reasonable terms would use in similar circumstances without the necessity of, directly or indirectly, assuming or incurring any material obligations or paying or committing to pay any material amounts to an unrelated Person;

(v) "**Commissioner**" means the Commissioner of Competition appointed pursuant to the Competition Act or a Person designated or authorized pursuant to the Competition Act to exercise and perform the duties of the Commissioner of Competition;

(w) "**Competition Act**" means the *Competition Act,* R.S.C. 1985, c. C-34, as amended;

(x) "**Competition Act Approval**" means that:

(i) the Commissioner has issued an advance ruling certificate pursuant to Section 102 of the Competition Act in respect of the Transaction;

(ii) the requirement for the Competition Act Notification has been waived by the Commissioner pursuant to paragraph 113(c) of the Competition Act, and the Commissioner has notified the Parties that the Commissioner does not, at that time, intend to make an application before the Competition Tribunal under Part VIII of the Competition Act in respect of the Transaction; or

(iii) (A) the applicable waiting period under Subsection 123(1) of the Competition Act has expired or been waived pursuant to Subsection 123(2) of the Competition Act, and (B) the Commissioner has notified the Parties that the Commissioner does not, at that time, intend to make an application under Section 92 of the Competition Act in respect of the Transaction.

(y) "**Competition Act Notification**" means notification of the Transaction pursuant to Section 114 of the Competition Act.

(z) "**Competition Tribunal**" shall have the meaning ascribed to the term 'tribunal' in Section 2 of the *Competition Tribunal Act* (Canada).

(aa) "**Confidential Information**" means information concerning a Seller, its affiliates and/or its and their respective businesses, operations, finances and affairs that is or has been disclosed by a Seller, its affiliates or any of their respective Representatives to the Buyer, its affiliates or any of their respective Representatives in connection with the Transaction, the proposed transactions of the Sellers and their affiliates concerning their assets, business, properties and/or operations outside Canada, this Agreement or the Transition Services Agreement, including the existence of, the terms and conditions of, or the status of the Transaction, any such other proposed transaction, this Agreement or the Transition Services Agreement, or any other facts pertaining to any of them, any information about identifiable individuals or any other information relating to a Seller, its affiliates and/or its and their respective businesses, operations, finances and affairs, associates, customers, suppliers, partners, investors, employees and consultants, and includes all data, reports, analyses, compilations, forecasts, records and other material (in whatever form maintained) that contain or otherwise reflect any such information, as well as all notes, analyses, compilations, studies, interpretations or other documents prepared by the Buyer, its affiliates or any of their respective Representatives that contain, reflect or are based upon, in whole or in part, any such information. Notwithstanding the foregoing, "**Confidential Information**" does not include information that the Buyer can demonstrate that: (A) is or becomes readily available to the public other than as a result of disclosure by the Buyer, its affiliates or any of their respective Representatives; (B) is received by the Buyer from an independent third party that obtained it lawfully and was under no duty of confidentiality; (C) has been in the possession of the Buyer on a non-confidential basis prior to the disclosure of such information by the Sellers or their Representatives; (D) was independently developed by the Buyer without use or reference of any Confidential Information; or (E) is disclosed pursuant to Applicable Laws or a valid and enforceable order of a court or other Governmental Authority having

jurisdiction over the Buyer *provided that* (other than in respect of disclosure by the Sellers pursuant to applicable securities laws) the Buyer shall, to the extent possible, first promptly notify the Sellers in writing of such requirement and fully cooperate with respect to any reasonable steps possible to further protect Confidential Information;

(bb) "**Contract**" means any contract, agreement, lease, sublease, license, sublicense, sales order, purchase order, instrument, or other commitment, whether written or oral, that is binding on any Person or any part of its property under Applicable Law;

(cc) "**Court Approvals**" means the issuance of the Initial CCAA Order, an approval and vesting order in respect of the Transaction by the CCAA Court and, as applicable, CCAA Assignment Orders by the CCAA Court in respect of one or more Assumed Contracts in the CCAA Proceedings, each such order in form and substance satisfactory to the Buyer and the Sellers acting reasonably;

(dd) "**Cure Costs**" means, in respect of any Assumed Contract, all amounts owing as at the Closing Date by the Sellers or an affiliate thereof pursuant to such Assumed Contract and all amounts required to be paid to cure any monetary defaults thereunder, if any, required to effect an assignment thereof from a Seller to the Buyer and/or to obtain any Third Party Consent and/or, as applicable, pursuant to any CCAA Assignment Order, together with any fee or other monetary concession approved by the Buyer and granted in connection with obtaining any of Third Party Consent or CCAA Assignment Order for any Assumed Contract, including all administrative fees and counsel fees of the counterparties required to be paid to obtain such Third Party Consent or CCAA Assignment Order;

(ee) "**Deposit**" has the meaning given to it in Section 2.5(a);

(ff) "**Deposit Amount**" has the meaning given to it in Section 2.5(b);

(gg) "**Disclosed Personal Information**" has the meaning given to it in Section 10.5(b);

(hh) "**Effective Closing Date**" means October 31, 2016;

(ii) "**Employee Plans**" means all oral and written employee benefit, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, executive compensation, current or deferred compensation, incentive or performance compensation, savings, severance or termination pay, retirement, supplementary retirement, registered or unregistered retirement savings, hospitalization insurance, salary continuation, legal, health or other medical, dental, life, disability or other insurance (whether insured or self-insured) plan, program, policy, agreement, practice, undertaking or arrangement, and every other oral or written benefit plan, program, policy, agreement, practice, undertaking or arrangement sponsored, maintained or contributed to or required to be contributed to by a Seller for the benefit of the current or former directors, officers, employees, contractors, consultants of any Seller in respect of the Canadian Business and/or their respective dependants or beneficiaries, by which a Seller is bound or with respect to which a Seller participates or has any actual or potential liability, other than statutory benefit plans which a Seller is required to participate in or comply with, including the Canada Pension Plans and plans administered pursuant to applicable health tax, workplace safety insurance and employment insurance legislation;

(jj) "**Encumbrance**" means any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind;

(kk) "**Escrow Agreement**" means an escrow agreement between the Sellers, the Buyer and the Monitor, as escrow agent, pursuant to which the Monitor agrees to hold [redacted] of the Base Purchase Price in escrow until the Final Working Capital is agreed upon by the Parties or is determined by the arbitrator, as applicable, and, thereupon, the Monitor agrees pursuant to such escrow agreement to pay to the Buyer from the amount in escrow the amount due to the Buyer, if any, pursuant to Section 2.8(f), such escrow agreement to be in form and substance satisfactory to the Sellers, the Buyer and the Monitor, each acting reasonably;

(ll) "**Environmental Laws**" means all Applicable Laws relating to the protection, preservation and remediation of the environment (including the *Canadian Environmental Protection Act, 1999*) or health and safety;

(mm) "**Excluded Assets**" has the meaning given to it in Section 2.2;

(nn) "**Excluded Liabilities**" has the meaning given to it in Section 3.2;

(oo) "**Excluded Marks**" means other than "**Golf Town**" and Intellectual Property which makes use of such phrase and any variations or derivatives thereof (excluding "Golf"), all trademarks, trade names, business names and all other similar Intellectual Property of the Sellers, including (as "**Excluded Marks**") any variations and derivatives of any one or more of them, as well as anything confusingly similar to any one or more of them, together with all direct and indirect rights, benefits and interests of a Seller or any of its affiliates in respect of, in relation to, or in connection with, any such mark;

(pp) "**Final Working Capital**" has the meaning given to it in Section 2.8(a);

(qq) "**Final Working Capital Statement**" has the meaning given to it in Section 2.8(a);

(rr) "**Governmental Authority**" means: (i) any federal, provincial, municipal, local or other governmental or public department, court, commission, board, bureau, agency or instrumentality; (ii) any subdivision or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of or in lieu of any of the above;

(ss) "**HST**" means harmonized sales tax payable under the HST Legislation;

(tt) "**HST Legislation**" means the *Excise Tax Act* (Canada) and other Applicable Laws in Canada (or any province thereof) giving rise to the requirement to pay harmonized sales tax;

(uu) "**Improvements**" means all plants, buildings, structures, systems, fixtures, erections and improvements located on, over, under or upon, the Leased Locations;

(vv) "**Indemnified Losses**" means all claims, liabilities, obligations, damages, awards, assessments, settlement amounts, penalties, fines, judgments, losses, costs, charges and expenses, but for greater certainty, excluding in all cases any and all indirect, incidental, consequential, punitive, exemplary and special damages (including, as exclusions, loss of future revenue or income, business interruption, cost of capital or loss of business reputation or opportunity or diminution in value);

(ww) "**Indenture**" means the indenture dated as of July 24, 2012 among Golf Town Canada Inc. and Golfsmith International Holdings, Inc., as issuers, the guarantors party thereto, BNY Trust Company of Canada and The Bank of New York Mellon, as Trustee and Canadian Collateral Agent and U.S. Collateral Agent, respectively, as amended, modified, restated and supplemented from time to time;

(xx) "**Initial CCAA Order**" means an order that may be granted or issued by the CCAA Court granting protection to the Sellers pursuant to the CCAA;

(yy) "**Intellectual Property**" means any domestic and foreign (i) trademarks, trade names, business names, brand names, service marks, copyrights, trade secrets, industrial designs, inventions, patents, formulas, processes, know-how, technology and related goodwill, (ii) issued patents, continuations in part, divisional applications or analogous rights therefor, (iii) telephone and facsimile numbers, domain name registrations, website names, world wide web addresses and social media accounts, (iv) all right, title and benefit to any and all consents, whether express or implied, granted in accordance with or pursuant to *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act*, the *Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada)* (commonly known as "**Canada's Anti-Spam Law**" or "**CASL**"), and (v) any applications or registrations of any of the foregoing, in each case whether registered or not, as well as all other intellectual property rights in the foregoing;

(zz) "**Interim Period**" means the period between the date hereof and the Closing Date;

(aaa) "**Inventory and Supplies**" has the meaning given to it in Section 2.1(d);

(bbb) "**Leased Locations**" means those premises occupied by the Canadian Business that are listed in Schedule 2.1(a) by reference to their respective municipal addresses;

(ccc) "**Loan Agreements**" means, collectively, (A) the Loan Agreement dated as of July 24, 2012 among the borrowers and lenders party thereto and Antares Capital LP (as successor to General Electric Capital Corporation), as Agent, as amended, modified, restated, replaced and supplemented from time to time and (B) any debtor-in-possession credit agreement provided by the lenders of the loan agreement referenced in (A);

(ddd) "**Material Adverse Effect**" means:

(i) with respect to the Buyer, any result, occurrence, fact, state of facts, event, circumstance, condition, change or effect which has, or would reasonably be expected to have, a material adverse effect on the Buyer or on the ability of the Buyer to perform its obligations under this Agreement or to consummate the Transaction on a timely basis; and

(ii) with respect to the Sellers, the Canadian Business and the Purchased Assets, any result, occurrence, fact, state of facts, event, circumstance, condition, change, or effect which is, or would reasonably be expected to be, materially adverse to the business, assets, liabilities, operations, condition (financial or otherwise) and operations of the Sellers, the Canadian Business and the Purchased Assets, in each case taken as a whole, or, with respect to the Sellers only, any change or effect having, or which would reasonably be expected to have, a material adverse effect on the ability of the Sellers to perform their obligations under this Agreement or to consummate the Transaction on a timely basis,

provided that none of the following, other than solely in the case of clauses (vi) and (vii) below, which apply only with respect to clause (ii) above (or any result, occurrence, fact, state of facts, event, circumstance, condition, change or effect resulting from, in connection with or attributable to any of them) will, in each case, be deemed to constitute

a "**Material Adverse Effect**" or be considered in determining whether a "**Material Adverse Effect**" has occurred:

(iii) any failure by a Seller, the Purchased Assets or the Canadian Business (or any part thereof) to meet any projections or forecasts or revenue or earnings predictions, and any reasonable business decisions made with respect thereto;

(iv) any potential or pendency of one of more of the Sellers and their respective affiliates being or becoming insolvent, committing any voluntary act of bankruptcy, voluntarily proposing any compromise or arrangement or taking any voluntary proceeding with respect thereto (including pursuant to the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), Title 11 or Title 15 of the United States Code 11 U.S.C. §§101-1532 or any other similar or equivalent Applicable Law, as well as any action approved by or motion made before, the CCAA Court or another court of competent jurisdiction in connection with any such proceeding);

(v) any natural disaster, force majeure event or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof;

(vi) conditions generally affecting (I) an industry or specific market in which a Seller participates or (II) the Canadian and/or the U.S. economy as a whole;

(vii) general economic or political conditions or in national or global financing or capital markets in general;

(viii) the execution, delivery, announcement or pendency of this Agreement or any other commitment, agreement or arrangement that may be agreed to and/or entered into by the Sellers to effect the Transaction (including pursuant to the CCAA Proceedings), the consummation of the Transaction (including pursuant to the CCAA Proceedings), compliance with the terms of, or the taking of any action or omission required by, this Agreement or any such other agreements or arrangements or in connection with the Transaction (including pursuant to the CCAA Proceedings), or the taking of any action or omission requested, required or approved in writing by or on behalf of the Buyer;

(ix) any change in applicable accounting requirements or principles, Applicable Laws or Authorizations (including those forming part of the Purchased Assets) or the interpretation thereof by any Governmental Authority; and

(x) with respect to the Sellers, the Canadian Business and the Purchased Assets only, any act or omission of the Buyer or any of its affiliates or any of their respective directors, officers, partners, shareholders, employees, agents, advisors or other Representatives, including any communication, action or omission by the Buyer of its plans or intentions (including in respect of the Sellers Employees) with respect to a Seller, the Transaction, the Implementation Proceedings or any part thereof or any of the Purchased Assets;

(eee) "**Material Contracts**" means the Assumed Contracts listed in Schedule 1.1(eee) (as may be amended by the Buyer by deleting any Contract therefrom pursuant to and in accordance with Section 2.3);

(fff) "**Monitor**" means the monitor appointed pursuant to the CCAA Proceedings;

(ggg) "**Note Security**" means Encumbrances against (among other things) the Purchased Assets granted by the Sellers to BNY Trust Company of Canada and The Bank of New York Mellon, as Trustee, pursuant to the Indenture;

(hhh) "**Ordinary Course**" means, with respect to an action taken or omitted to be taken by a Person, that such action is reasonably practicable and generally consistent with the past practices of the Person having regard to the transactions contemplated by this Agreement and, as applicable, the CCAA Proceedings;

(iii) "**Other Transactions**" means one or more merger, amalgamation, share exchange, business combination, take-over bid, sale, transfer, assignment or other disposition of the Purchased Assets or any asset of a Seller which could pursuant to the terms of this Agreement become a Purchased Asset, recapitalization, credit or other debt financing, reorganization, liquidation, sale or issuance of a material number of treasury securities or rights or interests therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction involving any Seller or any of their respective affiliates with any Person(s) other than the Buyer, in each case limited solely to the extent for, of or with respect to all or any part of the Canadian Business;

(jjj) "**Parties**" means the Sellers and the Buyer, and "**Party**" means any of them;

(kkk) "**PECD Estimate**" has the meaning given to it in Section 2.7;

(lll) "**PECD Statement**" has the meaning given to it in Section 2.9(a);

(mmm) "**Permitted Encumbrances**" means:

(i) Encumbrances or privileges reserved to, vested in or in favour of any Person by (a) any Applicable Law or (b) the terms of any Authorization, that affects any lands or premises, to amend or terminate any such Authorization or to require annual or other periodic payments or other requirements as a condition to the continuance or effect thereof;

(ii) Encumbrances for Taxes, assessments or governmental charges and Encumbrances in favour of a Governmental Authority arising by (a) Applicable Law or (b) operation of Applicable Law and which relate to or secure obligations, in each case not at the time due and delinquent (or which may be paid without interest or penalties) or the validity or amount of which is being contested in good faith by appropriate proceedings;

(iii) covenants, conditions, restrictions, easements and other imperfections or irregularities or similar matters affecting title to the Leased Locations which would not have a material adverse effect on the Leased Locations;

(iv) any subsisting reservations, limitations, provisions and conditions contained in any original grants from the Crown of any land or interests therein, reservations of undersurface rights to mines and minerals of any kind including rights to coal, petroleum and minerals of any kind, including rights to enter, prospect and remove the same, and statutory exceptions, qualifications or limitations to the title;

(v) Encumbrances associated with, and financing statements evidencing, the rights of equipment or other capital lessors under equipment contracts or other capital lease arrangements forming part of the Purchased Assets in and to the equipment or other capital assets which are subject to such Assumed Contracts;

(vi) permits, licenses, zoning, entitlement and other land use regulations, agreements, arrangements, easements, restrictions, reservations, restrictive covenants, conditions, rights-of-way, public ways, rights in the nature of an easement and other similar rights in land of, granted to or reserved by other Persons (including, without in any way limiting the generality of the foregoing, permits, licenses, agreements, easements, subdivisions, development, site plan, zoning, rights-of-way, sidewalks, public ways, as well as rights in the nature of easements or servitudes for sewers, drains, gas and water mains or electric light and power or telephone and telegraph conduits, poles, wires and cables), which would not reasonably be expected to have a Material Adverse Effect for the purposes for which the Leased Locations are held or used;

(vii) all matters that are disclosed (whether or not subsequently endorsed over) in any title policies issued in connection with the Leased Locations to the extent such policies have been made available to the Buyer and any plans or surveys to the extent such policies and copies of such surveys and exception documents have been made available to Buyer;

(viii) all matters as would be disclosed on current title reports or surveys and that would not reasonably be expected to have a material adverse effect on a Leased Location;

(ix) any Encumbrances against the interest of the landlord or sub-landlord at a Leased Location;

(x) any Encumbrances granted under the Assumed Contracts including any leases or subleases;

(xi) any Encumbrance to be released on or prior to the Closing; and

(xii) any amendment, supplement, replacement, extension or renewal of any of the foregoing from time to time;

(nnn) "**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, co-operative, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

(ooo) "**Personal Property Leases**" means a personal or movable property lease, equipment lease, conditional or instalment sale contract and other similar agreement relating to any Purchased Equipment to which a Seller is a party or under which it has rights to use any Purchased Equipment;

(ppp) "**Post-Effective Closing Date Adjustment**" means the net operating costs of the Canadian Business for the period from and including the Effective Closing Date and ending on and including the Closing Date, determined in a manner consistent with the Sellers' financial statements, consistent with past practice, and calculated so as to ensure the Sellers are in the same economic circumstances as though the Closing had actually occurred on the Effective Closing Date. Without limiting the generality of the foregoing, the Parties expect the Post-Effective Closing Date Adjustment would reflect (in each case, in respect of such time period only and without duplication for any amounts paid by the Buyer as Cure Costs or Prepaid Rent or paid by the Sellers as Seller Cure Costs):

(i) (A) all costs and expenses to maintain each leased location of the Canadian Business (including all rent, additional rent, utilities, security, maintenance and

all other occupancy costs), (B) all acquisition and purchase costs of Inventory and Supplies, (C) all human resource costs and expenses of the kind referenced in Section 8.2(a) in respect of the Sellers Employees, (D) all Taxes in respect of the Canadian Business (including in respect of the sale, consumption or performance by the Sellers of any product or service, payments to the Sellers Employees and withholding obligations) and (E) all amounts payable pursuant to the Assumed Contracts,

less

(ii) all gross cash receipts in the Canadian Business during such period including: (A) all gross cash receipts from the sales of Inventory and Supplies of the Canadian Business, (B) all gross cash receipts from payment and collection of Receivables (including HST and other Tax receivables and refund entitlements) for the Canadian Business and (C) all gross cash receipts from the sales of gift cards for the Canadian Business;

(qqq) "**Prepaid Expenses**" has the meaning given to it in Section 2.1(i);

(rrr) "**Prepaid Rent**" means, as at a given time, the Prepaid Expenses for monthly rent paid for any period after such time pursuant to any Assumed Real Property Lease, excluding any deposit for last month's rent and any security deposit;

(sss) "**Prepaid Rent Statement**" has the meaning given to it in Section 2.6;

(ttt) "**Proration Period**" has the meaning given to it in Section 2.11(e);

(uuu) "**Purchase Allocation**" has the meaning given to it in Section 2.8(a);

(vvv) "**Purchase Price**" has the meaning given to it in Section 2.5(a);

(www) "**Purchased Assets**" has the meaning given to it in Section 2.1;

(xxx) "**Purchased Equipment**" has the meaning given to it in Section 2.1(b);

(yyy) "**Receivables**" has the meaning given to it in Section 2.1(i);

(zzz) "**Representatives**" means, in respect of either Party, their respective affiliates, directors, officers, employees, agents and advisors (including financial advisors and legal counsel) of that Party and its affiliates, as well as the directors, officers and employees of any such Party's agents or advisors;

(aaaa) "**Seller**" and "**Sellers**" have the meanings given to them in the preamble to this Agreement;

(bbbb) "**Seller Cure Costs**" means, only in respect of the Assumed Real Property Leases listed in Schedule 2.1(a) as at the date hereof and added thereto in accordance with, and within the prescribed time set out in, Section 2.3, all rent and additional rent payments owing as at the Effective Closing Date pursuant to such Assumed Real Property Leases;

(cccc) "**Sellers Employees**" means the employees of the Sellers (full-time or part-time and including those on leave or on disability) and employed exclusively for or in the Canadian Business on the Closing Date;

(dddd) "**Specified Insurance Proceeds**" has the meaning given to it in Section 2.1(h);

(eeee) "**Sunset Date**" has the meaning given to it in Section 9.1(b);

(ffff) "**Tax**" and "**Taxes**" means all taxes, duties, fees, premiums, assessments, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties and fines in respect thereof.

(gggg) "**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time;

(hhhh) "**Third Party Consents**" means the consents, approvals and/or authorizations of the contracting parties to the Transaction or any part thereof, including the assignment of the Authorizations, the Personal Property Leases, the Assumed Real Property Leases and the other Assumed Contracts, as may be required by the terms thereof;

(iiii) "**Transaction**" means the purchase of assets and assumption of liabilities of the Canadian Business by the Buyer contemplated by this Agreement (including pursuant to the CCAA Proceedings, as applicable);

(jjjj) "**Transfer Taxes**" has the meaning given to it in Section 2.11(a);

(kkkk) "**Transferred Employees**" means those Sellers Employees who accept the offer of employment made by the Buyer or its affiliate(s) pursuant to Section 8.1;

(llll) "**Transition Services Agreement**" has the meaning given to it in Section 6.8(a);

(mmmm) "**U.S. Business**" means the Sellers' and their affiliates' business of owning and operating in the United States one of the largest specialty retailers of golf equipment, consumables, athletic apparel and accessories (including on-line and e-commerce matters related thereto) in the United States;

(nnnn) "**Working Capital**" means, as at any date, the difference of:

the value of following current assets of the Canadian Business to the extent included as Purchased Assets: (A) the Receivables, (B) the Inventory and Supplies, (C) the Prepaid Expenses (less the Prepaid Rent), (D) the cash referenced in Section 2.1(f) and (E) the Specified Insurance Proceeds payable or paid in respect of any of the foregoing types of assets;

minus

75% of the value of all outstanding gift cards that are current liabilities of the Canadian Business as determined in a manner consistent with the Sellers' financial statements;

(oooo) "**Working Capital Maximum**" means [redacted] and

(pppp) "**Working Capital Minimum**" means [redacted].

1.2 Schedules

The following Schedules form part of this Agreement:

Schedule 1.1(eee)	Material Contracts
Schedule 2.1(a)	Leased Locations / Assumed Real Property Leases
Schedule 2.1(c)	Assumed Contracts
Schedule 2.1(e)	Intellectual Property
Schedule 2.7	Working Capital Statement
Schedule 4.7	Litigation
Schedule 4.11	Environmental Matters
Schedule 4.14(a)	Employee Plans
Schedule 6.1(c)(ii)	Assumed Real Property Leases Up for Renewal

1.3 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended, or to any restated or successor legislation of comparable effect.

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Interpretations

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders. In addition, every use of the words "**including**" or "**includes**" in this Agreement is to be construed as meaning "**including, without limitation**" or "**includes, without limitation**", respectively.

1.6 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian dollars.

1.7 Knowledge

Any reference to the "**knowledge**" or awareness of the Sellers, will mean the actual knowledge, information and belief of the Sellers' senior executive officers, without inquiry, in their respective capacity as senior executive officers of the Sellers only and not in their personal capacity or in any other capacity, and without personal liability, as of the date of this Agreement.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.9 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, together with the Non-Disclosure Agreement dated May 14, 2016, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.10 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by each of the Parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.11 Governing Law, Jurisdiction and Venue

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the Transaction (including for the CCAA Proceedings, any other CCAA Proceeding or any part thereof, and in each case whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, as well as the rights and obligations of the Parties hereunder or thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein (including, as applicable, the CCAA), without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the courts of the Province of Ontario (including, as applicable, the CCAA Court) for the resolution of any such disputes arising under this Agreement or any other arrangement between the Parties (including the CCAA Proceedings, any other CCAA Proceeding or any part thereof). Each Party agrees that service of process on such Party as provided in Section 10.12 shall be deemed effective service of process on such Party.

ARTICLE 2– PURCHASE AND SALE

2.1 Purchased Assets

Subject to the terms and conditions of this Agreement, at the Closing and effective as at 12:01 am (EST) on the Closing Date, the Sellers agree to sell, assign, transfer and convey to the Buyer, and the Buyer agrees to purchase, assume and accept from the Sellers, all of the Sellers' respective right, title and interest in and to, and the Buyer agrees to assume and perform all of the Sellers' obligations in and under, the following assets, free and clear of all Encumbrances other than the Permitted Encumbrances (all of such assets and property, excluding for greater certainty, the Excluded Assets, hereinafter collectively referred to as the "**Purchased Assets**"):

(a) **Assumed Real Property Leases.** All of the Sellers' respective leasehold interest (subject to the burdens, obligations, restrictions and conditions therein) in the Contracts listed in Schedule 2.1(a), as Schedule 2.1(a) may be amended pursuant to and in

accordance with Section 2.3, pursuant to which a Seller uses or occupies the Leased Locations (including all related Contracts such as estoppels, subordination and non-disturbance agreements, guarantees, extensions, renewals and modifications) or rights and any amendments, extensions and restatements thereof, including all Contracts incidental thereto subject to the rights of the applicable landlord or any third party (including rights to ownership or use of such property) under such leases (the "**Assumed Real Property Leases**");

(b) **Purchased Equipment**. All equipment, machinery, chattels, Improvements, furnishings, computer hardware and peripheral equipment and other tangible personal and movable property (other than Inventory and Supplies) owned by the Sellers, in each case exclusively used for, by or in the Canadian Business in the Ordinary Course (the "**Purchased Equipment**");

(c) **Contracts.** Without duplication of the Assumed Real Property Leases, the Sellers' respective benefit (in each case subject to the burdens, including restrictive covenants, termination rights and other obligations, restrictions and conditions therein) in the Contracts listed in Schedule 2.1(c), as Schedule 2.1(c) may be amended pursuant to and in accordance with Section 2.3 (including the Assumed Real Property Leases, collectively, the "**Assumed Contracts**");

(d) **Inventory and Supplies**. As at the Closing, all those inventories and supplies (both warehouse and retail) that are held by the Sellers for sale, rental, lease or other distribution exclusively for, in or of the Canadian Business, whether situated at a Leased Location or at any other location (collectively, the "**Inventory and Supplies**");

(e) **Intellectual Property**. The Sellers' respective rights, interests and benefits (through ownership, licensing or otherwise) in the Intellectual Property used exclusively in the Canadian Business, and including the Intellectual Property listed in Schedule 2.1(e), and for greater certainty *excluding* the Excluded Marks and all Intellectual Property rights, interests and benefits relating to the Excluded Marks;

(f) **Cash**. All cash on hand at Closing consisting solely of cash floats and petty cash, if any, actually located at any of the Leased Locations;

(g) **Customer Deposits**. Solely to the extent transferrable without any notice to, or any consent, authorization or other permission by any other Person(s), all customer guarantees, notes, security agreements, financing statements under applicable personal property security legislation, deposits or collateral, filings or property securing customer obligations relating exclusively to the Canadian Business;

(h) **Specified Insurance Proceeds**. If, and only to the extent, any Purchased Asset is lost, damaged or destroyed for any reason, the net proceeds of any insurance payable or paid, as well as the Sellers' rights in and to any such proceeds, directly and solely as a result of the occurrence of such loss, damage or destruction (the "**Specified Insurance Proceeds**");

(i) **Receivables**. Solely and only to the extent arising from the sales and services provided exclusively for, by or pursuant to the Canadian Business, all accounts receivable of the Sellers that are outstanding as at the Closing Date, but excluding any intercompany amounts and also excluding amounts owing or receivable in respect of any Excluded Asset (collectively, the "**Receivables**");

(j) **Prepaid Expenses and Deposits.** All amounts which are prepaid exclusively in respect of or in relation to the Purchased Assets, including all deposits made by a Seller or on

account of a Seller for goods and services purchased, ordered or leased by a Seller exclusively in respect of the Canadian Business as well as all deposits and advances made by a Seller exclusively in respect of the Assumed Contracts (the "**Prepaid Expenses**");

(k) **Books and Records**. All books, records, operating manuals, engineering standards, specifications, sales books, books of account, employee personal records of Transferred Employees (only) and other sales and business records, in each case strictly limited to that which is (A) solely and directly related to the Canadian Business and (B) is in the possession or control of the Sellers or posted in the data room to which access has been given to, and that has been accessed by, the Buyer and its advisors, agents and other Representatives; and

(l) **Goodwill**. The goodwill of the Canadian Business, including the exclusive right of the Buyer to (i) represent itself as carrying on the Canadian Business in continuation of and in succession to the Sellers, and (ii) use any words indicating that the Canadian Business is carried on,

but, for greater certainty, in each case excluding any Excluded Marks and other Excluded Assets.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement, the Purchased Assets will not, and will not be deemed to, include any asset, property, right, benefit or undertaking of any Seller that is not expressly referenced in Section 2.1 or that is not used exclusively for, by or in (or, in the case of Receivables, that do not arise exclusively from or in respect of) the Canadian Business, including the following assets (collectively, the "**Excluded Assets**"):

(a) all rights and interests in and to the Employee Plans and any related assets or insurance policies;

(b) all rights and interests in and to the Contracts to which a Seller is a party, other than the Assumed Contracts;

(c) all cash (other than the cash floats and petty cash specified in Section 2.1(f) and Specified Insurance Proceeds), bank balances, monies in possession of banks and other depositories, term deposits and similar cash property, cash equivalents, securities and short term investments, any Tax credit or attribute, HST and other Tax receivables, as well as future Tax receivables and Tax refund entitlements related to periods ending on or before the Effective Closing Date, or in respect of a taxable period that includes but does not end on the Effective Closing Date, the portion thereof up to and including the Closing Date, in each case of a Seller or any of its businesses;

(d) all accounts receivable of the Sellers other than the Receivables;

(e) original Tax records and books and records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of a Seller as a Person or any Seller's business and operations, in each case that do not relate to the Purchased Assets, *provided that* if they do relate to any of the Purchased Assets, the Sellers may redact any confidential or sensitive information that does not relate to the Purchased Assets; *provided however that* the Sellers shall retain the original copies of any of the redacted records required to be provided to the Buyer hereunder (and provide the Buyer with a copy thereof) to the extent a Seller is required to do so under Applicable Law;

(f) all of the Sellers' rights and benefits under this Agreement and the Transaction;

(g) all insurance policies, proceeds and claims, but excluding the Prepaid Expenses and, if assignable and assigned by the Sellers to the Buyer in accordance with the terms and conditions of this Agreement, the Specified Insurance Proceeds;

(h) any asset or property otherwise forming part of the Purchased Assets that is sold, conveyed, leased or otherwise consumed, utilized, transferred or disposed of in the Ordinary Course during the Interim Period, or otherwise in compliance with the terms of this Agreement;

(i) the Excluded Marks and all Intellectual Property rights, interests and benefits relating to the Excluded Marks;

(j) shares, partnership or joint venture interests and any other securities of any Person owned or held by a Seller or any of its affiliates; and

(k) any other assets as may be expressly agreed to between the Buyer and the Sellers in writing prior to the Closing (which, for certainty, will not result in any adjustment to the Purchase Price).

2.3 Material Contracts, Assumed Contracts and Assumed Real Property Leases Schedules

From the date hereof until October 26, 2016 the Buyer, in its sole discretion, shall have the right at any time and from time to time, upon irrevocable written notice to the Sellers, to (a) amend and update Schedules 2.1(a) and 2.1(c) to add any one or more of the Contracts to which a Seller is party, to such schedule and upon delivery of each such notice, the Contract so added shall, for all purposes of this Agreement, be deemed to be Assumed Real Property Leases and Assumed Contracts, respectively; and (b) amend and update Schedule 1.1(eee) to delete any one or more Contracts therefrom such that it is no longer a Material Contract. Notwithstanding the foregoing or anything else contained in this Agreement, (i) the Purchase Price payable by the Buyer shall not be subject to any deductions or downward adjustments as a result of any fact, matter or circumstance arising from the operation of this Section 2.3, including any additional Contract becoming a Purchased Asset or any liabilities becoming Assumed Liabilities or any Contract being deleted as a Material Contract, and (ii) the Closing shall not be delayed or restricted in any way as a consequence of this Section 2.3.

2.4 As is, Where is

THE BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, THE PURCHASED ASSETS AND THE CANADIAN BUSINESS ARE PURCHASED AND THE ASSUMED LIABILITIES ARE ASSUMED BY THE BUYER "**AS IS, WHERE IS**" AS THEY SHALL EXIST AT THE CLOSING DATE WITH ALL FAULTS AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN FACT OR BY LAW WITH RESPECT TO THE PURCHASED ASSETS, THE CANADIAN BUSINESS AND THE ASSUMED LIABILITIES, AND WITHOUT ANY RECOURSE TO ANY SELLER OR ANY OF ITS DIRECTORS, OFFICERS, SHAREHOLDERS, REPRESENTATIVES OR ADVISORS, OTHER THAN FOR KNOWING AND INTENTIONAL FRAUD. THE BUYER AGREES TO ACCEPT THE PURCHASED ASSETS, THE CANADIAN BUSINESS AND THE ASSUMED LIABILITIES IN THE CONDITION, STATE AND LOCATION THEY ARE IN ON THE CLOSING DATE BASED ON THE BUYER'S OWN INSPECTION, EXAMINATION AND DETERMINATION WITH RESPECT TO ALL MATTERS AND WITHOUT RELIANCE UPON ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY NATURE MADE BY OR ON BEHALF OF OR IMPUTED TO ANY SELLER, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. Unless specifically stated in this Agreement, the Buyer acknowledges and agrees that no representation, warranty, term or condition, understanding or collateral agreement, whether statutory, express or implied,

oral or written, legal, equitable, conventional, collateral or otherwise, is being given by any Seller in this Agreement or in any instrument furnished in connection with this Agreement, as to description, fitness for purpose, sufficiency to carry on any business, merchantability, quantity, condition, quality, value, suitability, durability, environmental condition, assignability or marketability thereof, or in respect of any other matter or thing whatsoever, and all of the same are expressly excluded.

2.5 Purchase Price and Payment

(a) The aggregate purchase price payable by the Buyer to the Sellers for the Purchased Assets (the "**Purchase Price**") is the aggregate sum of (A) [redacted] the "**Base Purchase Price**"), *plus or minus* (B) an adjustment post-Closing pursuant to Section 2.7, *plus* (C) the Prepaid Rent as set out in the Prepaid Rent Statement *plus* (D) an amount equal to Cure Costs (other than Seller Cure Costs) *plus* (E) if Closing occurs after October 31, 2016, an amount equal to the Post-Effective Closing Date Adjustment. Concurrently with its execution of this Agreement, the Buyer shall pay to the Sellers' legal counsel in trust, [redacted] (the "**Deposit**") as a deposit towards the Base Purchase Price, to be applied, used or returned, as the case may be, in accordance with or as otherwise contemplated by the terms of this Agreement, including Section 2.5(b). For the avoidance of doubt, the consideration for the purchase by Buyer of the Purchased Assets includes Buyer's assumption of the Assumed Liabilities.

(b) During the Interim Period, the Sellers and the Buyer may enter into terms for an additional deposit amount to be used for the Sellers' funding of operations until Closing, which shall be in an amount and on terms and conditions mutually agreeable to the Buyer and the Sellers, each acting reasonably.

(c) Subject to Sections 2.5(d) and 2.5(e), all interest, income and earnings on the Deposit (together with the Deposit, the "**Deposit Amount**") will be for the account of the Buyer. Upon Closing, the Deposit Amount will be credited to the Base Purchase Price as provided herein. The Buyer and the Sellers agree that the provisions set out in Sections 2.5(b), 2.5(c), 2.5(d) and 2.5(e) may be described in or attached to materials filed with or orders granted by the CCAA Court.

(d) If this Agreement is terminated by any Seller pursuant to Section 9.1(c) only, then the Deposit Amount shall be forfeited by the Buyer to, and become the sole property of, the Sellers, as liquidated damages and not as a penalty, in addition to any other rights and remedies the Sellers may have against the Buyer available at law or in equity.

(e) If this Agreement is terminated by its terms for any reason, other than a termination expressly contemplated in Section 2.5(d), then the Deposit Amount will be returned to the Buyer within five (5) Business Days following the date of termination of this Agreement.

(f) At the Closing, the Buyer shall pay to the Monitor, in trust, the aggregate sum of (A) the Base Purchase Price (inclusive of [redacted] to be held in escrow by the Monitor pursuant to the Escrow Agreement) *less* the Deposit Amount and *less*, if any, any additional deposit amount advanced together with all interest, income and earnings thereon, (B) all Cure Costs (less all Seller Cure Costs), (C) the Prepaid Rent as set out in the Prepaid Rent Statement and (D) the PECD Estimate, by way of wire transfer of immediately available funds to such bank account as is designated by the Monitor to the Buyer no later than the Closing Date, and for greater certainty, 100% of the Deposit Amount and, if any, 100% of any additional deposit, together with all interest, income

and earnings thereon, shall, upon Closing, be and remain the sole property of the Sellers with no entitlement or right thereto in favour of the Buyer, including in respect of any interest, income or earnings from the date hereof.

2.6 Prepaid Rent Statement

At least three (3) Business Days and no more than five (5) Business Days prior to the Closing, the Sellers shall, in consultation with the Monitor, deliver to the Buyer a statement setting forth the Prepaid Rent as at the Closing Date for each Assumed Real Property Lease that is required to be paid, and is actually paid, by the Sellers prior to the Closing Date in accordance with the terms of the applicable Assumed Real Property Lease or the Initial CCAA Order. The Sellers shall deliver to the Buyer such evidence satisfactory to the Buyer acting reasonably of payment of any amount of the Prepaid Rent set forth in such statement promptly upon request and, in any case, prior to Closing. The Sellers shall consider any objection or comment raised by the Buyer with respect to such statement and make such amendments as the Buyer reasonably requires in order to approve the form of such statement. Such statement, as approved by the Buyer, shall be the "**Prepaid Rent Statement**".

2.7 Post-Effective Closing Date Estimate

At least one (1) Business Day and no more than three (3) Business Days prior to the Closing Date, the Sellers shall, in consultation with the Monitor, deliver to the Buyer a statement setting forth an estimate of the Post-Effective Closing Date Adjustment, prepared in good faith. The Post-Effective Closing Date Adjustment shown on such statement shall be the "**PECD Estimate**".

2.8 Post-Closing Working Capital Adjustment

(a) Within twenty (20) days after the Closing, the Buyer will prepare in good faith and deliver to the Sellers an unaudited statement setting out the calculation of the actual Working Capital for the Canadian Business as at the earlier of the Effective Closing Date and the Closing Date (the "**Final Working Capital**") in the form of the statement attached as Schedule 2.7 and valued and calculated in a manner consistent with the Sellers' financial statements, consistent with past practice (including as regarding aging of inventory and accounts receivable) (the "**Final Working Capital Statement**"). The Buyer will permit the Sellers and its auditors or other Representatives to, at the Sellers' sole cost and expense, audit the Final Working Capital Statement and review the working papers and all other documentation, information and records used or prepared by the Buyer in connection with the preparation of, or which otherwise form the basis of, the Final Working Capital Statement.

(b) If the Sellers give written notice to the Buyer that they dispute the Final Working Capital Statement, the Buyer and the Sellers will work expeditiously and in good faith to resolve such dispute. The Sellers will be deemed to have accepted the Final Working Capital Statement if they do not notify the Sellers in writing of their objections thereto (in reasonable detail) within ten (10) Business Days following delivery by the Buyer of the Final Working Capital Statement.

(c) If the Parties are unable to reach agreement on the Final Working Capital within five (5) Business Days following delivery by the Sellers of a written objection pursuant to Section 2.8(b) above, the dispute will be referred for determination by arbitration to a senior audit partner at the Toronto office of PricewaterhouseCoopers LLP. The determination by such arbitrator will be made within a further twenty (20) Business Days of such referral and will be final and binding on all Parties.

(d) If the Final Working Capital as agreed to by the Parties or as determined by the arbitrator, as applicable, exceeds the Working Capital Maximum, then (A) the Parties shall issue a joint direction to the Monitor to release 100% of the [redacted] of Base Purchase Price proceeds held in escrow by the Monitor pursuant to the Escrow Agreement (together with all interest, income and earnings thereon) to the Sellers (or as the Sellers may direct) and (B) an amount equal to 100% of the difference, on a dollar-for-dollar basis, shall be paid by the Buyer to the Sellers within five (5) Business Days of such agreement or such determination, as applicable, and the Purchase Price shall be adjusted to be increased by the amount of such payment.

(e) If the Final Working Capital as agreed to by the Parties or as determined by the arbitrator, as applicable, is less than the Working Capital Maximum but more than the Working Capital Minimum, then the Parties shall issue a joint direction to the Monitor to release 100% of the [redacted] Base Purchase Price proceeds held in escrow by the Monitor pursuant to the Escrow Agreement (together with all interest, income and earnings thereon) to the Sellers (or as the Sellers may direct) within five (5) Business Days of such agreement or such determination, as applicable.

(f) If the Final Working Capital as agreed to by the Parties or as determined by the arbitrator, as applicable, is less than the Working Capital Minimum, then the Parties shall issue a joint direction to the Monitor to have an amount equal to 100% of the difference, on a dollar-for-dollar basis, paid by the Monitor from the [redacted] of Base Purchase Price proceeds held in escrow by the Monitor pursuant to the Escrow Agreement within five (5) Business Days of such agreement or such determination, as applicable, and if the funds from escrow are insufficient, the Sellers will pay the amount of the balance to the Buyer within five (5) Business Days of such agreement or determination, as applicable, and shall seek to have the approval and vesting order of the CCAA Court sought pursuant to this Agreement require, and the Monitor shall have oversight of such matters by ensuring: (i) adequate reserves are maintained from the net proceeds of the Transaction, (ii) the potential working capital repayment obligations shall rank in priority to other claims against such net proceeds, and (iii) any such balance owning as calculated herein be paid to the Buyer out of such net proceeds, and the Purchase Price shall be adjusted to be decreased by the amount of such payment.

(g) The Buyer and the Sellers will each bear their own fees and expenses in preparing, reviewing, disputing and settling, as the case may be, the calculation of the Final Working Capital and the Final Working Capital Statement, *provided that* the arbitrator referred to in Section 2.8(c) is authorized, but is not obligated, to award to one or more Parties such reasonable legal fees and costs in connection with the arbitration as the arbitrator, in his or her sole discretion, may determine are warranted.

2.9 Post-Effective Closing Date Adjustment

(a) Within twenty (20) days after the Closing, the Buyer will prepare in good faith and deliver to the Sellers an unaudited statement setting out the calculation of the actual Post-Effective Closing Date Adjustment (the "**PECD Statement**"). The Buyer will permit the Sellers and their auditors or other Representatives to, at the Sellers' sole cost and expense, audit the PECD Statement and review the working papers and all other documentation, information and records used or prepared by the Buyer in connection with the preparation of, or which otherwise form the basis of, the PECD Statement.

(b) If the Seller gives written notice to the Buyer that it disputes the PECD Statement, the Buyer and the Sellers will work expeditiously and in good faith to resolve such dispute. The Sellers will be deemed to have accepted the PECD Statement if they do not notify the Buyer in writing of their objections thereto (in reasonable detail) within ten (10) Business Days following delivery by the Buyer of the PECD Statement.

(c) If the Parties are unable to reach agreement on the Post-Effective Closing Date Adjustment within five (5) Business Days following delivery by the Buyer of a written objection pursuant to Section 2.9(b) above, the dispute will be referred for determination by arbitration to a senior audit partner at the Toronto office of PricewaterhouseCoopers LLP. The determination by such arbitrator will be made within a further twenty (20) Business Days of such referral and will be final and binding on all Parties.

(d) If the Post-Effective Closing Date Adjustment as agreed to by the Parties or as determined by the arbitrator, as applicable, exceeds the PECD Estimate, then the Buyer shall pay the amount by which the Post-Effective Closing Date Adjustment exceeds the PECD Estimate to the Monitor, on behalf of the Sellers, within five (5) Business Days of such agreement or such determination, as applicable, and the Purchase Price shall be adjusted to be increased by the amount of such payment.

(e) If the Post-Effective Closing Date Adjustment as agreed to by the Parties or as determined by the arbitrator, as applicable, is less than the PECD Estimate, then the Sellers shall pay the amount by which the PECD Estimate exceeds the Post-Effective Closing Date Adjustment to the Buyer within five (5) Business days of such agreement or such determination, as applicable, and the Purchase Price shall be adjusted to be decreased by the amount of such payment.

(f) The Buyer and the Sellers will each bear their own fees and expenses in preparing, reviewing, disputing and settling, as the case may be, the calculation of the Post-Effective Closing Date Adjustment and the PECD Statement, *provided that* the arbitrator referred to in Section 2.9(c) is authorized, but is not obligated, to award to one or more Parties such reasonable legal fees and costs in connection with the arbitration as the arbitrator, in his or her sole discretion, may determine are warranted.

2.10 Purchase Price Allocation

Prior to the Closing Date, or as soon as practicable following the Closing, the Buyer shall prepare a written allocation of the Purchase Price among the Purchased Assets in accordance with the Tax Act and other Applicable Laws. Within thirty (30) days following the receipt of the proposed Purchase Price allocation, the Sellers shall respond providing either (a) its acceptance of such allocation or (b) any objections. The Buyer and the Sellers agree to act in good faith to resolve any differences between them. In the event that agreement cannot be reached, the Parties will jointly choose an independent accounting firm, whose decision shall be final. Half of the costs of such firm shall be paid by the Sellers and the other half of such costs by the Buyer. The Parties agree to execute and file all Tax returns, declarations, reports, statements and other filings on the basis of such allocation.

2.11 Tax Matters

(a) All amounts payable by the Buyer to the Sellers pursuant to this Agreement are exclusive of any HST or any other federal, provincial, state or local or foreign value-added, sale, use, consumption, multi-staged, ad valorem, personal property, customs, excise, stamp, documentary, filing, transfer, land or real property transfer, or similar Taxes, duties, or

charges, or any recording or filing fees or similar charges (collectively, "**Transfer Taxes**") arising in connection with the sale, conveyance, assignment and transfer of the Purchased Assets from the Sellers to the Buyer. The Buyer will be solely liable and responsible for and will pay, if required by Applicable Law, all Transfer Taxes (and within the time periods required thereunder). The Parties will cooperate with each other in good faith and will use Commercially Reasonable Efforts to assist the Buyer in mitigating such taxes. If a Seller is required by any Applicable Law or by administration thereof to collect any applicable Transfer Taxes from the Buyer, the Buyer will pay such amounts to the Sellers concurrent with the payment of any consideration payable pursuant to this Agreement or, if arising after Closing, forthwith, and Sellers will pay such amounts to the applicable Governmental Authority on a timely basis and otherwise in accordance with Applicable Laws.

(b) The Parties will use their Commercially Reasonable Efforts in good faith to minimize (or eliminate) any taxes payable under the HST Legislation and, if applicable, similar acts of other jurisdictions in respect of the Closing by, among other things, making such elections, providing such purchase exemption certificates and taking such steps as may be provided for under all such applicable acts (including, for greater certainty, at the specific request of the Buyer to the Sellers, the Parties filing a joint election in a timely manner under Section 167 of the *Excise Tax Act* (Canada) or the corresponding provisions of the applicable provincial Tax law, if applicable and available), in each case, if requested by the Buyer. If the Buyer requests the Sellers to make any such election, apply for any such certificate, make any such filing or take any such step, then in addition to any other indemnification obligation of the Buyer to the Sellers, the Buyer will at all times indemnify and hold harmless the Sellers and their Additional Indemnitees against and in respect of any and all Indemnified Losses, including all amounts assessed (together with any and all interests and penalties) by the Minister of National Revenue (Canada) or the corresponding Governmental Authority in each other applicable jurisdiction (including all legal and professional fees incurred by a Seller or its shareholders, directors, officers, agents, advisors and/or employees, as a consequence of or in relation to any such assessment) as a consequence of either the Minister or any such other Governmental Authorities determining, for any reason, that either election is unavailable, inapplicable, invalid or not properly made.

(c) If requested by the Sellers, the Parties shall enter into an election under Section 22 of the Tax Act.

(d) If requested by Sellers, the Sellers and the Buyer will duly and timely execute an election pursuant to Subsection 20(24) of the Tax Act and any analogous provisions of any other Tax law to apply to such amount determined and paid by Sellers to Buyer for assuming future obligations of Sellers in respect of undertakings which arise from the operation of the corresponding business and to which Paragraph 12(1)(a) of the Tax Act or any analogous provision of other Tax law applies or applied.

(e) Taxes (other than Transfer Taxes) imposed upon or assessed directly against the Purchased Assets (including real estate Taxes, personal property Taxes and similar Taxes) for the Tax period in which the Closing occurs (the "**Proration Period**") will be apportioned and prorated between Sellers and Buyer as of the Effective Closing Date with Buyer bearing the expense of Buyer's proportionate share of such Taxes which shall be equal to the product obtained by multiplying the total amount of such Taxes by a fraction, the numerator being the number of days in the Proration Period following the Effective Closing Date and the denominator being the total number of days in the Proration Period, and Sellers shall bear the remaining portion of such Taxes. If the

precise amount of any such Tax cannot be ascertained as at the Effective Closing Date, apportionment and proration shall be computed on the basis of the amount payable for each respective item during the Tax period immediately preceding the Proration Period and any proration shall be adjusted thereafter on the basis of the actual charges for such items in the Proration Period. When the actual amounts become known, such proration shall be recalculated by Buyer and Sellers, and Buyer or Sellers, as the case may be, promptly (but not later than ten (10) days after notice of payment due and delivery of reasonable supporting documentation with respect to such amounts) shall make any additional payment or refund so that the correct prorated amount is paid by each of Buyer and Sellers. Notwithstanding the foregoing, with respect to real estate Taxes and assessments, if the Closing shall occur before a new real estate or personal property Tax rate is fixed for the applicable property, the apportionment of Taxes for such property at the Closing shall be upon the basis of the old Tax rate for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new Tax rate is fixed, the apportionment of Taxes shall be recomputed by the Parties and any discrepancy resulting from such re-computation and any errors or omissions in computing apportionments at the Closing shall be promptly corrected and the proper party reimbursed.

(f) In furtherance of Sellers' right to retain the Tax items described in Section 2.2(c), Sellers shall be entitled to receive from Buyer all refunds (or credits for overpayments) of Taxes, including any interest paid thereon, by a Governmental Authority, attributable to any tax period ending on or prior to the Closing Date or the portion of any Proration Period ending on and including the Closing Date, net of any costs, fees, expenses or Taxes incurred in obtaining such refunds (or credits). Buyer and Sellers shall execute all documents, take reasonable additional actions and otherwise reasonably cooperate as may be necessary to obtain the Tax refunds (or credits) contemplated by this Section 2.11(e). Buyer shall pay any such Tax refund (or the amount of any such credit) to the Sellers within five (5) calendar days after Buyer receives such Tax refund from a Governmental Authority or files a Tax return claiming such credit.

ARTICLE 3– ASSUMED LIABILITIES AND EXCLUDED LIABILITIES

3.1 Assumed Liabilities

Subject to Closing, the Buyer agrees to assume, pay, discharge, perform and fulfil, and will indemnify and hold harmless the Sellers and their Additional Indemnitees from and against, the following debts, commitments, claims, obligations and liabilities of the Sellers with respect to the Canadian Business and the Purchased Assets, in each case whether direct or indirect, present or future, absolute, accrued or contingent (collectively, the "**Assumed Liabilities**"):

(a) all obligations and liabilities in respect of the Assumed Contracts due or accruing due in respect of a period after the Effective Closing Date, *provided that*, with respect to obligations and liabilities arising during the period between the Effective Closing Date and the Closing Date only, solely to the extent not paid by the Buyer to the Sellers as part of the Post-Effective Closing Date Adjustment;

(b) all outstanding gift cards of the Canadian Business;

(c) all Cure Costs (except the Seller Cure Costs);

(d) for greater certainty, all obligations under Applicable Law after the Closing with respect to the storage and retention of personal, financial or other records in respect of or included as the Purchased Assets;

(e) all liabilities and obligations assumed by the Buyer as described in Section 8.2(a);

(f) all Taxes that are specified as liabilities and obligations of the Buyer under Section 2.11;

(g) all product and service warranty claims against the Sellers existing or arising prior to the Closing under their existing and past warranty or similar programs; and

(h) any other obligations and liabilities expressly assumed under this Agreement.

3.2 Excluded Liabilities

Except for those arising from, due to or attributable to any violation or breach by the Buyer of any of its covenants, representations or warranties and except as expressly assumed by the Buyer pursuant to any of Sections 3.1(a) to 3.1(h) (inclusive), the Buyer will not assume and will have no obligation to discharge, perform or fulfill any liabilities, debts, obligations, commitments or claims, direct or indirect, whether present or future, absolute, accrued or contingent, of the Sellers, including the following (collectively, the "**Excluded Liabilities**"):

(a) all liabilities and obligations of any kind exclusively relating to the Excluded Assets;

(b) all obligations and liabilities in respect of accounts payable of the Canadian Business unless expressly assumed as an Assumed Liability;

(c) the Seller Cure Costs;

(d) all liabilities and obligations under the Loan Agreements;

(e) all liabilities and obligations under the Indenture and the units issued pursuant thereto;

(f) all liabilities and obligations for all Taxes payable or to be collected and remitted by the Sellers to any Governmental Authority for periods at or prior to the Effective Closing Date, including any Taxes in respect of or measured by the sale, consumption or performance by the Sellers of any product or service prior to the Effective Closing Date, any Taxes in respect of any payments to all Persons employed or retained in connection with the Canadian Business prior to the Effective Closing Date and any related obligation to withhold or remit Taxes, even though a claim may be made after the Effective Closing Date, except as otherwise provided under Section 2.11;

(g) all liabilities and obligations of the Sellers and their Additional Indemnitees with respect to the Employee Plans, including obligations pursuant to any pension plans of the Sellers in respect of any Sellers Employee;

(h) all liabilities and obligations of the Sellers in respect of any litigation against a Seller that is pending immediately prior to the Closing Date; and

(i) any other obligations or liabilities expressly excluded from the Assumed Liabilities under this Agreement.

The Buyer covenants and agrees that, from and after the Closing Date, (i) it will, at no cost to the Sellers, forthwith upon receipt from time to time provide the Sellers with all notices, demands and other communications received by or on behalf of the Buyer in respect of any Excluded Liabilities or Excluded Assets; (ii) it will, at no cost to the Sellers, co-operate with the Sellers in connection with all reasonable demands under any Excluded Liabilities or Excluded Assets, including providing the Sellers with access to all personnel, information, data, documents, agreements and instruments reasonably required by the Sellers to the extent relating to Excluded Liabilities or Excluded Assets; and (iii) the Sellers shall be entitled to exercise any rights and remedies that a Seller or the Buyer may have in respect of any of the

Excluded Liabilities and Excluded Assets, either by contract, law or in equity. This ending provision of Section 3.2 shall survive and not merge on the Closing.

3.3 Assumption of Contractual and Real Property Leases Liabilities

(a) Notwithstanding anything contained in this Agreement or elsewhere, other than the obligation of the Buyer to pay all Cure Costs (other than Seller Cure Costs) at or prior to the Closing, the Buyer will not assume and will have no obligation to discharge any liability or obligation under any Assumed Contract which is not assignable or assumable in whole or in part without a Third Party Consent, unless such Third Party Consent or, as applicable, a CCAA Assignment Order, has been obtained.

(b) Without limiting the generality of the foregoing but subject to the payment by the Buyer of the applicable Cure Costs, in each case in accordance with this Agreement, if any of the Assumed Contracts cannot be assigned to or assumed by the Buyer without a Third Party Consent, or, if applicable, a CCAA Assignment Order (which Third Party Consent or CCAA Assignment Order, agreement or order shall not have been obtained at or prior to the Closing), then notwithstanding anything contained in this Agreement or elsewhere, this Agreement does not constitute an assignment or attempted assignment of any such Assumed Contract if the assignment or attempted assignment would constitute a breach of such Assumed Contract. For greater certainty, in respect of any Assumed Contract (other than a Material Contract), if the consent of any Person is required to assign such Assumed Contract but such consent or CCAA Assignment Order, as applicable, is not obtained prior to Closing, such Assumed Contract shall not form part of the Purchased Assets and (A) neither Party shall be in breach of this Agreement as a consequence thereof, (B) no condition to Closing shall be, or be deemed to be, unsatisfied as a consequence thereof, (C) the Purchase Price shall not be, or required to be, adjusted as a consequence thereof and (D) the Closing shall not be delayed or restricted in any way as a consequence thereof.

(c) Notwithstanding anything else contained in this Agreement or elsewhere, the Buyer acknowledges and agrees that the Sellers are only required to use Commercially Reasonable Efforts to obtain, or cause to be obtained, at or prior to the Closing Date, the requisite Third Party Consents or, if applicable, CCAA Assignment Orders, pursuant to the Assumed Contracts (other than the Material Contracts) provided that, for greater certainty, all Cure Costs (other than Seller Cure Costs), shall be the responsibility and obligation of, and for the account of, the Buyer. The Sellers shall obtain, or cause to be obtained, at or prior to the Closing Date, the requisite Third Party Consents or, if applicable, CCAA Assignment Orders, pursuant to the Material Contracts, provided that, for greater certainty, all Cure Costs (other than Seller Cure Costs), shall be the responsibility and obligation of, and for the account of, the Buyer.

(d) Without limiting the Buyer's obligations under Section 10.1, the Buyer will forthwith provide to the Sellers and, if requested by the Sellers, the requisite landlords, materials suitable for presentation to landlords of the Leased Locations or any other financial information reasonably required by any Assumed Real Property Lease or any such landlord. Furthermore, the Buyer will execute and deliver all necessary acknowledgements and assumption agreements required by any counterparty as a condition to the issuance of its consent and that are commercially reasonable or are otherwise contemplated in the corresponding Assumed Contracts and shall provide all necessary certificates of insurance required under such Assumed Contracts. Notwithstanding the foregoing, neither the Buyer nor any of its shareholders or any of

their affiliates shall be required to deliver any guarantee or indemnity in favour of any landlord.

(e) Notwithstanding anything else contained in this Agreement or elsewhere, the Purchase Price payable by the Buyer shall not be affected or otherwise subject to any adjustment as a result of any fact, matter or circumstance arising from the operation of this Section 3.3, including any Assumed Contract becoming an Excluded Asset or any liabilities becoming Excluded Liabilities.

(f) This Section 3.3 shall survive and not merge on the Closing.

ARTICLE 4– REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers jointly and severally represent and warrant as follows to the Buyer as of the date hereof and acknowledges and confirms that the Buyer is relying upon the following representations and warranties in completing the Transaction.

4.1 Corporate Power

(a) Each Seller is duly organized and validly existing under the laws of its jurisdiction of organization; and

(b) The Sellers have the power, authority and capacity to enter into and perform its obligations under this Agreement and to own the Purchased Assets and to carry on the Canadian Business as currently conducted.

4.2 Residence of the Sellers

No Seller is a non-resident of Canada for the purposes of the Tax Act.

4.3 Absence of Conflicts

Subject to receipt of the Competition Act Approval, no Seller is a party to, bound or affected by or subject to any charter or by-law provision or Applicable Laws or Authorizations that would be violated, breached, or under which any default would occur or with notice or the passage of time would be created, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement or document to be entered into or delivered under the terms of this Agreement, except for any violations, breaches or defaults that would not have a Material Adverse Effect on the Sellers or the Canadian Business.

4.4 Due Authorization and Enforceability of Obligations

Subject to receipt of the Court Approvals, the execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate and partnership action of the Sellers. Subject to receipt of the Court Approvals and the Competition Act Approval, this Agreement has been duly and validly executed by the Sellers and constitutes a valid and binding obligation of the Sellers enforceable against them in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally and by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

4.5 Approvals and Consents

Except for the Court Approvals, the Competition Act Approval and the Third Party Consents, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Sellers and each of the agreements to be executed and delivered by the Sellers hereunder or the sale of the Purchased Assets hereunder, except for any authorizations, consents, approvals, filings or notices the failure of which to receive or obtain would not have a Material Adverse Effect on the Canadian Business and the Purchased Assets, taken as a whole.

4.6 Compliance with Laws

The Sellers are conducting the Canadian Business in compliance with all Applicable Laws except where the failure to be in compliance would not reasonably be expected to result in a Material Adverse Effect on the Canadian Business and the Purchased Assets, taken as a whole. No written notice or warning from any Governmental Authority with respect to any failure or alleged failure of, or necessity for, the Sellers (solely in respect of the Purchased Assets and the Canadian Business) to comply with any Applicable Law has been received by the Sellers nor, to the knowledge of the Sellers, is any such notice or warning proposed or threatened except as would not reasonably be expected to result in a Material Adverse Effect on the Canadian Business and the Purchased Assets, taken as a whole.

4.7 Litigation

Other than as set out in Schedule 4.7, there are no litigation or other adversarial proceedings before a Governmental Authority pending or, to the knowledge of the Sellers, threatened that, if adversely determined, would reasonably be expected to prohibit, restrict or enjoin the completion of the Transaction or have a Material Adverse Effect on the Sellers, or on the Canadian Business and the Purchased Assets, taken as a whole.

4.8 Title to the Purchased Assets

Except in respect of the Leased Locations (which are addressed in Section 4.9), those certain registered trademarks currently in the name of an affiliate of the Sellers (which the Sellers shall cause to be transferred and assigned to the Buyer at Closing as Purchased Assets) and the leased Purchased Equipment (in which the Sellers only have a leasehold interest subject to the terms of the corresponding Personal Property Leases), the Sellers are respectively the sole legal and beneficial owner of the corresponding Purchased Assets.

4.9 Assumed Real Property Leases

No Seller is currently a party to, or under any agreement to become a party to, any leases, subleases, licenses, rights of way, easements or other occupation agreement as lessee or occupant with respect to the Leased Locations other than the Assumed Real Property Leases. With respect to each Assumed Real Property Lease, except for the Third Party Consents and other than the Cure Costs owing, (i) there are no outstanding defaults by the Sellers thereunder which would reasonably be expected to have a Material Adverse Effect on the Purchased Assets and (ii) to the knowledge of the Sellers, there exists no outstanding default by the landlord which would reasonably be expected to have a Material Adverse Effect on the Purchased Assets.

4.10 Assumed Contracts

All of the Assumed Contracts are valid and binding against the applicable Seller. Except for the Third Party Consents and other than the Cure Costs owing, (i) there are no outstanding defaults by the Sellers thereunder which would reasonably be expected to have a Material Adverse Effect on the Purchased Assets and (ii) to the knowledge of the Sellers, there exists no outstanding default by the counterparties to the Assumed Contracts which would reasonably be expected to have a Material Adverse Effect on the Purchased Assets.

4.11 Environmental Matters

Other than as set out in Schedule 4.11 and solely with respect to the Leased Locations:

(a) the Sellers are conducting the Canadian Business in compliance (in all material respects) with Environmental Laws;

(b) the Sellers have not received any written notice or warning from any Governmental Authority with respect to any material adverse condition or any material non-compliance with any Environmental Laws that remains outstanding at this time; and

(c) no litigation or regulatory action is pending, or, to the knowledge of the Sellers, threatened against the Sellers with respect to the Canadian Business alleging material non-compliance with or material liability under Environmental Laws at the Leased Locations.

Notwithstanding anything else contained in this Agreement, the representations and warranties contained in this Section 4.11 are the sole and exclusive representations and warranties of the Sellers pertaining or relating to any environmental, health or safety matters, including any arising under any Environmental Laws.

4.12 Taxes

The Sellers are registered for purposes of the Tax imposed under the HST Legislation.

4.13 Employees

(a) None of the Sellers Employees are subject to the terms and conditions of employment with a Seller under a collective bargaining agreement and no trade union or employee bargaining agency holds bargaining rights with respect to any of the Sellers Employees or has applied or, to the knowledge of the Sellers, threatened to apply to be certified as the bargaining agent of the Sellers Employees. To the knowledge of the Sellers there are no threatened or pending union organizing activities involving the Seller Employees and no such event has occurred in the last two years.

(b) To the knowledge of the Sellers, the Sellers are in compliance, in all material respects, with Applicable Laws respecting the Sellers Employees' employment with the applicable Seller.

(c) The Sellers have made all deductions for employment insurance, Canada Pension Plan and payroll Tax required by Applicable Law to be made from the Sellers Employees' remuneration. All amounts due or accrued due for all salary, wages, bonuses, commissions, and vacation with pay, have, in all material respects, been paid or are accurately reflected in the books and records of the applicable Seller.

4.14 Employee Benefits

(a) Schedule 4.14(a) lists all Employee Plans. The Sellers have provided the Buyer with a copy of the provisions of each Employee Plan.

(b) Except as would reasonably be expected to have a Material Adverse Effect on the Canadian Business, each of the Employee Plans has been maintained, in accordance with its terms and all provisions of Applicable Laws.

(c) The Sellers do not and have never sponsored or participated in a defined benefit pension plan in respect of the Sellers Employees.

4.15 No Other Representations and Warranties

Notwithstanding anything else contained in this Agreement, except for the representations and warranties contained in this Article 4, no Seller nor any other Person on behalf of any Seller makes any representation or warranty, express or implied, with respect to a Seller, the Purchased Assets, the Canadian Business, the Assumed Liabilities or the Transaction.

ARTICLE 5– REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers as follows, and acknowledges that the Sellers are relying upon the following representations and warranties in connection with its sale of the Purchased Assets:

5.1 Corporate Power

(a) The Buyer is duly organized and validly existing under the laws of its jurisdiction of organization; and

(b) The Buyer has the power, authority and capacity to enter into and perform its obligations under this Agreement and to own and lease real property and carry on business.

5.2 Residence of the Buyer

The Buyer:

(a) is not a non-resident of Canada for the purposes of the Tax Act;

(b) is a "**Canadian**" or "**WTO investor**" for the purposes of the *Investment Canada Act* (Canada); and

(c) is not a "**state-owned enterprise**" for the purposes of the *Investment Canada Act* (Canada).

5.3 Absence of Conflicts

The Buyer is not a party to, bound or affected by or subject to any charter or by-law provision or Applicable Laws or Authorizations that would be violated, breached, or under which any default would occur or with notice or the passage of time would be created, as a result of the execution and delivery of, or the performance of obligations under, this Agreement or any other agreement or document to be entered into or delivered under the terms of this Agreement, except for any violations, breaches or defaults that would not have a Material Adverse Effect on the Buyer.

5.4 Due Authorization and Enforceability of Obligations

The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action of the Buyer, if applicable or required. Subject to receipt of the Competition Act Approval, this Agreement has been duly and validly executed by the Buyer, and constitutes a valid and binding obligation of the Buyer enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally and by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

5.5 Approvals and Consents

Except for the Competition Act Approval, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Buyer and each of the agreements to be executed and delivered by the Buyer hereunder or the purchase of the Purchased Assets hereunder, except for any authorizations, consents, approvals, filings or notices that would not have a Material Adverse Effect on the Buyer.

5.6 HST Legislation

The Buyer will be registered at Closing for purposes of the Tax imposed under the HST Legislation.

5.7 Litigation

There are no litigation or other adversarial proceedings before a Governmental Authority pending or, to the knowledge of the Buyer, threatened that, if adversely determined, would reasonably be expected to prohibit, restrict or enjoin the completion of the Transaction or have a Material Adverse Effect on the Buyer.

5.8 Financing and Solvency

The Buyer has available in immediately-available funds on hand, from its working capital and/or currently available unrestricted credit facilities or committed capital contributions, all the cash that the Buyer shall need at the Closing to consummate the purchase of the Purchased Assets and the Transaction.

5.9 Regulatory

At all relevant times, the Buyer is qualified in all respects (including under Applicable Laws), to acquire and own the Purchased Assets and operate the Canadian Business as currently conducted.

5.10 Informed and Sophisticated Buyer

The Buyer is an informed and sophisticated Buyer, and has engaged expert advisors and is experienced in the evaluation and purchase of property and assets and assumption of liabilities such as the Purchased Assets, the Canadian Business and the Assumed Liabilities as contemplated hereunder. The Buyer has undertaken such investigations and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement.

5.11 Diligence

The Buyer acknowledges and agrees that: (a) it is purchasing the Canadian Business and the Purchased Assets and assuming the Assumed Liabilities on an "**as is, where is**" basis; (b) it has relied upon its own independent review, investigation and inspection of the documents and information made available by or on behalf of the Sellers for the purpose of the Transaction, as well as of the Canadian Business, the Purchased Assets and the Assumed Liabilities; (c) except as expressly set forth in this Agreement, it is not relying upon any written or oral statements, documents, information, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Purchased Assets, the Canadian Business and the Assumed Liabilities; and (d) the obligations of the Buyer under this Agreement are not conditional upon any additional due diligence. The provisions of this Section 5.11 shall survive and not merge on Closing.

5.12 No Brokers

No agent, broker, person or firm acting on behalf of the Buyer is, or will be, entitled to any commission or brokers' or finders' fees from the Buyer or from any affiliate of the Buyer, in connection with any of the Transaction.

5.13 No Other Representations and Warranties.

Notwithstanding anything else contained in this Agreement, except for the representations and warranties contained in this Article 5, neither the Buyer nor any other Person on behalf of the Buyer makes any representation or warranty, express or implied, with respect to the Buyer or the Transaction.

ARTICLE 6– CONDITIONS AND OTHER AGREEMENTS

6.1 Conduct Prior to Closing

(a) In consultation with the Sellers, during the Interim Period, Buyer and its affiliates and Representatives shall be permitted to, contact, or engage in any discussions or otherwise communicate with, any of Sellers' landlords, clients, suppliers and other Persons with which Sellers have material commercial dealings with respect to any Assumed Contract, the assignment or novation thereof and related arrangements.

(b) During the Interim period, except, in each case, either (A) as otherwise contemplated in this Agreement, (B) with the prior written consent of the Buyer (not to be unreasonably withheld), or (C) as applicable, in connection with the CCAA Proceedings or otherwise pursuant to any orders or directions of the CCAA Court, the Sellers will, in all material respects, conduct the Canadian Business and deal with the Purchased Assets in the Ordinary Course and in accordance with Applicable Law, including, as may be permitted by the CCAA Court, as applicable, paying and discharging the liabilities of the Canadian Business when due in accordance and consistent with past practice.

(c) Without limiting the generality of Section 6.1(b), but except, in each case, either (A) with the prior written consent of the Buyer (not to be unreasonably withheld) or (B) pursuant to any orders or directions of the CCAA Court (provided that no Seller shall seek or support any motion for such an order or direction), during the Interim Period, the Sellers will (in each case only to the extent solely and directly required for the Canadian Business) use Commercially Reasonable Efforts (including as disclosed in the Schedules hereto) to:

(i) in all material respects, keep available the services of the Sellers Employees and preserve current relations with, and the current goodwill of, suppliers, customers, landlords, Governmental Authorities and all other Persons having material business relationships with the Sellers;

(ii) not amend in any material respect or, except for those set out in Schedule 6.1(c)(ii), renew, extend the term or accept the surrender of any Assumed Real Property Lease;

(iii) not issue any gift card for consideration of less than the face value of such gift card;

(iv) not close or otherwise cease operating in the Ordinary Course the Canadian Business at any Leased Location;

(v) in all material respects, preserve, protect and maintain the Purchased Assets in the Ordinary Course;

(vi) not make any material change in employment terms or Employee Plan terms for any of the Seller's officers, directors, and employees;

(vii) continue and keep in full force and effect all insurance coverage currently held by the Sellers; and

(viii) not run any "going out of business", liquidation or other similar sales or markdowns of Inventory and Supplies, other than in the Ordinary Course, or advertise any such sale or markdown.

(d) During the Interim Period, the Sellers will consult with the Buyer and obtain its prior approval, not to be unreasonably withheld or delayed, in respect of purchases of any inventory which would reasonably result in the Final Working Capital exceeding the Working Capital Maximum.

6.2 CCAA Proceedings

(a) The Sellers and the Buyer will effectuate the Transaction pursuant to the CCAA Proceedings under Applicable Laws. Acting in a timely manner and in good faith, the Parties shall amend this Agreement, if required, to effect the Transaction pursuant to the CCAA Proceedings on or prior to the Sunset Date, including each taking or causing to be taken all such action and executing and delivering or causing to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to effect the Transaction in such other agreed-upon manner.

(b) Without limiting the generality of Section 6.2(a):

(i) The Sellers shall file (A) promptly following execution of this Agreement and in any event no later than September 14, 2016, an application for an order of the CCAA Court with respect to the CCAA Proceedings, granting the Initial CCAA Order, (B) as soon as practicable thereafter, a motion for an approval and vesting order of the CCAA Court approving this Agreement and authorizing the Sellers to complete the Transaction and vesting the Purchased Assets in the Buyer in accordance with this Agreement and (C) as applicable, a motion for the CCAA Assignment Order. The Buyer and the Sellers each agree that it or they will promptly take such actions as are reasonably requested by the other of them to assist in the filing of each such motion and to obtain entry of each such order,

including filing affidavits. All motions brought by the Sellers in respect of any such order shall be brought on notice to such parties as may be reasonably required by the Buyer, in addition to any parties to whom notice is required by the CCAA Court to be given. The Sellers will use Commercially Reasonable Efforts to provide the Buyer reasonable opportunity to review and comment on the service list for any such motion prior to serving any motion materials. The motion materials for the Court Approvals shall be in form and substance acceptable to the Buyer, acting reasonably and in a timely manner, and the Sellers will use Commercially Reasonable Efforts to provide the Buyer with a reasonable opportunity to review and comment on such motion materials.

(ii) The Buyer and the Sellers shall promptly provide to the other of them all such information and assistance as may be reasonably requested to obtain entry of any Court Approval. The Buyer and the Sellers shall each make available qualified witnesses to provide affidavit evidence or to testify at any hearing before the CCAA Court seeking a Court Approval or part thereof.

6.3 Exclusivity

(a) During the Interim Period, other than as may be contemplated by that support agreement entered into on or about the date hereof amongst the Golfsmith entity party thereto and certain holders of second lien notes issued pursuant to the Indenture, neither Seller, nor any of their representatives, shall, in any way or manner, at any time, directly or indirectly (a) solicit, initiate, encourage, engage in or respond to any inquiries, submissions, proposals or offers regarding any Other Transaction; (b) encourage or participate in any discussions or negotiations regarding, or consider the merits of, any Other Transaction, (c) provide any information to, or otherwise cooperate in any way with, any Person in connection with any Other Transaction, (d) agree to, approve or recommend an Other Transaction, or (e) enter into any agreement related to an Other Transaction, in each case without prior written consent of the Buyer.

(b) The Sellers shall and shall cause their representatives to support the Transaction for purposes of the Court Approvals and shall use reasonable best efforts to defend any opposing or contesting motions brought to adjourn the Court Approval being sought, to reopen the sales process in respect of the Purchased Assets, or to consider any Other Transaction.

6.4 Possession of Purchased Assets; Expenses for Removal

(a) On Closing, the Buyer shall take possession of the Purchased Assets *in situ* at Closing. The Buyer acknowledges that the Sellers have no obligation to deliver physical possession of the Purchased Assets to the Buyer.

(b) The Buyer shall promptly notify the Sellers of any Excluded Assets that may come into the possession or control of the Buyer or its affiliates, whether before or after Closing, and thereupon shall promptly release such Excluded Assets to the Sellers or their affiliates, or to such other Person as the Sellers may direct in writing and, for greater certainty, no title or other license to use shall, or shall be deemed to, vest to the Buyer in respect of any Excluded Assets.

(c) The Sellers shall promptly notify the Buyer of any Purchased Assets that may come into the possession or control of the Sellers or its affiliates after Closing, and thereupon shall promptly release such Purchased Assets to the Buyer or their affiliates at the cost and

expense of the Buyer to pick up and transfer such Purchased Assets, or to such other Person as the Buyer may direct in writing and, for greater certainty, no title or other license to use shall, or shall be deemed to, vest to the Sellers in respect of any Purchased Assets.

(d) If the Closing occurs, if the Buyer is required pursuant to Section 6.4(e), or decides in its sole and absolute discretion, to dismantle, remove, transport or otherwise move any of the Purchased Assets (there being no obligation or requirement on the Buyer to do so other than as required by Section 6.4(e)), the Sellers shall provide such reasonable assistance as is requested by the Buyer with respect to any location that is not subject to an Assumed Real Property Lease, but in all cases the Buyer shall be solely responsible and liable for and pay as and when required:

(i) any and all costs of dismantling or removing Purchased Assets from any location that is not a Leased Location or other location under the control of a Seller and/or transporting them to a new location; and

(ii) the cost of repairing any damage caused to the site exclusively by the dismantling or removal by the Buyer or its representatives of any of the Purchased Assets from any such Leased Location or other location, it being acknowledged that the Buyer will have no responsibility to repair any damage caused by the installation, presence, use or operation of the Purchased Asset at such location.

(e) Within the later of (A) the term of the Transition Services Agreement for Buyer's payment and occupancy of those premises occupied by the Canadian Business that are not acquired or assumed by the Buyer and Closing, as applicable and (B) 30 days from the Closing, the Buyer shall ensure that all Purchased Assets are removed, at the Buyer's sole cost and expense, from each location currently occupied by the Canadian Business that is not subject to an Assumed Real Property Lease or other location under the control of a Seller.

(f) During the Interim Period, if, with the consent of the Buyer, any Contract for a leased location of the Canadian Business is disclaimed or a leased location of the Canadian Business is otherwise closed, the Sellers shall cause any Purchased Assets (including any Inventory and Supplies and equipment) at such Leased Location to be delivered, at the Sellers expense, to a Leased Location that is reasonably proximate to such disclaimed or closed location on or before Closing. For greater certainty, if any such Contract is disclaimed or any such location is closed at or after the Closing, the Buyer shall ensure that all Purchased Assets are removed, at the Buyer's sole cost and expense, from each such location.

6.5 Access to Information

Until the Closing Date and to the extent permitted by Applicable Law, the Sellers shall give to the Buyer's personnel engaged in this transaction and their accountants, legal advisers, consultants and other Representatives during normal business hours and upon reasonable advance notice, reasonable access to their premises and shall furnish them with all such information relating to the Purchased Assets as the Buyer may reasonably request in connection with the Transaction. Notwithstanding anything in this Section 6.5 to the contrary, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not disrupt the business or any of the assets of the Sellers. The Buyer acknowledges and confirms its representations and warranties in Sections 5.10 and 5.11 and that access to information pursuant to this Section 6.5 is not intended to, and shall not, provide for any due diligence inquiry as a condition to the Closing or otherwise.

6.6 Competition Act

(a) Subject to the terms and conditions of this Agreement, prior to Closing, the Parties shall use their respective best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under any Applicable Laws to consummate and make effective the Transaction by October 31, 2016 or as promptly as practicable thereafter, including (i) the preparation and filing of all forms, registrations and notifications required to be filed under the Competition Act to consummate the Transaction, (ii) satisfaction of the conditions to consummating the Transaction, (iii) obtaining (and cooperating with each other in obtaining) any consent, authorization, expiration or termination of a waiting period, permit, order or approval of, waiver or any exemption by, any Governmental Authority (which actions shall include furnishing all information and documentary material required under the Competition Act) required to be obtained or made by the Parties or any of their respective subsidiaries in connection with the Transaction or the taking of any action contemplated by this Agreement, (iv) defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transaction, (v) obtaining (and cooperating with each other in obtaining) any consent, approval of, waiver or any exemption by, any non-governmental third party, in each case, to the extent necessary, proper or advisable to consummate the Transaction, and (vi) the execution and delivery of any reasonable additional instruments necessary to consummate the Transaction and to fully carry out the purposes of this Agreement. Without limiting the generality of the foregoing, (I) on or before September 21, 2016, the Buyer shall make a submission to the Commissioner in support of a request for an advance ruling certificate or, if the Commissioner is not prepared to issue an advance ruling certificate, a no-action letter; and (II) if the Parties agree that the filing of notifications pursuant to Subsection 114(1) is advisable in the circumstances then they shall each file with the Commissioner a notification pursuant to Subsection 114(1) of the Competition Act on or before September 26, 2016.

(b) The Parties shall each keep the other apprised of the status of matters relating to the completion of the Transaction and work cooperatively in connection with obtaining all required consents, authorizations, orders or approvals of, or any exemptions by, any Governmental Authority undertaken pursuant to the provisions of this Section 6.6 In that regard, prior to Closing, each Party shall promptly (i) consult with the other Parties with respect to and provide any necessary information and assistance as the other Parties may reasonably request with respect to all notices, submissions or filings made by or on behalf of such party with any Governmental Authority or any other information supplied by or on behalf of such Party to, or correspondence with, a Governmental Authority in connection with this Agreement and the Transaction, and (ii) inform the other Parties, and if in writing, furnish the other Parties with copies of (or, in the case of oral communications, advise the other Parties orally of) any communication from or to any Governmental Authority regarding the Transaction, and permit the other Parties the opportunity to review and discuss in advance, and consider in good faith the views of the other Parties in connection with, any proposed communication or submission with any such Governmental Authority; provided, however, that no Party shall participate in any substantive meeting with any Governmental Authority in connection with this Agreement and the Transaction unless it consults with the other Party in advance and, to the extent not prohibited by such Governmental Authority, gives the other Party the opportunity to attend and participate therein or thereat. The foregoing obligations in this Section 6.6 shall be subject to any attorney-client, work product, or other privilege. The Parties

expect their outside counsel to enter into a joint defense agreement or common interest agreement to allow for the exchange of such privileged materials without waiving any such privilege.

(c) Notwithstanding anything to the contrary set forth in this Agreement, the Buyer, in order to permit the satisfaction of the conditions set forth in Sections 6.11(a) and 6.11(b) as promptly as practicable, shall (other than any actions that could reasonably be expected to materially and adversely affect the Canadian Business, the Purchased Assets, the Buyer or any affiliate of the Buyer) (a "**Remedy Action**") offer to take or offer to commit to take any action which it is lawfully capable of taking and, if the offer is accepted, take or commit to take such action.

(d) The Buyer shall be responsible for the filing fees associated with the Competition Act Approval.

6.7 Software and Technology

Upon execution of this Agreement, but subject in all respects to Section 10.3 and the right to use provided under the Transition Services Agreement, the Sellers shall provide, and shall cause their applicable affiliates in U.S. and Canada to provide, the Buyer with access to all software, applications, data and information technology systems used in the operation of the Canadian Business, including any customizations relating thereto, and permit the Buyer, to the extent able, to make copies of all such software, applications, data and information technology systems, including any customizations relating thereto.

6.8 Transition Services Agreement

(a) On or prior to Closing, the Sellers (and their applicable affiliates in U.S. and Canada) and the Buyer shall enter into a transition services agreement (the "**Transition Services Agreement**") providing for the following and otherwise in form and substance to be agreed upon by the parties to such agreement prior to the Closing, each acting reasonably:

(i) the provision by the Sellers and their applicable affiliates in U.S. and Canada to the Buyer, of shared services used in the operation of the Canadian Business following the Closing Date at no additional cost or fee to be paid by the Buyer for a term of one (1) year (or such lesser period as the Buyer determines) following Closing, subject to extension for up to two 3-month periods at Buyer's option (with sufficient advance notice) for the cost and fees incurred for the services extended plus 10%;

(ii) the provision by the Sellers and their applicable affiliates in U.S. and Canada to the Buyer of a right to use all software and information technology systems used in the operation of the Canadian Business, from the Closing Date at no additional cost or fee to be paid by the Buyer, for a term of one (1) year (or such lesser period as the Buyer determines) following Closing, subject to extension for up to two 3-month periods at Buyer's option (with sufficient advance notice) for the cost and fees incurred for the services extended plus 10%; and

(iii) the post-Closing occupancy by the Buyer, for a maximum of 60 days post-Closing, of those premises occupied by the Canadian Business that are not acquired or assumed by the Buyer at Closing <u>and</u> that are designated in writing by the Buyer to the Sellers at least two (2) Business Days prior to the Closing, with all costs and expenses (including all occupancy costs (including rent,

utilities and all other carrying costs and expenses), insurance, employees and maintenance) for the period from Closing until the corresponding leases or Contracts have been effectively disclaimed (after Buyer has vacated and the Sellers thereafter being able to disclaim) for the sole account of the Buyer. During the period of the Buyer's actual occupancy (up to the aforementioned 60-day period), the Buyers shall reach final decisions as to whether the designated locations are to be disclaimed or assumed by the Buyer. The Sellers would be required to disclaim or assign to the Buyer for no additional consideration, at the Buyer's exclusive option with advance notice given at least 15 days prior to the expiry of the Buyer's occupancy period for the given premises, any of the Contracts for the leasehold interests of the Sellers for any of the designated premises occupied by the Buyer during such post-Closing period upon the request of the Buyer, provided that in the case of an assignment to and assumption by the Buyer, the payment and transfer provisions of this Agreement (excluding, for greater certainty, any Interim Period covenants or any representations or warranties by the Buyer) relating to the assignment of Assumed Real Property Leases (but, for greater certainty, not as a Material Contract) and the payment of the Cure Costs by the Buyer and payment of Seller Cure Costs by the Seller shall apply to such Contracts, *mutadis mutandis*.

(b) Prior to the Closing, the Sellers shall use Commercially Reasonable Efforts to cause the Transition Services Agreement to be approved by the U.S. Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code (11 U.S.C. §§101-1532), and assumed in any plan of reorganization or by any going concern purchaser in a sale under Section 363 of the Bankruptcy Code.

6.9 Conditions for the Benefit of the Buyer

The obligation of the Buyer to complete the Transaction is subject to the following conditions to be fulfilled or performed at or prior to the Closing, which conditions are for the exclusive benefit of the Buyer and may be waived, in whole or in part, by the Buyer in its sole discretion:

(a) **Truth of Representations and Warranties.** The representations and warranties of the Sellers contained in this Agreement must be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and of such date (except for those representations and warranties that are made as of a specific time or date), in each case except to the extent that the same would not result in a Material Adverse Effect with respect to the Sellers or the Canadian Business; *provided, however,* that for purposes of determining the accuracy of representations and warranties for purposes of this condition, all qualifications as to "**materiality**" and "**Material Adverse Effect**" contained in such representations and warranties shall be disregarded, and the Sellers must have delivered to the Buyer a signed certificate of a senior officer to that effect.

(b) **Performance of Covenants.** The Sellers must have fulfilled or complied, in all material respects, with all covenants contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing, and the Sellers must have delivered to the Buyer a signed certificate of a senior officer to that effect.

(c) **Deliverables.** The Sellers must have delivered to the Buyer the documents contemplated in Section 7.2, in each case in form and substance satisfactory to the Buyer, acting reasonably.

(d) **Proceedings.** All proceedings to be taken in connection with the Transaction on the part of the Sellers must be satisfactory in form and substance to the Buyer, acting reasonably, and the Buyer must have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation of the Transaction and the taking of all necessary corporate proceedings in connection therewith.

(e) **No Material Adverse Change.** Since the date of this Agreement, there has not been any Material Adverse Effect on the Purchased Assets.

6.10 Conditions for the Benefit of the Sellers

The obligation of the Sellers to complete the Transaction is subject to the following conditions to be fulfilled or performed at or prior to the Closing, which conditions are for the exclusive benefit of the Sellers and may be waived, in whole or in part, by the Sellers in their respective sole discretion:

(a) **Truth of Representation and Warranties.** The representations and warranties of the Buyer contained in this Agreement must be true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and of such date (except for those representations and warranties that are made as of a specific time or date), in each case except to the extent that the same would not result in a Material Adverse Effect with respect to the Buyer; *provided, however,* that for purposes of determining the accuracy of representations and warranties for purposes of this condition, all qualifications as to "**materiality**" and "**Material Adverse Effect**" contained in such representations and warranties shall be disregarded, and the Buyer must have delivered to the Sellers a signed certificate of a senior officer to that effect.

(b) **Performance of Covenants.** The Buyer must have fulfilled or complied, in all material respects, with all covenants contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing, and the Buyer must have delivered to the Sellers a signed certificate of a senior officer to that effect.

(c) **Deliverables.** The Buyer must have delivered to the Sellers the documents contemplated in Section 7.3, in each case in form and substance satisfactory to the Sellers, acting reasonably.

6.11 Mutual Conditions

The obligation of the Parties to complete the Transaction is subject to the following conditions to be fulfilled or performed at or prior to the Closing, which conditions are for the exclusive benefit of each of the Sellers and the Buyer and may only be waived, in whole or in part, by both Sellers and the Buyer:

(a) **No Legal Action.** No provision of any Applicable Laws and no judgment, injunction, order or decree that prohibits the consummation of the Transaction pursuant to and in accordance with this Agreement being in effect.

(b) **Court Approvals.** The Sellers must have received the Court Approvals as required for the completion of the Transaction in accordance with the terms and conditions of this Agreement and such Court Orders have not been stayed or varied in a manner prejudicial to the Buyer, or vacated or appealed.

(c) **Competition Act Approval**. Competition Act Approval shall have been offered by the Commissioner or the Competition Tribunal, as applicable, or is otherwise available to be obtained, in reasonable form and substance. For greater certainty, a Remedy Action as defined in Section 6.6(c) shall constitute reasonable form and substance for this purpose.

(d) **Consents and Approvals.** The Buyer shall have received a Third Party Consent or a CCAA Assignment Order with respect to each Material Contract which cannot be assigned to the Buyer without such a Third Party Consent or CCAA Assignment Order.

6.12 No Frustration of Closing Condition

Neither Buyer nor Sellers may rely on the failure of any condition to their respective obligations to consummate the transactions contemplated hereby set forth in Sections 6.8(b) to 6.11, as the case may be, to be satisfied if such failure was caused by such Party's or its affiliates' failure to use its reasonable best efforts (or Commercially Reasonable, to the extent specifically provided) to satisfy the conditions to the consummation of the transactions contemplated hereby or by any other breach of a representation, warranty, or covenant of such Party hereunder.

ARTICLE 7– CLOSING

7.1 Date, Time and Place of Closing

The completion of the Transaction will take place at the offices of Goodmans LLP at Suite 3400, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario M5H 2S7 at 10:00 a.m. (Toronto time) on the Closing Date, or at such other place, on such other date and at such other time as may be agreed upon in writing by the Parties. Notwithstanding the foregoing, the Parties acknowledge and agree that the Transaction will be deemed to have closed effective as at 12:01 am (EST) on the Closing Date.

7.2 Sellers Deliverables at Closing

At Closing, the Sellers will deliver or cause to be delivered to the Buyer the following:

(a) one or more bills of sale executed by the applicable Seller(s) to convey the Purchased Assets to the Buyer free and clear of all Encumbrances (including, for greater certainty, the Bank Security and the Note Security) other than Permitted Encumbrances;

(b) an assignment and assumption agreement providing for the Buyer's assumption of the Assumed Liabilities executed by the applicable Seller(s), as may be required by either the Sellers or the counterparties thereto, and, if applicable and otherwise agreed to by the Parties, a CCAA Assignment Order in respect of the Assumed Contracts;

(c) if applicable, the elections referred to in Section 2.11, in each case signed by the Sellers;

(d) the certificates referred to in Section 6.9(a) and Section 6.9(b);

(e) evidence satisfactory to the Buyer, acting reasonably, of payment by the Sellers to the Monitor of all Seller Cure Costs;

(f) the Escrow Agreement duly executed by the Sellers;

(g) the Transition Services Agreement duly executed by the Sellers and their applicable affiliates in U.S. and Canada, together with evidence satisfactory to the Buyer of the U.S. Bankruptcy Court approval of the Transition Services Agreement entered into by Golfsmith International Holdings, Inc. pursuant to Section 363 of the Bankruptcy Code (11 U.S.C. §§101-1532); and

(h) all other documents reasonably requested by the Buyer to be entered into or delivered by the Sellers at Closing pursuant to the terms of this Agreement.

7.3 Buyer Deliverables at Closing

At Closing, the Buyer will deliver or cause to be delivered to the Sellers the following:

(a) the Purchase Price, in the manner set forth in Section 2.5;

(b) certified copies of:

(i) the charter documents of the Buyer;

(ii) resolutions of the board of directors of the Buyer approving the entering into of this Agreement and the completion of the Transaction; and

(iii) a list of the officers and directors of the Buyer authorized to sign agreements together with their specimen signatures;

(c) a certificate of status, compliance, good standing or like certificate with respect to the Buyer issued by the appropriate governmental officials of its jurisdiction of incorporation;

(d) evidence satisfactory to the Sellers, acting reasonably, of payment by the Buyer to the Monitor of Cure Costs (other than the Seller Cure Costs), if any;

(e) an assignment and assumption agreement providing for the Buyer's assumption of the Assumed Liabilities executed by the Buyer, as may be required by either the Sellers or the counterparties thereto, in respect of the Assumed Contracts, as well as all documentation, deliveries and assurances, in each case as may be required by the relevant counterparties in connection therewith and that have been agreed to be the Buyer;

(f) if applicable, the elections referred to in Section 2.11, in each case signed by the Buyer;

(g) the certificates referred to in Section 6.10(a) and Section 6.10(b);

(h) the Escrow Agreement duly executed by the Buyer;

(i) the Transition Services Agreement duly executed by the Buyer; and

(j) all other documents reasonably requested by the Sellers to be entered into or delivered by the Buyer at Closing pursuant to the terms of this Agreement.

ARTICLE 8– EMPLOYEES

8.1 Employees

(a) At least five (5) days prior to the Closing Date, the Buyer (i) shall make an offer of employment, effective as of the Closing Date and contingent upon the Closing, to each of the Sellers Employees at the Leased Locations, and (ii) may in its sole discretion make an offer of employment to the employees of the Sellers at the head office, in management or at locations that are not Leased Locations (in each case, on substantially similar terms and conditions of employment in the aggregate as in effect immediately prior to the Closing), in each case, which shall not be conditional (other than Closing) or include any probationary or other similar period. With respect to any Sellers Employee who is on a leave of absence as of the Closing Date, such offer shall be contingent upon such Sellers Employee returning to active status within two years after the Closing Date. Notwithstanding the foregoing, nothing herein shall be construed as to prevent the Buyer, at its sole responsibility, liability and obligation, from terminating the employment of any Transferred Employee, consistent with applicable law, at any time following the Closing

Date.

(b) Each Transferred Employee shall be given credit for all service with the Sellers, and their respective predecessors for all employment purposes, including under any employee benefit plans or arrangements of the Buyer and its affiliates maintained by the Buyer or its affiliates in which such Transferred Employees participate following the Closing Date, for purposes of eligibility, vesting, and entitlement to benefits, including for severance benefits and vacation entitlement (but not for accrual of pension benefits). Notwithstanding the foregoing, nothing in this Section 8.1(b) shall be construed to require crediting of service that would result in a duplication of benefits.

(c) No later than the Closing Date, the Buyer shall, or shall cause its affiliates to, establish or cause to be established, at its own expense, welfare benefit plans for Transferred Employees that provide life insurance, health care, dental care, accidental death and dismemberment insurance, disability and other group welfare benefits, on substantially similar terms and conditions in the aggregate for each Transferred Employee as in effect immediately prior to the Closing. The Buyer shall, or shall cause its affiliates to, cause (i) the waiver of all limitations as to pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Transferred Employees under any such welfare benefit plans to the extent that such conditions, exclusions or waiting periods would not apply under the Employee Plans, and (ii) for the plan year in which the Closing Date occurs (or, if later, in the calendar year in which Transferred Employees and their dependents commence participation in the applicable welfare benefit plans), the crediting of each Transferred Employee with any co-payments and deductibles paid prior to participation in such welfare benefit plans in satisfying any applicable deductible or out-of-pocket requirements thereunder. With effect as at and from the Closing Date, the Transferred Employees shall cease to accrue benefits under all Employee Plans, *provided that* such Transferred Employees participating in the applicable Employee Plan on the date the claim was incurred, will be eligible for payment under the applicable Employee Plan in accordance with the terms thereof. The Sellers shall inform the Transferred Employees in writing that they must make all claims under the Employee Plans no later than ninety (90) days after the Closing Date.

(d) The Buyer shall, or shall cause its affiliates to, provide each Transferred Employee with credit for the same number of vacation and sickness benefit days such Transferred Employee shall have accrued but not used in the calendar year in which the Closing Date occurs. In the event that a Transferred Employee is unable to use such carried over vacation and sickness days within the calendar year in which the Closing Date occurs, the Buyer shall, or shall cause its affiliates to, allow such Transferred Employee to carry over such vacation and sickness days to be used in the subsequent calendar year.

(e) The Parties agree that nothing in this Section 8.1, whether express or implied, is intended to create any third party beneficiary rights in any Transferred Employee.

(f) After the Closing Date, the Buyer shall, and shall cause its affiliates to, cooperate with the Sellers to provide such current information regarding the Transferred Employees on an ongoing basis as may be necessary to facilitate determinations of eligibility for, and payments of benefits to, the Transferred Employees under any applicable employee benefit or Employee Plan that continues to be maintained by the Sellers or their affiliates. The Buyer shall, and shall cause its affiliates to, permit Transferred Employees to provide such assistance to the Sellers as may reasonably be required in respect of claims against the Sellers or their affiliates, whether asserted or threatened, to the extent that, in the

Sellers' opinion, (i) a Transferred Employee has knowledge of relevant facts or issues, or (ii) a Transferred Employee's assistance is reasonably necessary in respect of any such claim.

8.2 Employee Liability

(a) The Buyer will assume and be responsible for:

(i) all liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation and benefits (including accrued vacation and sick days, retirement benefits, if any, and pay in lieu thereof, as well as any other benefits and other similar arrangements) relating to the employment of all Transferred Employees from and after the Effective Closing Date;

(ii) all liabilities for vacation and sick pay and entitlement in respect of Transferred Employees accrued or payable prior to and after the Effective Closing Date;

(iii) all severance payments, payments for notice of termination or in lieu of notice of termination, damages for wrongful dismissal and all related costs in respect of the termination by the Buyer of the employment of any Transferred Employee from and after the Effective Closing Date;

(iv) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Transferred Employees from and after the Effective Closing Date; and

(v) all employment-related claims, penalties, contributions, premiums and assessments in respect of the Canadian Business arising out of matters which occur from and after the Effective Closing Date.

(b) For greater certainty, the Sellers will remain responsible for:

(i) all liabilities for salary, wages, bonuses, commissions, and other compensation and benefits (including retirement benefits, if any, and pay in lieu thereof, as well as any other benefits and other similar arrangements, but excluding accrued vacation and sick days and entitlement) relating to the employment of all Transferred Employees and all other employees of the Canadian Business arising prior to the Effective Closing Date;

(ii) all severance payments, payments for notice of termination or in lieu of notice of termination, damages for wrongful dismissal and all related costs in respect of the termination by the Buyer of the employment of any employee of the Canadian Business other than the Transferred Employees;

(iii) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment of the Transferred Employees and any other employee of the Canadian Business arising prior to the Effective Closing Date; and

(iv) all employment-related claims, penalties, contributions, premiums and assessments in respect of the Canadian Business arising out of matters which occurred prior to the Effective Closing Date.

ARTICLE 9– TERMINATION

9.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

(a) by mutual written consent of the Sellers and the Buyer, *provided however* that if this Agreement has been approved by the CCAA Court, any such termination may require approval of the CCAA Court, as applicable;

(b) by any Seller, on the one hand, or the Buyer, on the other hand, if the Closing has not occurred on or before December 1, 2016 (the "**Sunset Date**") *provided however* that if the Closing shall not have occurred on or before the Sunset Date due to a material breach of any representations, warranties, covenants or agreements contained in this Agreement by Buyer or Sellers, then the breaching Party may not terminate this Agreement pursuant to this Section 9.1(b);

(c) by any Seller, if there has been a material violation or breach by the Buyer of any covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 6.10 or 6.11 by the Sunset Date and such violation or breach has not been waived by the Sellers or cured within fifteen (15) days after written notice thereof from a Seller, unless the Sellers are in material breach of their obligations under this Agreement; and

(d) by the Buyer, if there has been a material violation or breach by the Sellers of any covenant, representation or warranty which would prevent the satisfaction of any condition set forth in Section 6.8(b) or 6.11 by the Sunset Date and such violation or breach has not been waived by the Buyer or cured within fifteen (15) days after written notice thereof from the Buyer, unless the Buyer is in material breach of its obligations under this Agreement.

9.2 Effect of Termination

In the event of termination of this Agreement pursuant to Section 9.1, this Agreement shall become void and of no further force and effect, except as contemplated in Sections 1.11, 2.5, 3.3 and 5.11 and Article 10, each of which shall survive termination. Nothing in this Section 9.2 shall be deemed to relieve any Party from liability for any breach of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

ARTICLE 10– GENERAL MATTERS

10.1 Further Assurances

(a) Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Parties hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use Commercially Reasonable Efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement. Upon and subject to the terms and conditions of this Agreement and subject to the directions of any applicable courts to the Parties, the Parties shall use their Commercially Reasonable Efforts to take or cause to be taken all actions and to do or cause to be done all things necessary proper or advisable under Applicable Laws and within their reasonable control to consummate and make effective the

Transaction, including using Commercially Reasonable Efforts to satisfy or waive the conditions precedent to the obligations of the Parties hereto.

(b) Without limiting the generality of the foregoing, following the Closing:

(i) the Sellers will forward and transfer to the Buyer, as soon as is commercially reasonable and practicable, any payments, documents, information, communications or correspondence which the Sellers or any affiliate thereof may receive from time to time that solely and directly relates to the Purchased Assets or the Assumed Liabilities and which should have properly been paid, provided or delivered to the Buyer, and that any payments so received by it or any affiliate thereof will be held in trust pending such transfer;

(ii) the Buyer will forward and transfer to the Sellers, as soon as is commercially reasonable and practicable, any payments which the Buyer or any affiliate thereof may receive from time to time in respect of any Excluded Asset or Excluded Liability which should have properly been paid, provided or delivered to a Seller, and that any payments so received by it or any affiliate thereof will be held in trust pending such transfer; and

(iii) the Buyer shall permit each Seller and its agents reasonable access to the historical records and other documentation relating to the Purchased Assets, the Canadian Business (including the books and records), the Assumed Liabilities and Sellers Employees (subject to such Seller agreeing to appropriate confidentiality requirements), where required by such Seller in connection with any legal, administrative or other similar inquiry or proceeding.

10.2 Third Party Beneficiaries

Except as otherwise provided in Sections 2.11, 10.3 and 10.6(c) in respect of Indemnified Losses only, the Parties intend that this Agreement will not benefit or create any right or cause of action in, or on behalf of, any Person, other than the Parties to this Agreement and no Person, other than the Parties to this Agreement, will be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. Each Seller acts as trustee and agent on behalf of each of its Additional Indemnitees and holds for their benefit their rights under Section 2.11 10.3 and 10.6(c) in respect of Indemnified Losses only. Each Party agrees that the other Parties may enforce the indemnity for and on behalf of such Additional Indemnitees and, in such event, the Indemnifying Party will not in any proceeding to enforce the indemnity by or on behalf of such Additional Indemnitees assert any defence thereto based on the absence of authority or consideration or privity of contract and irrevocably waives the benefit of any such defence. The Parties to this Agreement reserve their right to vary or rescind the rights at any time and in any way whatsoever granted by or under this Agreement to any Person who is not a Party to this Agreement, without notice to or consent of that Person, including any of its Additional Indemnitees.

10.3 Confidentiality

(a) Until the Closing Date and, if this Agreement is terminated for any reason, for one (1) year after the date hereof, the Buyer agrees that neither it nor its affiliates nor any of their respective Representatives shall disclose to any third party and shall hold in strict confidence, and each agrees to instruct its Representatives not to disclose to any third party and to hold in strict confidence, all Confidential Information, without the prior written consent of the Sellers.

(b) Without limiting the generality of the foregoing, all press releases, notices to third parties (including public store signage) and all other publicity concerning the Transaction (including the CCAA Proceedings) or any matter contemplated or referenced by this Agreement (including the existence of, the terms and conditions of, the status of the Transaction, all of which constitute Confidential Information), and, to the extent practicable, any announcements, notices or other communications to any employee, customer or supplier, shall be jointly planned and coordinated by the Parties and no Party shall, directly or indirectly, allow, permit or otherwise enable or assist in any such matter without the express prior written approval of the other Parties, each acting reasonably.

(c) Notwithstanding Section 10.3(a), the Buyer shall be entitled to disclose Confidential Information to its Representatives who have a need to know for the sole purpose of the Transaction (including any requisite review and approval thereof).

(d) Without limitation to any rights or remedies of the Sellers against the Buyer, its affiliates or any of their respective Representatives, the Buyer shall be principally liable for any and all breaches of the terms of Sections 10.3 and 10.4 by its affiliates or its or their Representatives. In the event of a breach of the terms of Sections 10.3 and 10.4, the Buyer shall indemnify, defend and hold harmless the Sellers and each of their respective Additional Indemnitees for any and all Indemnified Losses whatsoever incurred by the Sellers or their respective Additional Indemnitees as a result of such breach.

(e) No Confidential Information shall be copied, reproduced in any form, or stored in a retrieval system or database by the Buyer, its affiliates or any of their respective Representatives without the prior written consent of the Sellers, except for such copies and storage as may reasonably be required internally by the foregoing for the purposes herein described. In the event that the Buyer becomes aware that it or any of its affiliates or its or their Representatives has disclosed Confidential Information contrary to Sections 10.1 to 10.4 (inclusive), the Buyer shall forthwith advise the Sellers in writing.

Notwithstanding the foregoing, if the Sellers have commenced CCAA Proceedings, (i) this Agreement may be filed by the Sellers with the CCAA Court; and (ii) the Transaction may be disclosed by the Sellers to the CCAA Court, subject to redacting confidential or sensitive information as permitted by Applicable Law and rules, including preparation and filing of reports and other documents by the Monitor and other professional advisors and consultants of the Sellers with the CCAA Court, as applicable or required, containing references to the Transaction and the terms of such Transaction as may reasonably be necessary to obtain the Court Approvals and to complete the Transaction contemplated by this Agreement or to comply with their obligations to the CCAA Court.

10.4 Return and Destruction of Confidential Information

If Closing does not occur by the Closing Date or such earlier date of termination if this Agreement is terminated in accordance with the provisions hereof, upon written request of the Sellers, the Buyer shall return to the Sellers or, at the Sellers' option, destroy all Confidential Information in the possession or control of the Buyer, any of its affiliates or any of their respective Representatives and shall be liable for ensuring that each of the Buyer's affiliates and its and their respective Representatives either return to the Sellers or, at the Sellers' option, destroy the Confidential Information in their respective control, and shall delete all Confidential Information from any retrieval system or database in its possession or control and shall be liable for ensuring that each of the Buyer's affiliates and its and their respective Representatives delete all Confidential Information from any retrieval system or database with their respective control, *provided however that*:

(a) the Buyer shall not be required to expunge from its records internally generated documents (including electronic copies) containing any Confidential Information;

(b) the Buyer shall be permitted to maintain one copy of the Confidential Information solely for audit and enforcement purposes;

(c) the Buyer is not required to alter its normal record retention policies; and

(d) legal counsel of the Buyer will be permitted to retain one copy of the Confidential Information,

provided further that in each of the cases in Sections 10.4(a) through 10.4(d), such Confidential Information shall be kept on a confidential basis and continue to be subject to terms and conditions contained in this Agreement, notwithstanding any expiry or termination hereof.

10.5 Privacy Laws

(a) For the purpose of this Section 10.5, "**Personal Information**" means information about an identifiable individual but excludes an individual's name, position name or title, business telephone number, business address, business e-mail, business fax number and other similar business information collected, used or disclosed to contact an individual in their capacity as an official or employee of an organization. For greater certainty, "**Personal Information**" shall include all health and medical information and records.

(b) Prior to the Closing, none of the Parties will use any Personal Information of any Person (including the Employees) disclosed to the Buyer by a Seller pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**") for any purposes other than those related to the performance of this Agreement and the completion of the Transaction.

(c) Each of the Parties acknowledges and confirms that the disclosure of Disclosed Personal Information is necessary for the purposes of determining if the Parties will proceed with the Transaction, and that the disclosure of Disclosed Personal Information relates solely to the carrying on of the Sellers' respective business of owning and operating specialty retailers of golf equipment, consumables, athletic apparel and accessories and the completion of the Transaction.

(d) The Buyer undertakes, after the Closing, to comply at all times with Applicable Laws as it pertains to privacy which govern the collection, use and disclosure of Personal Information, including in respect of the Disclosed Personal Information and all Personal Information of the Employees.

(e) The Buyer covenants and agrees that where the Parties do not complete or proceed with the Transaction, the Buyer will, if such information is still in the custody of or under the control of the Buyer, either, at the Buyer's option, destroy (and promptly provide to the Sellers an officer's certificate executed by the Chief Executive Officer of the Buyer confirming same) such information or return it to the Sellers.

10.6 Excluded Marks

(a) Subject to as is otherwise expressly provided in the Transition Services Agreement, from and upon the Closing, the Buyer shall, and shall cause the Canadian Business (and each operation) to:

(i) discontinue use of any and all Excluded Marks and do all such acts and make all such filings or otherwise to change the name of the business and operations at

each such location and station to another name that is not confusingly similar to any of the Excluded Marks and any variation or derivative of any one or more of them; and

(ii) remove all the Excluded Marks and any variation or derivative thereof from all public display and from all signage, documents, correspondence or communication of any kind in any format made available or delivered to any other Person or to the public, including any of its marketing materials, social media and Internet activities.

(b) At no time may the Buyer use any of the Excluded Marks to suggest or imply, in any manner, directly or indirectly, that the Buyer or any of its business is in any way then associated, affiliated, endorsed by, licensed by or related to a Seller, any of its affiliates or any of their business.

(c) The Buyer will at all times indemnify and hold harmless the Sellers and its Additional Indemnitees against and in respect of any and all Indemnified Losses which any one or more of them may suffer, sustain, pay or incur as a consequence of or in relation to the any reference or use by the Buyer, any of its affiliates or their respective businesses of or to the Excluded Marks.

(d) The Buyer acknowledges and agrees that the Sellers own all right, title and interest, in and to the Excluded Marks and any derivatives, modifications, enhancements or improvements thereto.

10.7 Survival

None of the representations, warranties or covenants (except the covenants in Sections 1.11, 2.5, 2.7, 2.9, 2.11, 3.1, 3.2, 3.3, 5.11, 6.4(b), 6.4(c), 6.4(d), 6.4(e), 8.2 and 9.2, as well as Article 10, in each case to the extent they are to be performed or operate by their express terms after the Closing) of either of the Parties set forth in this Agreement shall survive Closing.

10.8 Non-Recourse

Except as provided in the guaranty to be provided to Sellers by Fairfax Financial Holdings Limited in respect of the obligations of the Buyer under this Agreement upon the incorporation of the Buyer and its assumption of this Agreement, no past, present or future director, officer, employee, incorporator, member, partner, stockholder, affiliate, agent, attorney or representative of the respective Parties hereto, in such capacity, shall have any liability for any obligations or liabilities of the Buyer or the Sellers, as applicable, under this Agreement or for any claim based on, in respect of, or by reason of, the Transaction. In addition, under no circumstance shall any of the Parties, their respective affiliates or theirs or their affiliates' Representatives be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the Transaction.

10.9 Expenses

Except as otherwise specifically provided herein (including pursuant to Section 6.6) or in the Initial CCAA Order, each of the Sellers and the Buyer shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the Transaction (including their respective share of fees to obtain the Competition Act Approval).

10.10 Time of the Essence

Time will be of the essence in this Agreement.

10.11 Successors and Assigns

(a) This Agreement will become effective when executed by each of the Parties and after that time will be binding upon and enure to the benefit of each Party and its respective successors and permitted assigns.

(b) Except as provided herein, neither this Agreement, nor any of the rights or obligations hereunder, will be assignable or transferable by any Party without the prior written consent of the other Party, not be to unreasonably withheld. The Buyer shall be entitled to assign this Agreement, in whole but not in part, to any Person owned or controlled by Fairfax Financial Holdings Limited without any consent of the Sellers upon notice given to the Sellers at least five (5) Business Days prior to the Closing Date *provided that* the guarantor providing the guarantee referred to in Section 10.8 confirms that such guarantee continues to apply to the Agreement as assigned is provided.

10.12 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery; (ii) the date of transmission by facsimile or e-mail, with confirmed transmission and receipt or the date of transmission by electronic transmission (in each case, if sent during normal business hours of the recipient, and if not, then on the next Business Day); (iii) two days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (iv) five days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile or e-mail will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

(a) If to the Buyer at:

Buyer
c/o Fairfax Financial Holdings Limited
95 Wellington Street West
Suite 800
Toronto, ON M5J 2N7

Attention: Derek Bulas
Facsimile: 416-367-4946
E-mail: dbulas@fairfax.ca

with a copy to:

Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, ON M5L 1B9

Attention: Elizabeth Pillon
Facsimile: 416-947-0866
E-mail: lpillon@stikeman.com

(b) If to the Sellers at:

Golf Town Canada Inc. and Golf Town Operating Limited Partnership
610 Applewood Crescent
Vaughan, ON
L4K 0E3

Attention: David Roussy
Facsimile: ______________
E-mail: David.Roussy@Golfsmith.com

with a copy to:

Goodmans LLP
333 Bay Street
Suite 3400
Toronto, Ontario M5H 2S7

Attention: Robert J. Chadwick/
Melaney J. Wagner
Facsimile: (416) 979-1234
E-mail: rchadwick@goodmans.ca
mwagner@goodmans.ca

Any Party may change its address or other information for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address or such change information.

10.13 Specific Performance

The Buyer acknowledges and agrees that the Sellers and their respective estates would be damaged irreparably in the event the Buyer does not perform its obligations under this Agreement in accordance with its specific terms or otherwise breaches this Agreement, so that, in addition to any other remedy that the Sellers may have under law or equity, each Seller shall be entitled, without the requirement of posting a bond or other security, to injunctive relief to prevent any breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof.

10.14 Counterparts, Facsimile Signatures

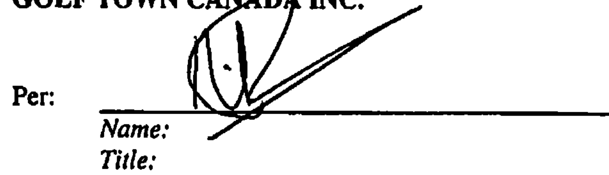
This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by facsimile signature, by email, PDF or other electronic format or transmission which, for all purposes, shall be deemed to be an original signature.

[The remainder of this page has been left intentionally blank.]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

SELLERS

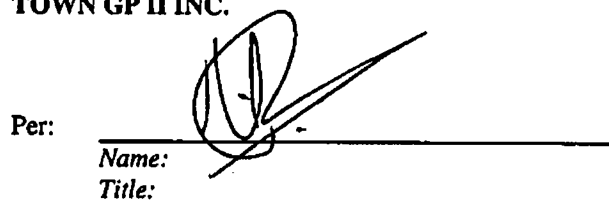
GOLF TOWN CANADA INC.



Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

GOLF TOWN OPERATING LIMITED PARTNERSHIP, by its general partner, GOLF TOWN GP II INC.



Per: ______________________
Name:
Title:

Per: ______________________
Name:
Title:

BUYER

FAIRFAX FINANCIAL HOLDINGS LIMITED, in trust for a corporation to be incorporated

Per: ______________________________

Name: Paul Rivett
Title: President

SCHEDULE 1.1(eee)
MATERIAL CONTRACTS

Nil. To be amended and updated prior to Closing pursuant to Section 2.3.

SCHEDULE 2.1(a)
LEASED LOCATIONS / ASSUMED REAL PROPERTY LEASES

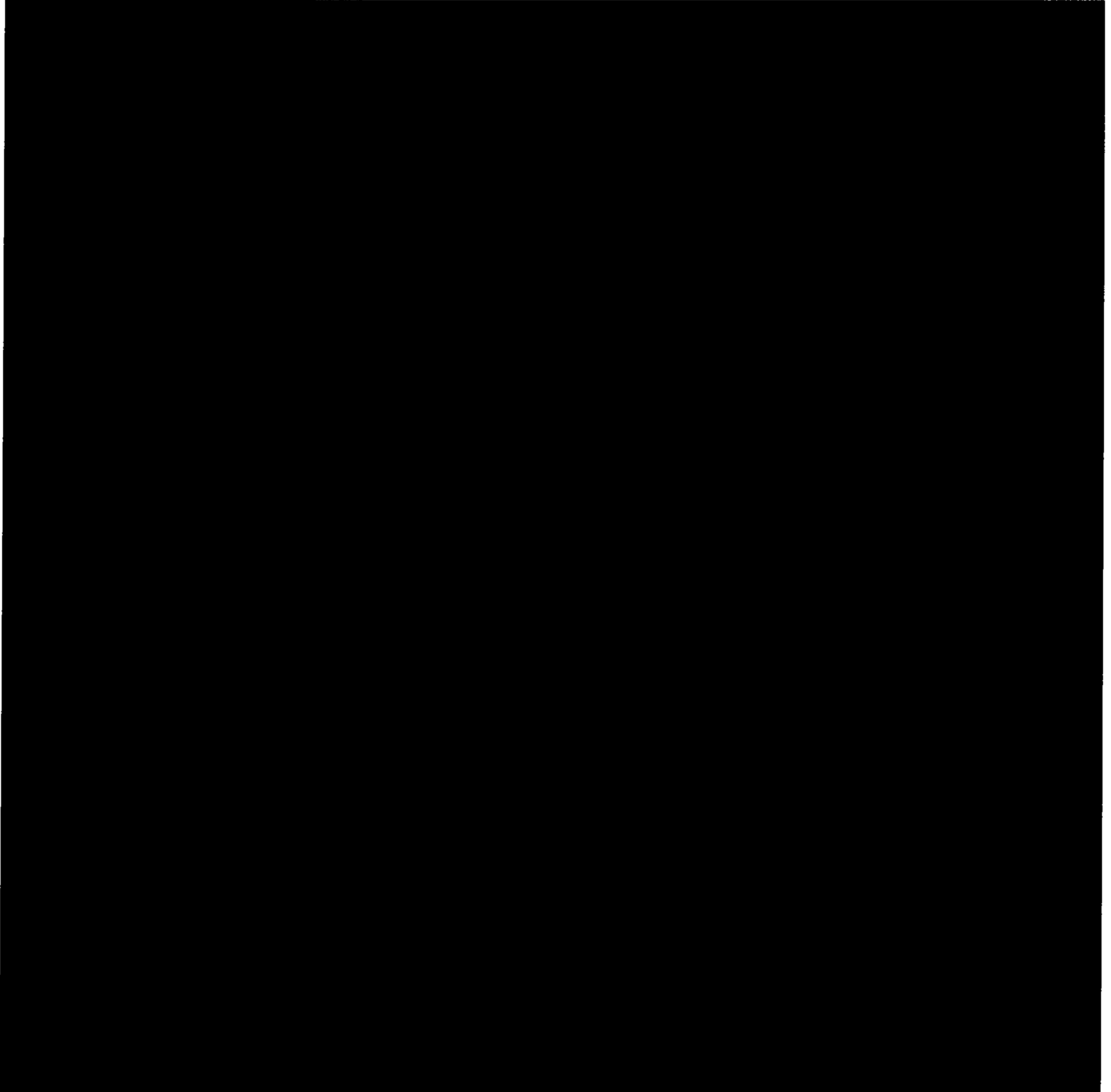
Nil. To be amended and updated prior to Closing pursuant to Section 2.3.

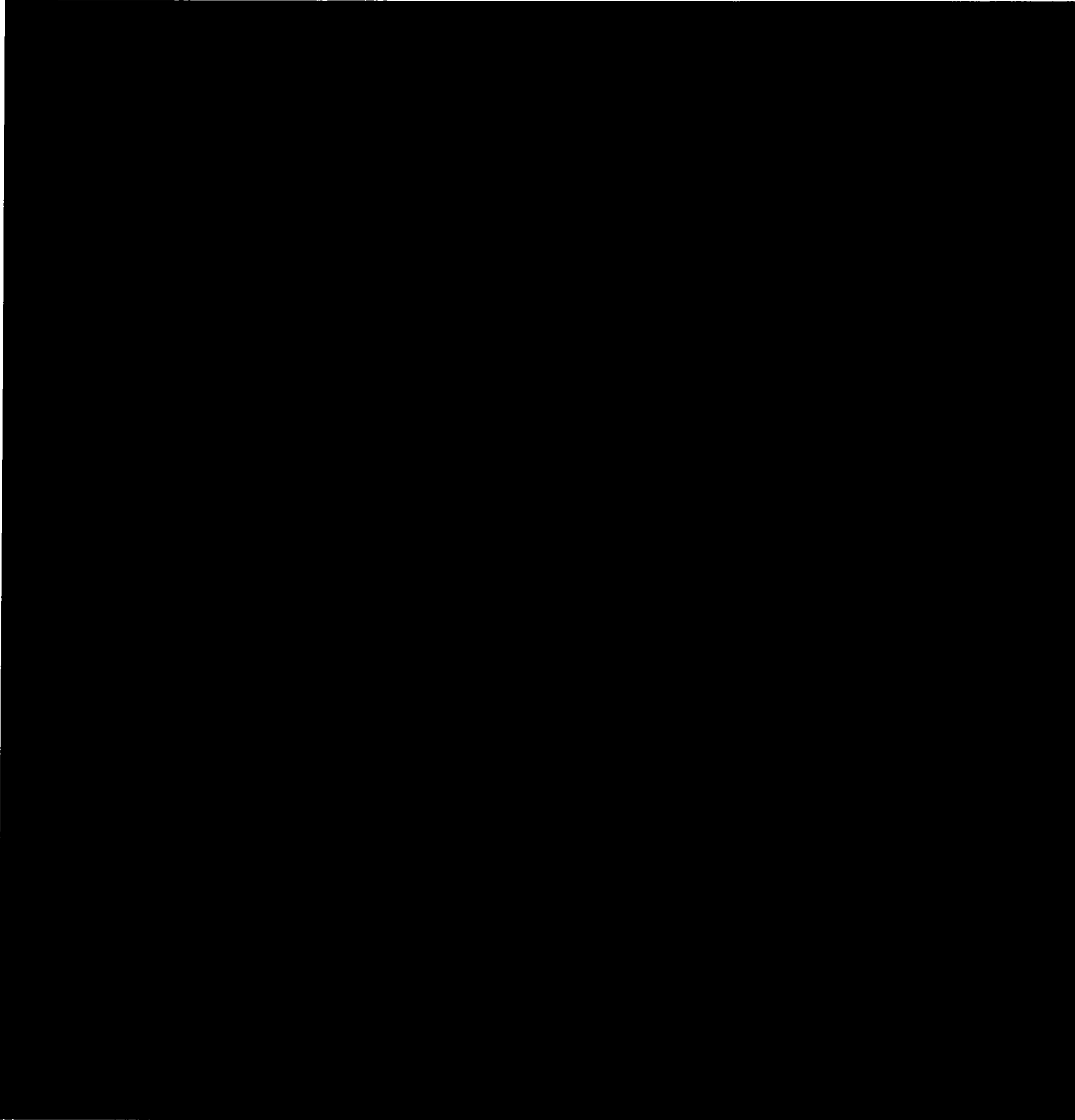
SCHEDULE 2.1(c)
ASSUMED CONTRACTS

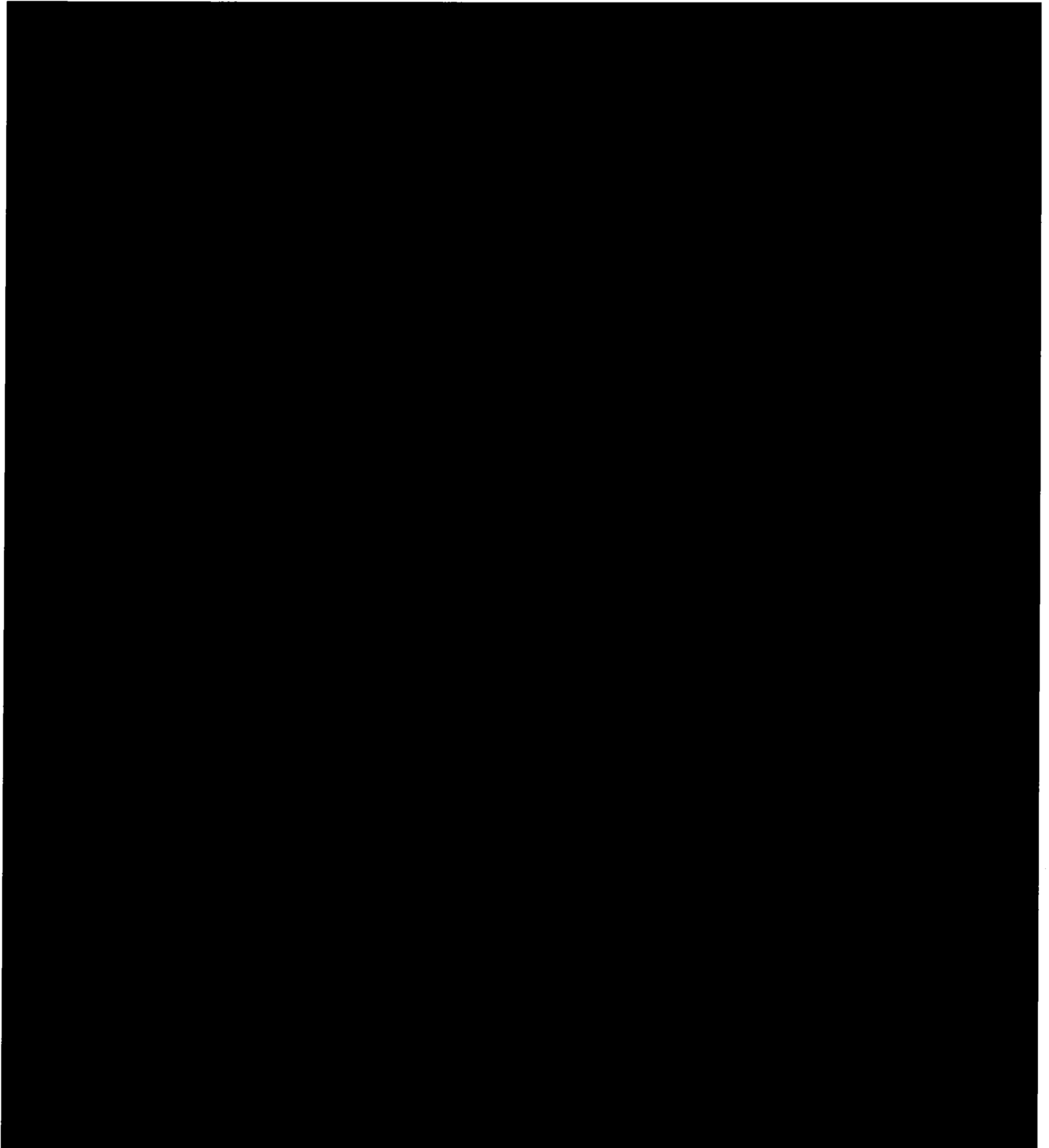
Nil. To be amended and updated prior to Closing pursuant to Section 2.3.

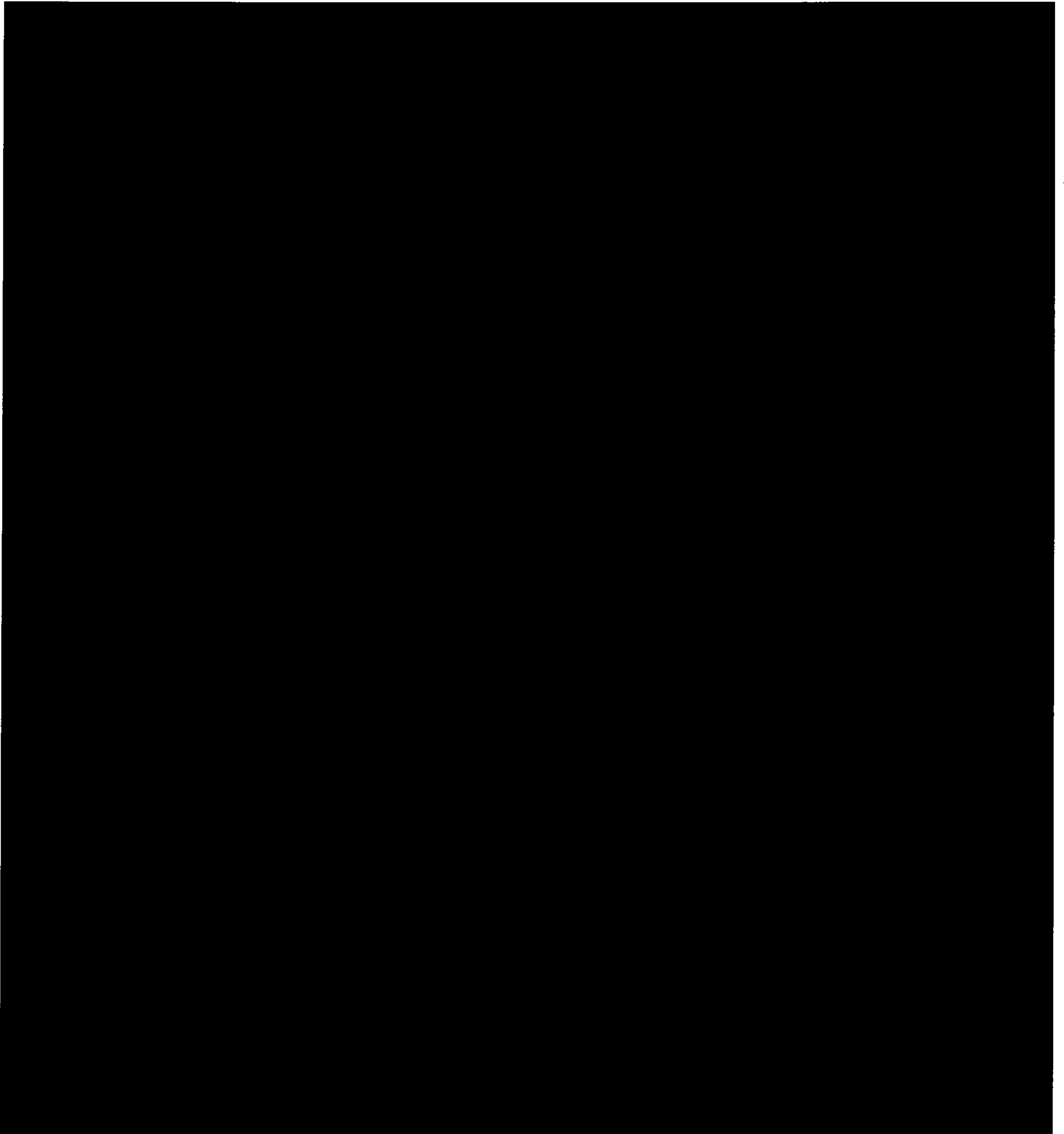
SCHEDULE 2.1(e)
INTELLECTUAL PROPERTY

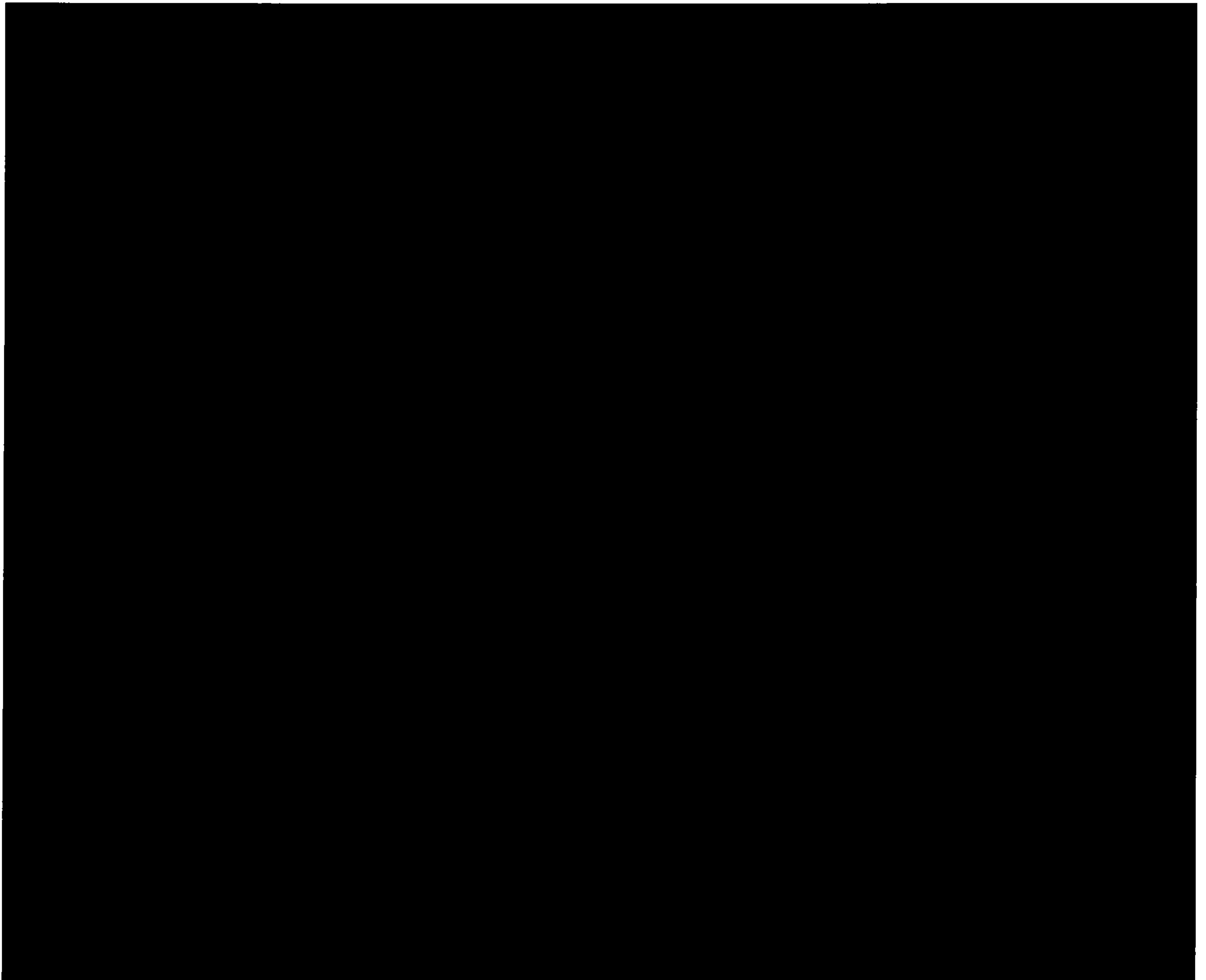
1. Trademarks

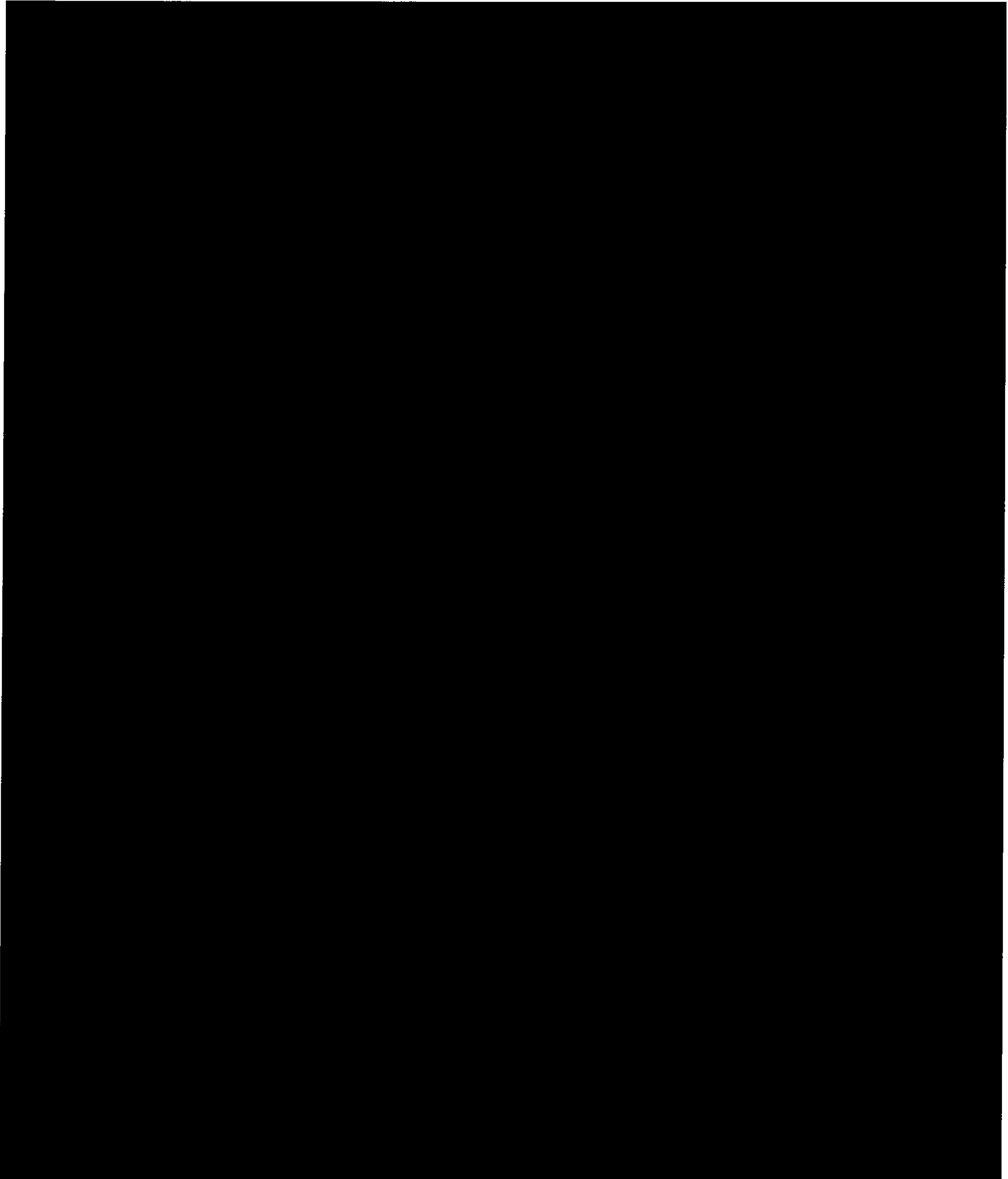


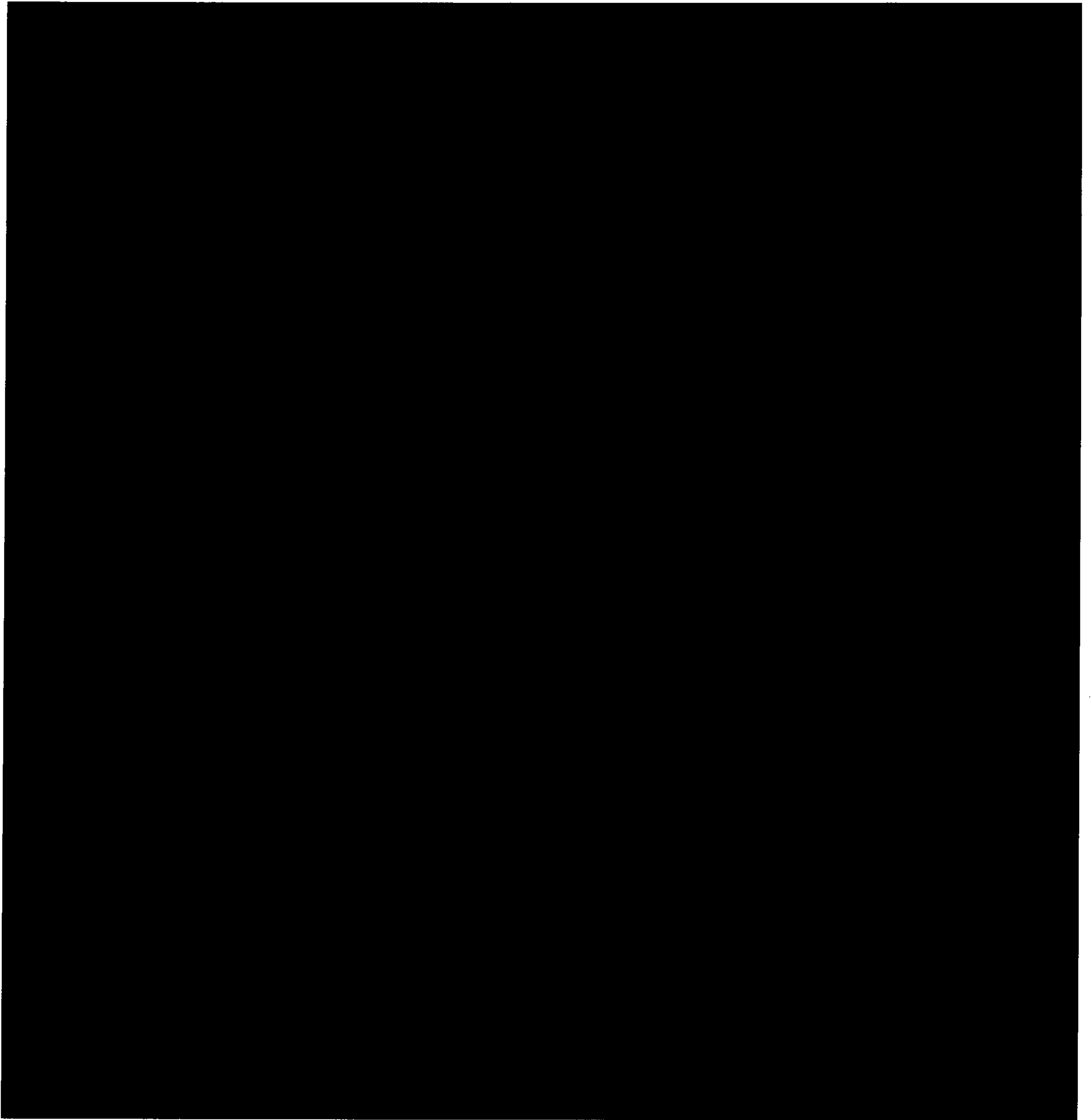


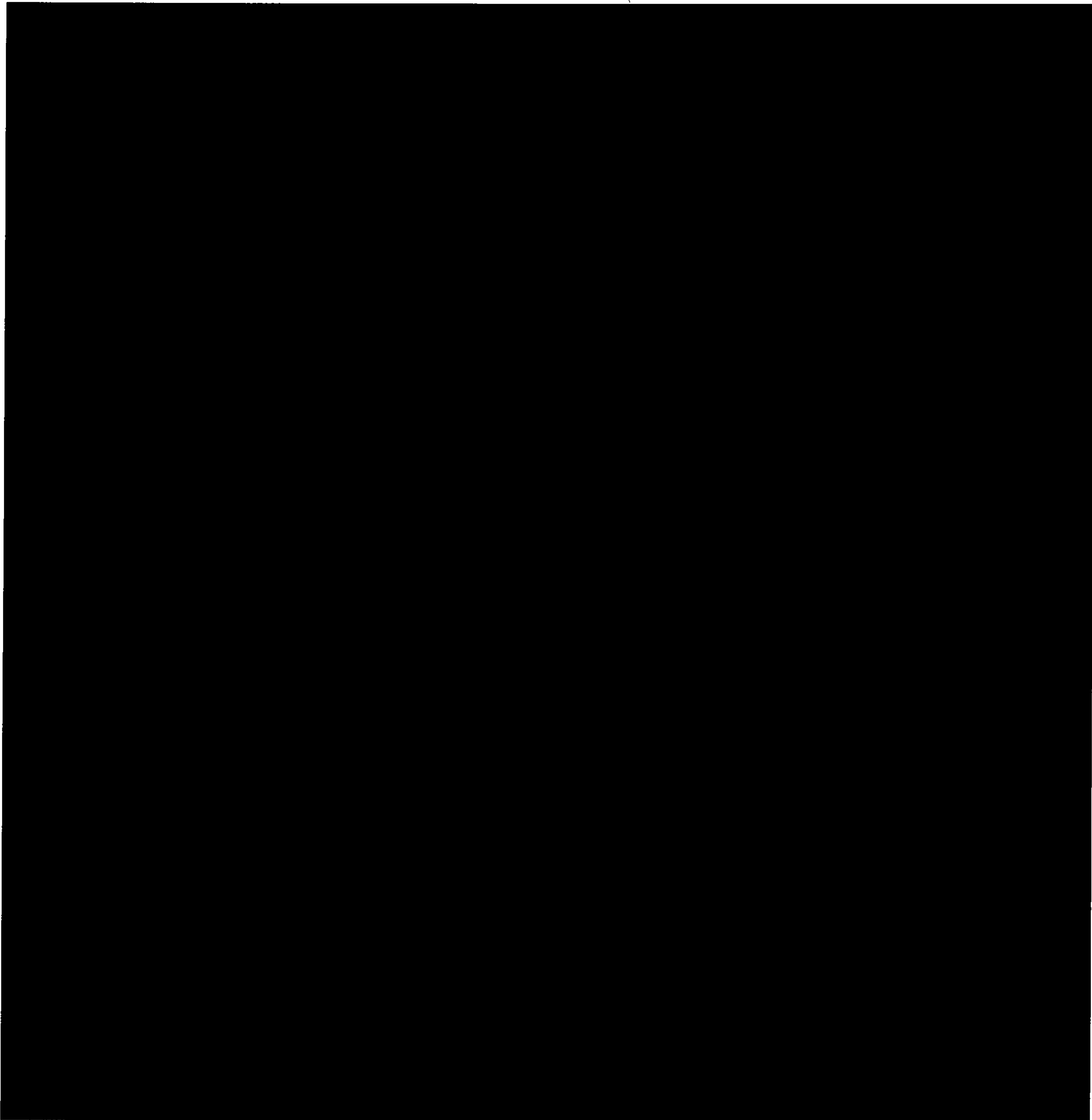


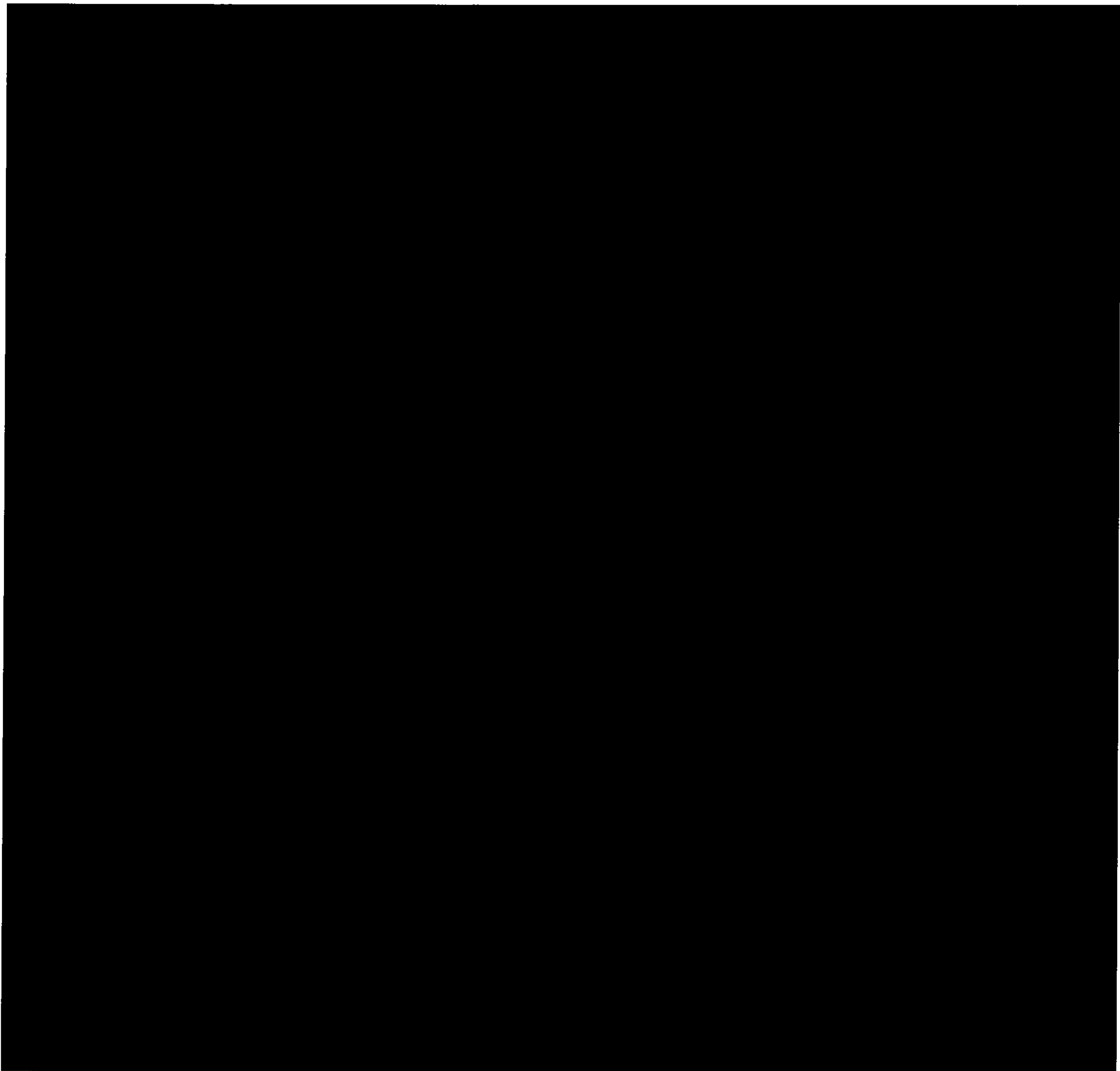


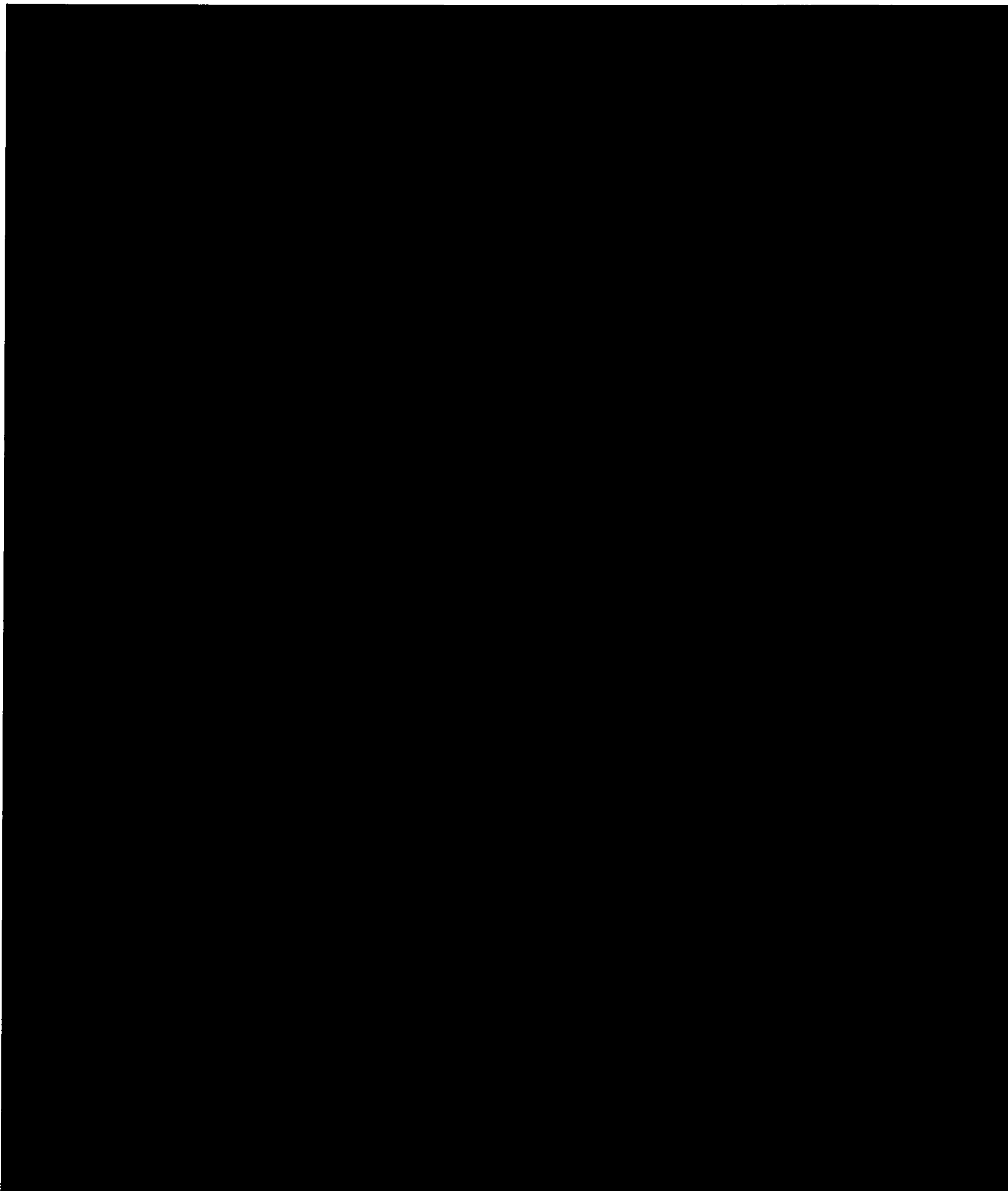


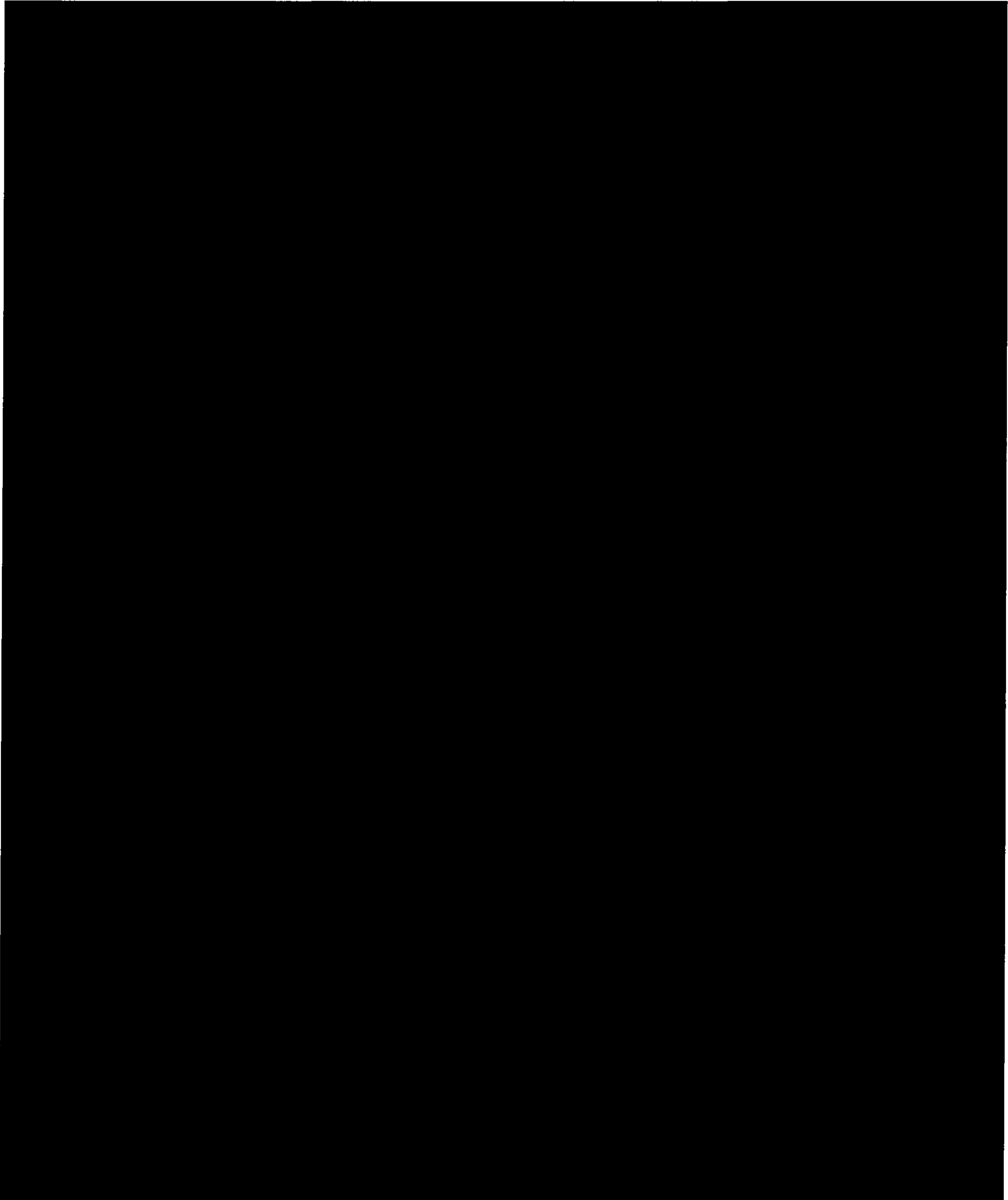


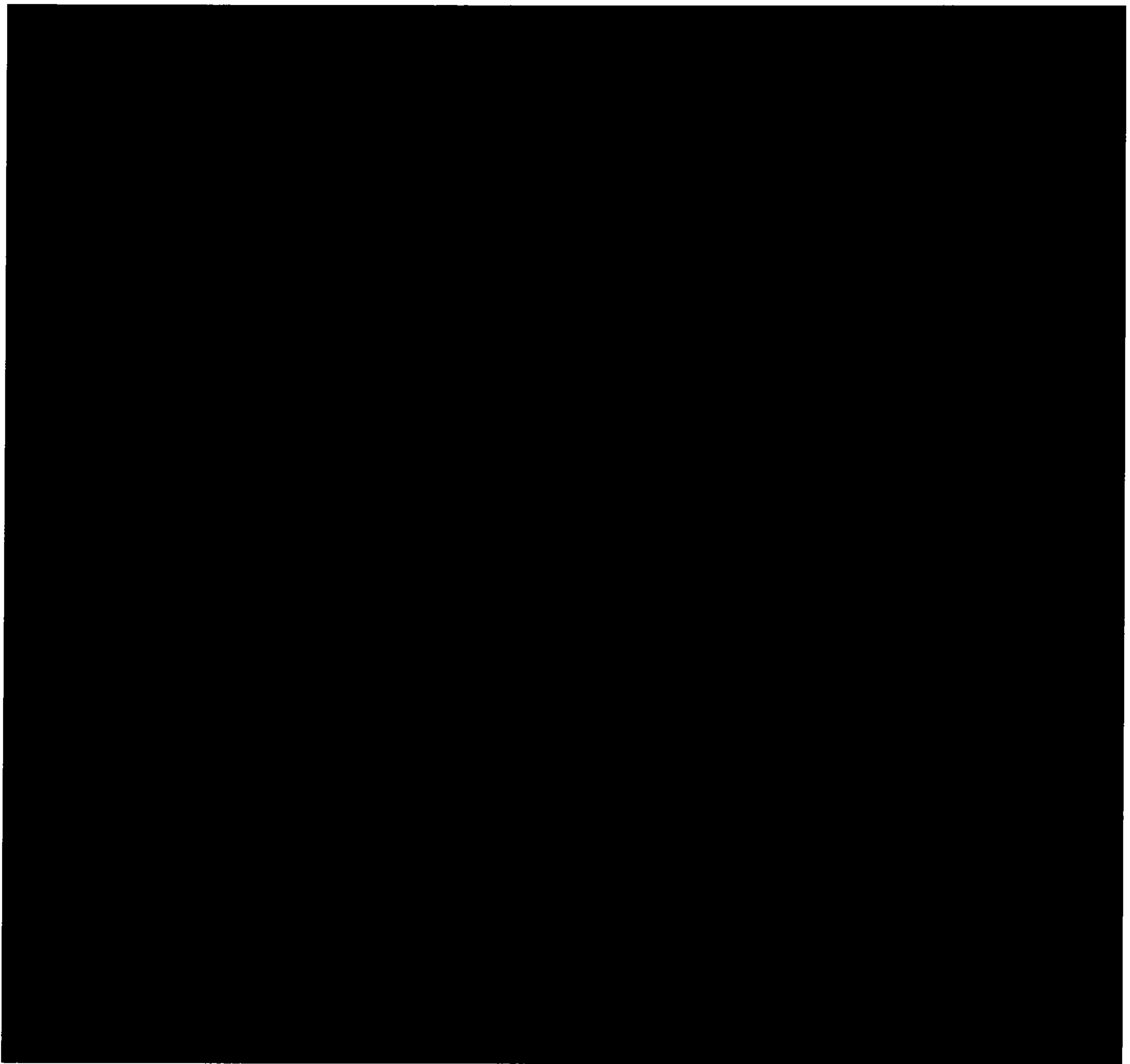


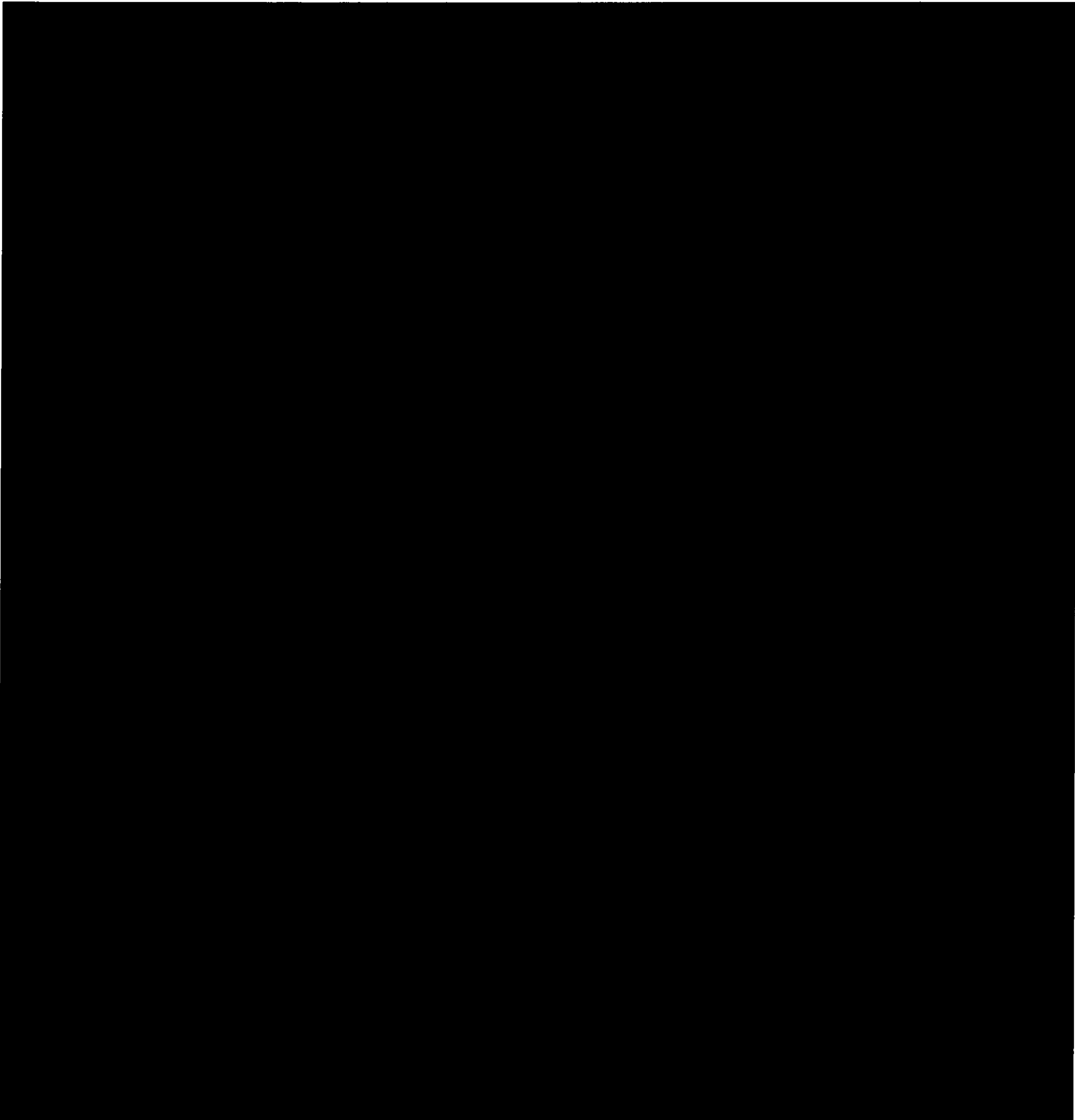


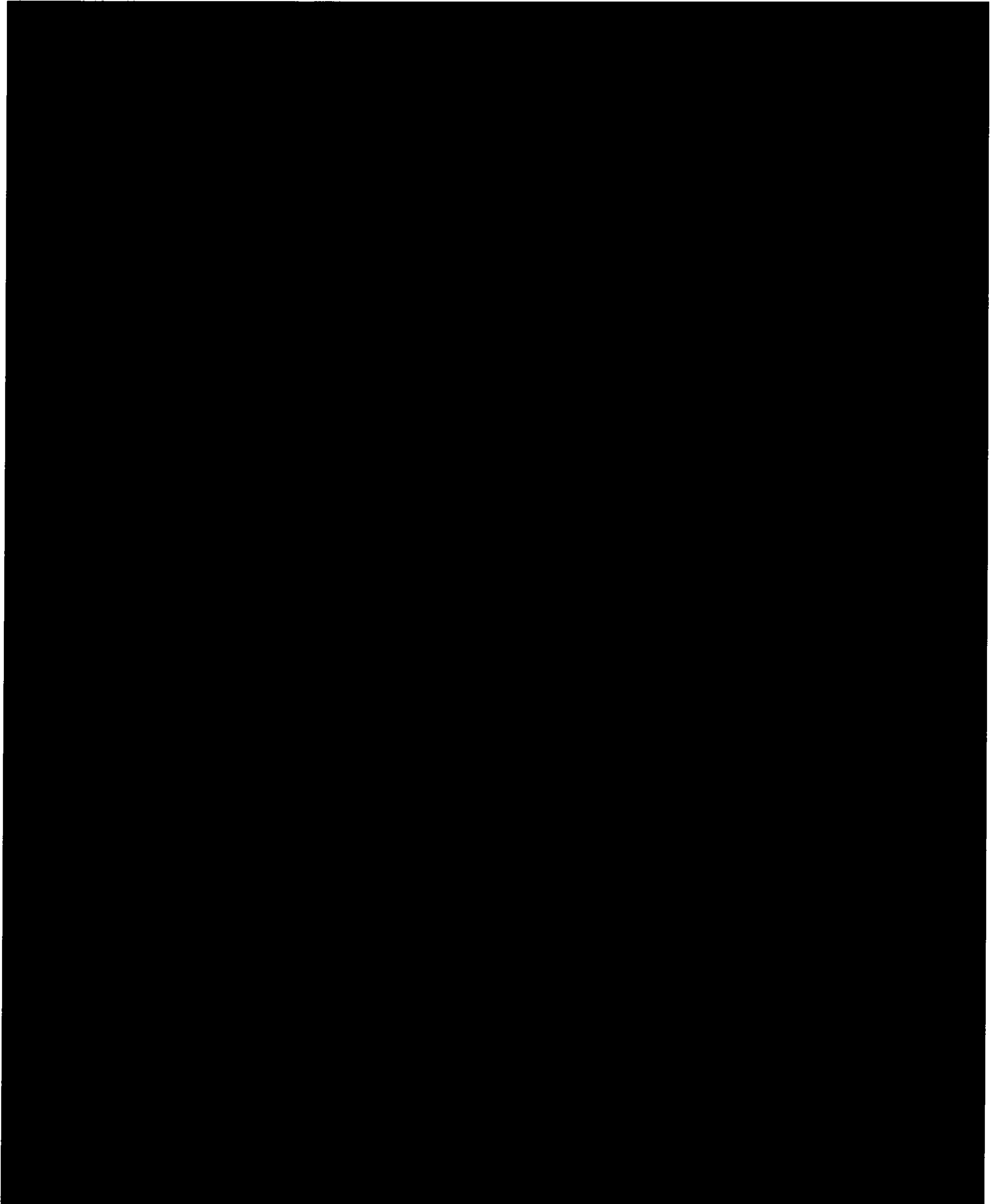


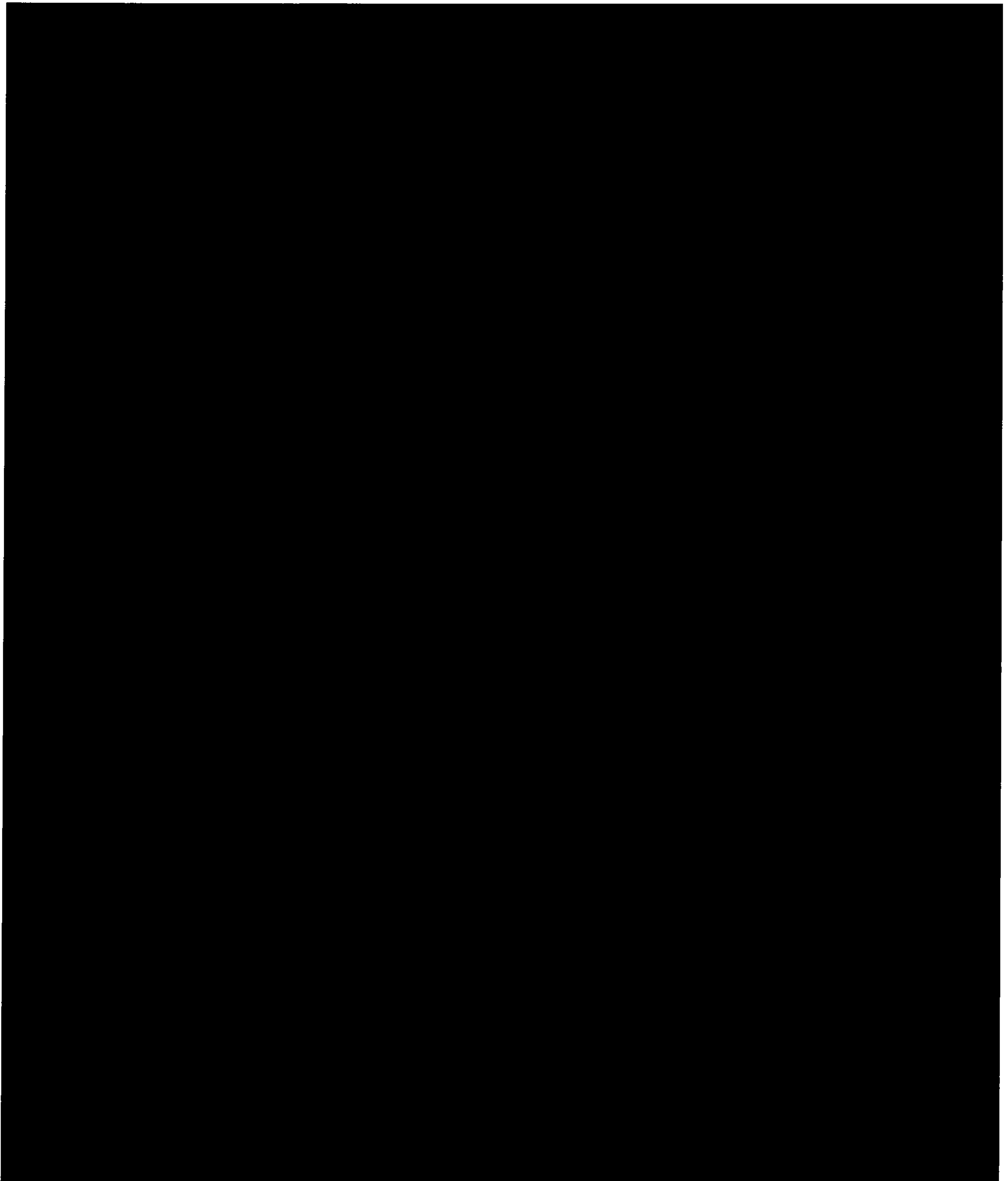


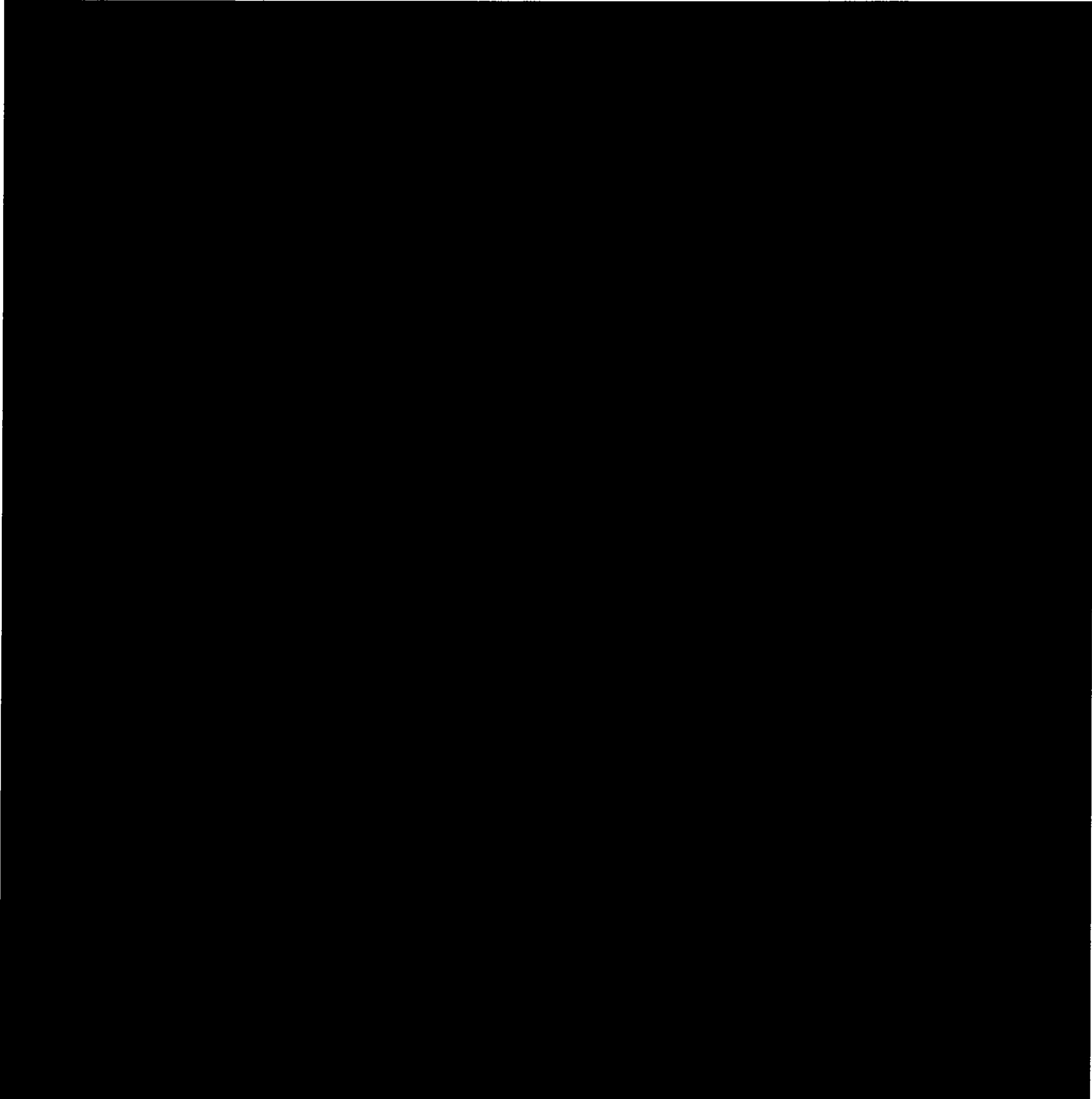


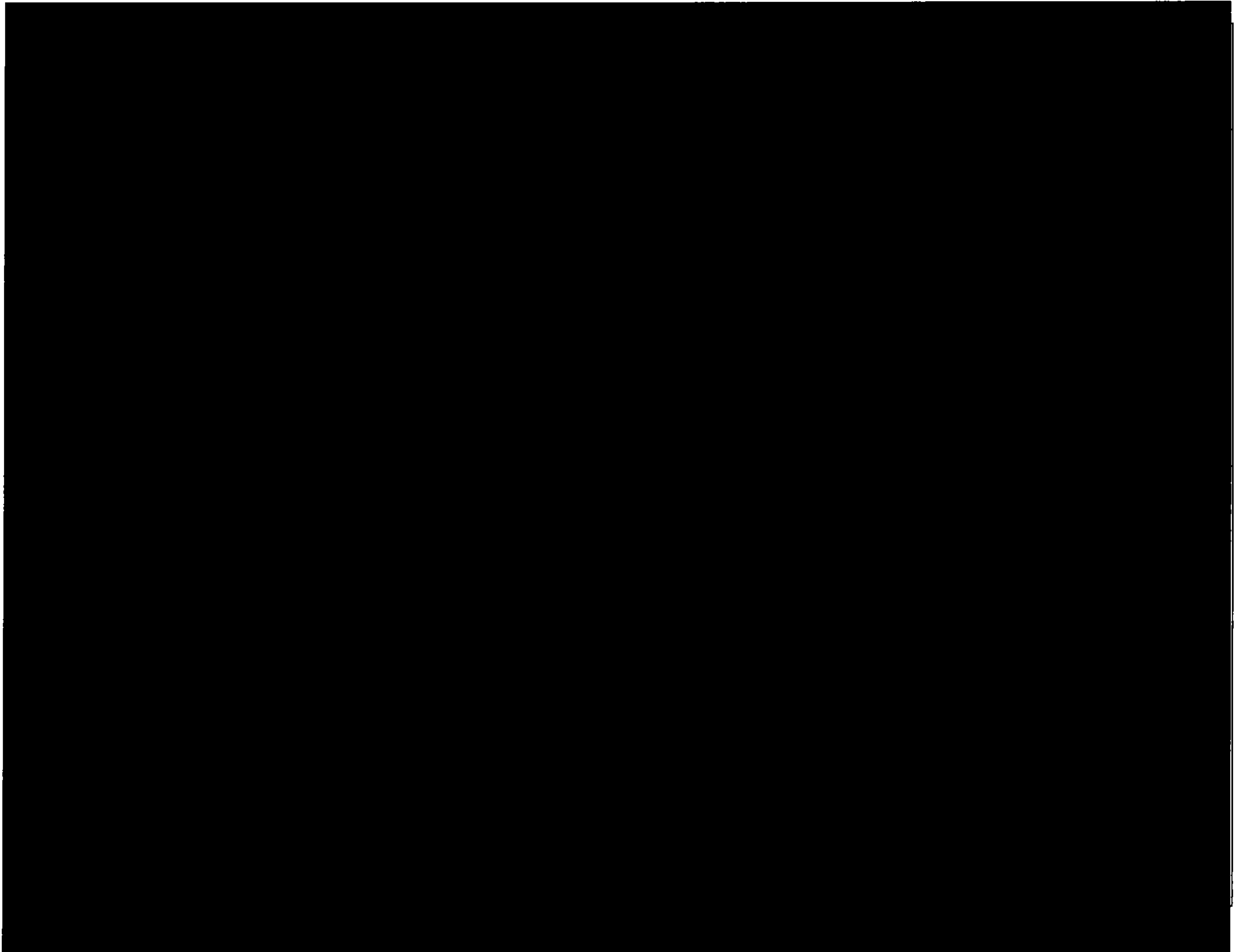












SCHEDULE 2.7
WORKING CAPITAL STATEMENT

SCHEDULE 4.7
LITIGATION

1.

SCHEDULE 4.11
ENVIRONMENTAL MATTERS

Nil.

SCHEDULE 4.14
EMPLOYEE PLANS

1.

SCHEDULE 6.1(c)(ii)
ASSUMED REAL PROPERTY LEASES UP FOR RENEWAL

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Court File No: CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF ROBERT WHITE
(Sworn September 23, 2016)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

5

Court File No. CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

AFFIDAVIT OF DAVID ROUSSY
(sworn September 26, 2016)

I, David Roussy, of the City of Austin, in the State of Texas, MAKE OATH AND SAY:

1. I am the Chief Executive Officer of Golf Town Canada Inc. ("**GT Canada**") and Golfsmith International Holdings, Inc. and have served in that capacity since June 2015. As such, I have personal knowledge of the Golf Town and Golfsmith corporate group (the "**Company**") and the matters to which I depose in this affidavit. Where I do not possess personal knowledge, I have stated the source of my information and, in all such cases, believe it to be true.

2. On September 14, 2016, Golf Town Canada Holdings Inc., GT Canada and Golf Town GP II Inc. (collectively, the "**Applicants**") sought and obtained an Order of this Court (the "**Initial Order**") providing creditor protection to the Applicants under the *Companies' Creditors*

Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The protections and authorizations in the Initial Order were also extended to Golfsmith International Holdings LP ("**Holdings LP**") and Golf Town Operating Limited Partnership ("**Golf Town LP**" and, together with the Applicants and Holdings LP, the "**Golf Town Entities**"). Pursuant to the Initial Order, FTI Consulting Canada Inc. ("**FTI**") was appointed as monitor (the "**Monitor**") of the Golf Town Entities in the CCAA proceedings.[1]

3. At the time of the CCAA application, the Golf Town Entities advised the Court that they would be bringing a motion (the "**Sale Approval Motion**") as soon as possible following the granting of the Initial Order seeking an order (the "**Approval and Vesting Order**") approving the sale of the Golf Town Business (the "**Golf Town Transaction**") to 9918167 Canada Inc. (the "**Purchaser**"), an entity owned by Fairfax Financial Holdings Limited ("**Fairfax**") and certain investment funds managed by CI Investments Inc. ("**CI**").

4. Concurrently with the CCAA application, certain Golfsmith entities (the "**U.S. Debtors**") initiated voluntary Chapter 11 proceedings in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") to provide stability to the Golfsmith Business while the U.S. Debtors advance and implement a restructuring of the Golfsmith Business (the "**Golfsmith Restructuring**"). Fairfax and CI, which collectively hold in excess of 40% of the Company's second lien Secured Notes, have entered into a Support Agreement pursuant to which they and other Secured Noteholders that enter into the Support Agreement (collectively, the "**Supporting Noteholders**") will support the Golf Town Transaction and the Golfsmith Restructuring on the terms set forth in the Support Agreement.

---

[1] Capitalized terms used and not otherwise defined in this affidavit have the meanings given to them in my affidavit sworn September 13, 2016 (the "**Initial Affidavit**").

5. I have reviewed the affidavit of Robert White sworn September 23, 2016 (the "**White Affidavit**") in support of the Sale Approval Motion. This affidavit is sworn in support of the Golf Town Entities' motion for an Order (the "**Stay Extension and Priority Order**") that, among other things:

(a) extends the Stay Period (as defined in the Initial Order) to January 31, 2017; and

(b) orders that the Court-ordered Charges (as defined in the Initial Order) rank in priority to certain existing encumbrances over the assets, property and undertaking of the Golf Town Entities on the terms set forth in the Stay Extension and Priority Order.

I. ACTIVITIES SINCE THE INITIAL ORDER

6. The Golf Town Entities, together with the Monitor, have been working diligently and in good faith to carry out the terms of the Initial Order, finalize the DIP Agreement, maintain adequate funding availability, manage relationships with key stakeholders, stabilize the Business, and advance the Golf Town Transaction and the Golfsmith Restructuring.

7. More specifically, the Golf Town Entities' activities since the Initial Order include the following:

(a) on September 14, 2016, the Company issued a press release announcing the Golf Town Transaction and the Golfsmith Restructuring and the commencement of the CCAA and Chapter 11 proceedings;

(b) beginning on September 14, 2016, the Golf Town Entities and their advisors contacted certain key suppliers to inform them of the commencement of the CCAA proceedings and the Golf Town Transaction and to discuss supply arrangements during the CCAA proceedings;

(c) I am advised by Melaney Wagner of Goodmans LLP, counsel to the Company, that Goodmans LLP served the Initial Order on various additional parties who had not been served with the CCAA application, including the Canada Revenue Agency and the taxation authorities in each province in which Golf Town operates a retail location;

(d) the Golf Town Entities and their counsel have been in contact with, and have responded to inquiries from, various other creditors and stakeholders regarding the CCAA proceedings and the Golf Town Transaction;

(e) as described further below, the Golf Town Entities and their counsel have worked with the DIP Agent and its counsel, as well as the Monitor and its counsel, with respect to the finalization of the DIP Agreement and the Company's funding requirements during the CCAA and Chapter 11 proceedings;

(f) the Golf Town Entities have worked with the Monitor to identify known claims against the Golf Town Entities so that the Monitor could provide the required notices to creditors in accordance with the Initial Order;

(g) the Golf Town Entities have continued paying their employees and personnel in the ordinary course in accordance with existing practices and their suppliers for goods and services in accordance with the terms of the Initial Order; and

(h) the Golf Town Entities and their professional advisors have continued discussions and had in-person meetings with Fairfax, CI and other parties with respect to the Sale Approval Motion and to advance the Golf Town Transaction and the Golfsmith Restructuring.

II. DIP FACILITY

8. At the time of the CCAA application, this Court was advised that the Golf Town Entities and the DIP Agent were in continuing discussions with respect to the finalization of the DIP Agreement. I understand that the Initial Order authorized the Golf Town Entities to obtain and borrow under a DIP Facility pursuant to a DIP Agreement in substantially the form attached to my Initial Affidavit. Following the granting of the Initial Order, the Company and the DIP Agent and their respective advisors resolved remaining matters to the satisfaction of the parties and the DIP Agreement was executed on September 19, 2016. A copy of the executed DIP Agreement (without exhibits or schedules except for the schedule containing the DIP milestones), with limited redactions to preserve confidentiality with respect to the DIP Lenders, is attached hereto as Exhibit "A".

III. CHAPTER 11 PROCEEDINGS

9. On September 14, 2016, the U.S. Debtors initiated voluntary Chapter 11 proceedings in the Bankruptcy Court. On September 15, 2016, a hearing in respect of the U.S. Debtors' "First Day Motions" was heard before the Honourable Laurie Selber Silverstein and a series of interim

“First Day Orders” were issued. The Bankruptcy Court will conduct a final hearing in respect of the First Day Orders on October 13, 2016.

10. The Company, with the assistance of its professional advisors, continues to advance the Golfsmith Restructuring with the Supporting Noteholders and to take steps to refinance or repay the Credit Facility Obligations in connection with the completion of the restructuring. In accordance with the terms of the DIP Agreement, the Company has also agreed to undertake a dual track sale process in the Chapter 11 proceedings to explore the potential for an alternative transaction for the Golfsmith Business that maximizes value for the benefit of stakeholders.

11. I understand that the Monitor will provide a further update with respect to the Chapter 11 proceedings in the Monitor’s First Report.

IV. EXTENSION OF THE STAY OF PROCEEDINGS

12. The Stay Period in the Initial Order is for the period until and including October 14, 2016. In the proposed Stay Extension and Priority Order, the Golf Town Entities are seeking the extension of the stay of proceedings until January 31, 2017. During the Stay Period, the Golf Town Entities intend to:

(a) if the Approval and Vesting Order is granted, work with the Purchaser to advance and complete the Golf Town Transaction, with a targeted closing date of October 31, 2016, including by finalizing the Transition Services Agreement with the Purchaser and obtaining approval of the Transition Services Agreement in the Chapter 11 proceedings;

(b) provide for the removal by the Purchaser of Purchased Assets from the Excluded Locations within 30 days of the closing of the Golf Town Transaction and, if applicable, the occupation by the Purchaser of certain of the Golf Town Entities' premises for a period of 60 days following the closing of the Golf Town Transaction pursuant to the terms of the Purchase Agreement;

(c) undertake and complete wind-down activities in respect of those aspects of the Golf Town Business that are not acquired by the Purchaser in connection with the Golf Town Transaction, including the closure or assignment of Excluded Locations in a manner that maximizes value and is responsive to the interests of affected creditors; and

(d) assist the U.S. Debtors as necessary to advance the Golfsmith Restructuring or other alternative transactions in respect of the Golfsmith Business.

13. As indicated in a cash flow forecast (the "**Cash Flow Forecast**") to be attached to a confidential supplement to the Monitor's First Report ("**Confidential Supplement No. 2**"), the Golf Town Entities will have sufficient funding to operate to the end of the requested Stay Period, assuming completion of the Golf Town Transaction (expected to close by October 31, 2016) and continued availability under the DIP Facility. The Golf Town Entities will update this Court and seek appropriate relief if at any time during the requested Stay Period it becomes apparent that the Golf Town Entities will not have access to sufficient funding.

14. The Golf Town Entities are seeking the sealing of Confidential Supplement No. 2 pursuant to the Sale Approval Order pending the closing of the Golf Town Transaction, as the

Cash Flow Forecast contained therein discloses the purchase price under the Golf Town Transaction. The cash flow forecast filed with the CCAA application did extend beyond the anticipated closing of the Golf Town Transaction and therefore did not disclose the purchase price. The Golf Town Entities believe that disclosure of this confidential commercial information prior to the closing of the Golf Town Transaction could adversely impact the interests of the Golf Town Entities and their stakeholders. The sealing of Confidential Supplement No. 2 is also necessary to give effect to the requested sealing of the Purchase Agreement, as described more fully in the White Affidavit.

V. PRIORITY OF THE CHARGES

15. In the Initial Order, this Court granted certain Charges over the assets, property and undertaking of the Golf Town Entities. Under the terms of the Initial Order, the Charges rank subordinate to any validly perfected security interest in favour of a "secured creditor" existing on the date of the Initial Order (the "**Secured Claims**"), other than any validly perfected security interest in respect of the Credit Facility and the Secured Notes. The Initial Order contains further provisions providing for the relative priorities as between the Charges and the security interests in respect of the Credit Facility and the Secured Notes.

16. The Initial Order provides that the Golf Town Entities are entitled to seek a further Court Order granting priority to the Charges ahead of all or certain of the Secured Claims on a subsequent motion on notice to those parties likely to be affected thereby.

17. The Golf Town Entities are requesting that the Court order, as part of the Stay Extension and Priority Order, that the Charges rank in priority to all Encumbrances other than any validly perfected security interests evidenced by a registration pursuant to the *Personal Property*

Security Act (Ontario) or any other personal property registry system (other than any validly perfected security interests in respect of the Credit Facility and the Secured Notes). The proposed Stay Extension and Priority Order would not alter the relative priorities as between the Charges and the security interests securing the Credit Facility and the Secured Notes as set out in the Initial Order. The enhanced priority afforded to the Charges is consistent with the DIP Agreement and is necessary and appropriate in the circumstances to ensure that the beneficiaries of the Charges continue their efforts to ensure the ongoing operations of the Golf Town Business, the completion of the Golf Town Transaction, and the success of these CCAA proceedings.

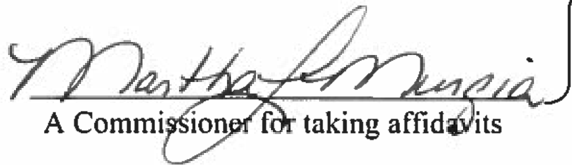
18. I am advised by Melaney Wagner of Goodmans LLP that counsel to the Golf Town Entities will provide notice of the Golf Town Entities' intention to seek the Approval and Vesting Order and the Stay Extension and Priority Order to: each party that has requested to be included on the CCAA service list; the Canada Revenue Agency and the taxation authorities in each province in which Golf Town operates a retail location; each creditor that has registered a PPSA registration in respect of the Golf Town Entities; and each landlord in respect of Golf Town's leased premises. I also understand that the Monitor has taken various actions to notify stakeholders of the initiation of these CCAA proceedings as required pursuant to the Initial Order, including establishing the Monitor's website, publishing notices of the CCAA proceedings in The Globe and Mail and La Presse, and mailing a notice of the CCAA proceedings to every known creditor who has a claim against the Golf Town Entities of more than $1,000. As a result, I believe that the parties likely to be affected by the granting of the Sale Approval Order and the Stay Extension and Priority Order have been provided with notice of these proceedings.

VI. CONCLUSION

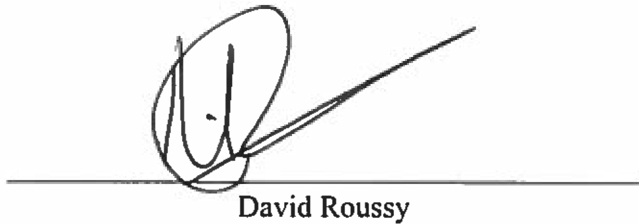
19. Since the Initial Order, the Golf Town Entities have worked diligently to continue the operation of the Golf Town Business and to manage matters arising from the initiation of these CCAA proceedings. The Golf Town Entities require the ongoing benefit of the stay of proceedings to provide stability to the Golf Town Business while they work to complete the Golf Town Transaction and undertake other restructuring and wind-down activities, including assisting in the advancement and implementation of the Golfsmith Restructuring. In the circumstances, the extension of the stay of proceedings and the other relief requested in the Stay Extension and Priority Order is in the best interests of the Golf Town Entities and their stakeholders.

20. Accordingly, I swear this affidavit in support of the Stay Extension and Priority Order and for no improper purpose.

SWORN before me at the City of Austin, in the State of Texas, on September 26, 2016.



A Commissioner for taking affidavits



David Roussy

A

THIS IS EXHIBIT "A"

TO THE AFFIDAVIT OF DAVID ROUSSY

SWORN BEFORE ME ON THE 26th DAY OF SEPTEMBER, 2016.

Commissioner for Taking Affidavits

EXECUTION COPY

SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

Dated as of September 19, 2016

by and among

GOLF TOWN CANADA INC., GOLF TOWN USA, L.L.C., GOLFSMITH INTERNATIONAL HOLDINGS, INC., GOLF TOWN GP II INC., GOLF TOWN OPERATING LIMITED PARTNERSHIP, GOLF TOWN USA HOLDCO LIMITED, GOLFSMITH EUROPE, L.L.C., GOLFSMITH LICENSING, L.L.C., GOLFSMITH INCENTIVE SERVICES, LLC, GOLFSMITH 2 GP, L.L.C., GOLFSMITH INTERNATIONAL, INC., GOLFSMITH INTERNATIONAL, L.P., GOLFSMITH NU, L.L.C. AND GOLFSMITH USA, L.L.C., as Borrowers

THE OTHER PERSONS FROM TIME TO TIME PARTY HERETO AS BORROWERS,

**GOLFSMITH INTERNATIONAL HOLDINGS, INC.,
as the Borrower Representative**

THE OTHER PERSONS PARTY HERETO THAT ARE DESIGNATED AS CREDIT PARTIES

**ANTARES CAPITAL LP
as Agent,**

**THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO,
as Lenders,**

and

**ANTARES CAPITAL LP,
as Sole Lead Arranger and Bookrunner**

TABLE OF CONTENTS

Page

ARTICLE I. - THE CREDITS 3

1.1 Amounts and Terms of Commitments ... 3
1.2 Notes ... 11
1.3 Interest ... 11
1.4 Loan Accounts ... 12
1.5 Procedure for Revolving Credit Borrowing ... 13
1.6 Conversion and Continuation Elections ... 14
1.7 Optional Prepayments ... 16
1.8 Mandatory Prepayments of Loans ... 17
1.9 Fees ... 18
1.10 Payments by the Borrowers ... 19
1.11 Payments by the Lenders to Agent; Settlement ... 23
1.12 Borrower Representative ... 27
1.13 Reserves and Eligibility Criteria ... 27
1.14 Super Priority Nature of Obligations and Agent's Liens ... 27
1.15 Payment of Obligations ... 28

ARTICLE II. - CONDITIONS PRECEDENT 28

2.1 Conditions to Effectiveness of Agreement ... 28
2.2 Conditions to All Borrowings ... 31

ARTICLE III. - REPRESENTATIONS AND WARRANTIES 33

3.1 Corporate Existence and Power ... 33
3.2 Corporate Authorization; No Contravention ... 33
3.3 Governmental Authorization ... 34
3.4 Binding Effect ... 34
3.5 Litigation ... 35
3.6 No Default ... 35
3.7 ERISA Compliance; Pension Plan and Benefit Plan Compliance ... 35
3.8 Use of Proceeds; Margin Regulations ... 36
3.9 Ownership of Property; Title to Properties ... 36
3.10 Taxes ... 36

TABLE OF CONTENTS
(continued)

Page

3.11 Financial Condition and Approved Budget 37
3.12 Environmental Matters 38
3.13 Regulated Entities 39
3.14 Material Adverse Effect 39
3.15 Labor Relations 39
3.16 Intellectual Property 39
3.17 Subsidiaries 39
3.18 Brokers' Fees; Transaction Fees 39
3.19 Insurance 40
3.20 Bonding 40
3.21 Full Disclosure 40
3.22 Foreign Assets Control Regulations and Anti-Money Laundering 40
3.23 Patriot Act 41
3.24 EEA Financial Institutions 41
3.25 Reorganization Matters 41

ARTICLE IV. - AFFIRMATIVE COVENANTS 43

4.1 Financial Statements 43
4.2 Certificates; Other Information 44
4.3 Notices 46
4.4 Preservation of Corporate Existence, Etc 48
4.5 Maintenance of Property 49
4.6 Insurance 49
4.7 Canadian Plans 50
4.8 Compliance with Laws; Pension Plans and Benefit Plans 50
4.9 Inspection of Property and Books and Records 51
4.10 Use of Proceeds 51
4.11 Cash Management Systems 52
4.12 Landlord Agreements 53
4.13 Further Assurances 53
4.14 Physical Inventories 54
4.15 Activities of Golfsmith Holdco 55

TABLE OF CONTENTS
(continued)

Page

4.16 Credit Parties' Advisors ... 55
4.17 Agent's Advisors ... 55
4.18 Approved Budget ... 56
4.19 Status of Permitted Store Closing Sales; Sale Transaction ... 57
4.20 Leases ... 57
4.21 Sale Transaction and Permitted Store Closing Sales ... 58
4.22 Post-Closing Obligations ... 58
ARTICLE V. - NEGATIVE COVENANTS 58
5.1 Limitation on Liens ... 58
5.2 Disposition of Assets ... 60
5.3 Consolidations, Mergers and Amalgamations ... 61
5.4 Loans and Investments ... 61
5.5 Limitation on Indebtedness ... 62
5.6 Transactions with Affiliates; Provision of Certain Services ... 64
5.7 Management Fees and Compensation ... 64
5.8 Use of Proceeds ... 64
5.9 Contingent Obligations ... 64
5.10 Compliance with ERISA, Pension Plans and Benefit Plans ... 65
5.11 Restricted Payments ... 66
5.12 Change in Business; Holding Company Covenant ... 66
5.13 Change in Structure ... 67
5.14 Changes in Accounting, Name or Jurisdiction of Organization ... 67
5.15 Amendments to Subordinated Indebtedness ... 67
5.16 No Negative Pledges ... 67
5.17 OFAC; Patriot Act; Counter-Terrorism Regulations Anti-Money Laundering ... 68
5.18 Sale-Leasebacks ... 68
5.19 Hazardous Materials ... 68
5.20 Capital Expenditures ... 69
5.21 Prepayments of Other Indebtedness ... 69
5.22 Repayment of Indebtedness ... 69
5.23 Reclamation Claims ... 69

TABLE OF CONTENTS
(continued)

Page

5.24 Insolvency Proceeding Claims 69

5.25 Bankruptcy Actions 69

ARTICLE VI. - EVENTS OF DEFAULT 69

6.1 Event of Default 69

6.2 Remedies 77

6.3 Lift of Stay; Stay of Proceedings 78

6.4 Rights Not Exclusive 78

6.5 Cash Collateral for Letters of Credit 78

6.6 Borrower's Assistance, Intellectual Property Access 78

ARTICLE VII. - THE AGENT 79

7.1 Appointment and Duties 79

7.2 Binding Effect 81

7.3 Use of Discretion 81

7.4 Delegation of Rights and Duties 82

7.5 Reliance and Liability 82

7.6 Agent Individually 84

7.7 Lender Credit Decision 84

7.8 Expenses; Indemnities 85

7.9 Resignation of Agent or L/C Issuer 86

7.10 Release of Collateral or Guarantors 86

7.11 Additional Secured Parties 87

7.12 Titles 88

ARTICLE VIII. - MISCELLANEOUS 88

8.1 Amendments and Waivers 88

8.2 Notices 90

8.3 Electronic Transmissions 92

8.4 No Waiver; Cumulative Remedies 93

8.5 Costs and Expenses 93

8.6 Indemnity 95

8.7 Marshaling; Payments Set Aside 96

8.8 Successors and Assigns 96

TABLE OF CONTENTS
(continued)

Page

8.9 Assignments and Participations; Binding Effect 96
8.10 Non-Public Information; Confidentiality 99
8.11 Set-off; Sharing of Payments 101
8.12 Counterparts; Facsimile Signature 102
8.13 Severability 102
8.14 Captions 102
8.15 Independence of Provisions 102
8.16 Interpretation 102
8.17 No Third Parties Benefited 102
8.18 Governing Law 103
8.19 Waiver of Jury Trial 103
8.20 Entire Agreement; Release; Survival 104
8.21 Patriot Act; Anti-Money Laundering Legislation 104
8.22 Replacement of Lender 105
8.23 Joint and Several 106
8.24 Lender-Creditor Relationship 106
8.25 Actions in Concert 106
8.26 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 106

ARTICLE IX. - TAXES, YIELD PROTECTION AND ILLEGALITY 107

9.1 Taxes 107
9.2 Illegality 110
9.3 Increased Costs and Reduction of Return 111
9.4 Funding Losses 112
9.5 Inability to Determine Rates 113
9.6 Reserves on LIBOR Loans 113
9.7 Certificates of Lenders 113
9.8 Parties Including Trustees; Insolvency Court Proceedings 113
9.9 Survival 114

ARTICLE X. - DEFINITIONS 114

10.1 Defined Terms 114
10.2 Other Interpretive Provisions 161

TABLE OF CONTENTS
(continued)

Page

10.3 Accounting Terms and Principles ... 162
10.4 Payments; Currency Equivalents ... 163
10.5 Judgment Currency ... 163
10.6 Québec Matters ... 164
10.7 English Language ... 164

SCHEDULES

Schedule 1.1(a)	Revolving Loan Commitments
Schedule 3.2	Capitalization
Schedule 3.5	Litigation
Schedule 3.7	ERISA; Canadian Pension Plans
Schedule 3.9	Real Estate
Schedule 3.10	Taxes
Schedule 3.11	Liabilities
Schedule 3.15	Labor Relations
Schedule 3.19	Insurance Schedule
Schedule 3.20	Bonding
Schedule 4.21	Sale Transaction and Permitted Store Closing Sales
Schedule 4.21(a)	Permitted Store Closing Sale Locations
Schedule 5.1	Liens
Schedule 5.4	Investments
Schedule 5.5	Indebtedness
Schedule 5.6	Affiliate Transactions
Schedule 5.9	Contingent Obligations

EXHIBITS

Exhibit 1.1(c)	Form of L/C Request
Exhibit 1.1(d)	Form of Swingline Request
Exhibit 1.6	Form of Notice of Conversion/Continuation
Exhibit 2.1	Closing Checklist
Exhibit 2.1(u)	Interim Order
Exhibit 2.1(v)	Initial Order
Exhibit 4.2(b)	Form of Compliance Certificate
Exhibit 10.1(a)	Form of Assignment
Exhibit 10.1(b)	Form of Borrowing Base Certificate
Exhibit 10.1(c)	Form of Notice of Borrowing
Exhibit 10.1(d)	Form of Revolving Note
Exhibit 10.1(e)	Form of Swingline Note

SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

This **SENIOR SECURED, SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT** (including all exhibits and schedules hereto, as the same may be amended, modified and/or restated from time to time, this "Agreement") is entered into as of September 19, 2016, by and among Golf Town Canada Inc., a corporation formed under the laws of Canada ("GT Canada"), Golf Town USA, L.L.C., a Delaware limited liability company ("GT USA"), Golfsmith International Holdings, Inc., a Delaware corporation ("Golfsmith"), Golf Town GP II Inc., a corporation formed under the laws of Ontario ("GT GP II"), Golf Town Operating Limited Partnership, a limited partnership formed under the laws of Ontario ("GT Partnership"), Golf Town USA Holdco Limited (formerly known as Accolade Reaction Promotion Group USA Inc.), a Delaware corporation ("GT Holdco"), Golfsmith Europe, L.L.C., a Delaware limited liability company ("GS Europe"), Golfsmith Licensing, L.L.C., a Delaware limited liability company ("GS Licensing"), Golfsmith Incentive Services, LLC, a Texas limited liability company ("GS Incentive"), Golfsmith 2 GP, L.L.C., a Delaware limited liability company ("Golfsmith 2 GP"), Golfsmith International, Inc., a Delaware corporation ("Golfsmith International"), Golfsmith International, L.P., a Delaware limited partnership ("Golfsmith LP"), Golfsmith NU, L.L.C., a Delaware limited liability company ("Golfsmith NU"), Golfsmith USA, L.L.C., a Delaware limited liability company ("Golfsmith USA" and together with GT Canada, GT USA, Golfsmith, GT GP II, GT Partnership, GT Holdco, GS Europe, GS Licensing, GS Incentive, Golfsmith 2 GP, Golfsmith International, Golfsmith LP, and Golfsmith NU, each as a debtor-in-possession or CCAA applicant or entity, as applicable, shall be referred to herein collectively as the "Borrowers" and each individually as a "Borrower"), Golfsmith, as Borrower Representative (as defined in Section 1.12 below), the other Persons party hereto that are designated as a "Credit Party", Antares Capital LP, a Delaware limited partnership (in its individual capacity, "Antares"), as the Agent for the several financial institutions from time to time party hereto (collectively, the "Lenders" and each individually, a "Lender"), Antares Holdings LP, as a Lender (including as Swingline Lender) (in its individual capacity, "Antares Finance"), and the other Lenders.

W I T N E S S E T H:

WHEREAS, on September 14, 2016, GT USA Holdco, GT USA, Golfsmith, GT Holdco, GS Europe, GS Licensing, GS Incentive, Golfsmith 2 GP, Golfsmith International, Golfsmith LP, Golfsmith NU, Golfsmith USA and GMAC (collectively, the "U.S. Debtors" and each individually, a "U.S. Debtor") commenced Chapter 11 Case Nos. 16-12033 through 16-120045, as administratively consolidated at Chapter 11 Case No. 16-12033 (collectively, the "Chapter 11 Cases" and each individually, a "Chapter 11 Case"), with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The U.S. Debtors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code;

WHEREAS, on September 14, 2016, GT Canada Holdco, GT Canada and GT GP II (collectively, the "Applicants") made an application pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended from time to time, the "CCAA"), seeking, among other things, a Stay of Proceedings (the "CCAA Proceedings") and the extension of such

Stay of Proceedings and other benefits to GT Partnership (together with the Applicants, the "Canadian Debtors" and each a "Canadian Debtor"; the Canadian Debtors, together with the U.S. Debtors, collectively, the "Debtors"). Pursuant to the Initial Order granted by the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"), each of the Canadian Debtors shall remain in possession and control of its properties;

WHEREAS, prior to the Petition Date, the Lenders provided financing to the Borrowers pursuant to that certain Credit Agreement, dated as of July 24, 2012, among the Borrowers, the other credit parties signatory thereto, Antares (as successor in interest to General Electric Capital Corporation) as Prior Agent, the Prior Lenders and the other parties thereto (as amended, amended and restated, supplemented or otherwise modified through the Petition Date, the "Pre-Petition Credit Agreement");

WHEREAS, as of the date hereof, the Prior Lenders under the Pre-Petition Credit Agreement are owed approximately (i) $87,707,246.73 in revolving loan principal obligations, including reimbursement obligations in the amount of $1,573,750.00 in respect of the face amount of outstanding letters of credit denominated in Dollars (ii) Cdn$0 in revolving loan principal obligations, including reimbursement obligations in the amount of Cdn$0 in respect of the face amount of outstanding letters of credit denominated in Canadian Dollars, (iii) and Cdn$15,000,000 in first-in last-out term loan principal obligations, plus interest, fees, costs and expenses and all other Obligations (under and as defined in the Pre-Petition Credit Agreement);

WHEREAS, the Obligations, under and as defined in the Pre-Petition Credit Agreement, are secured by a security interest in substantially all of the existing and after-acquired assets of the Credit Parties as more fully set forth in the Pre-Petition Loan Documents and such security interest is perfected (except with respect to leases; provided, however, that such security interests were perfected as to proceeds of leases) and, with certain exceptions, as described in the Pre-Petition Loan Documents, has priority over other security interests;

WHEREAS, the Borrowers have requested, and upon the terms and conditions set forth in this Agreement, the Lenders have agreed to make available to the Borrowers, a senior secured, super-priority revolving credit facility of up to $135,000,000 in the aggregate to fund the working capital requirements of the Borrowers during the pendency of the Insolvency Cases (provided that extensions of credit thereunder shall not be used to repay the Prior Lender Obligations unless otherwise approved by the Insolvency Courts);

WHEREAS, the Borrowers and the other Credit Parties have agreed to secure all of their Obligations under the Loan Documents by granting to Agent, for the benefit of Agent and the other Secured Parties, a security interest in and lien upon all of their existing and after-acquired personal and real property;

WHEREAS, the Borrowers' and the other Credit Parties' business is a mutual and collective enterprise and the Borrowers and the other Credit Parties believe that the loans and other financial accommodations to the Borrowers under this Agreement will enhance the aggregate borrowing powers of the Borrowers and facilitate the administration of the Insolvency Cases and their loan relationship with the Agent and the Lenders, all to the mutual advantage of the Credit Parties;

WHEREAS, each Credit Party acknowledges that it will receive substantial direct and indirect benefits by reason of the making of loans and other financial accommodations to the Borrowers as provided in this Agreement;

WHEREAS, Agent's and the Lenders' willingness to extend financial accommodations to the Borrowers, and to administer the Credit Parties' collateral security therefor, on a combined basis as more fully set forth in this Agreement, is done solely as an accommodation to the Credit Parties and at the Credit Parties' request and in furtherance of the Credit Parties' mutual and collective enterprise; and

WHEREAS, all capitalized terms used in this Agreement, including in these Recitals, shall have the meanings ascribed to them in Article X, and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in Article X shall govern. All Annexes, Schedules, Exhibits and other attachments hereto, or expressly identified to this Agreement, are incorporated by reference, and taken together with this Agreement, shall constitute a single agreement. These Recitals shall be construed as part of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties hereto agree as follows:

ARTICLE I. - THE CREDITS

1.1 Amounts and Terms of Commitments.

(a) The Revolving Credit.

(i) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Credit Parties contained herein, each Revolving Lender severally and not jointly agrees to make Loans to the Borrowers in Dollars or Canadian Dollars (each such Loan, a "Revolving Loan") from time to time on any Business Day during the period from the Closing Date through the date immediately prior to the Revolving Termination Date, in an aggregate amount not to exceed at any time outstanding the amount (or, in the case of Loans made in Canadian Dollars, the U.S. Dollar Equivalent of such amount subject to the proviso to this sentence) set forth opposite such Lender's name in Schedule 1.1(a) under the heading "Revolving Loan Commitment" (such amount as the same may be reduced from time to time pursuant to Section 1.7(c) or as a result of one or more assignments pursuant to Section 8.9, being referred to herein as such Lender's "Revolving Loan Commitment"); provided, however, that after giving effect to any Borrowing of Revolving Loans, (x) (A) except as may be permitted by Agent pursuant to Section 1.1(a)(ii) or (iii) below, Excess Availability shall not be less than zero and (B) the Revolving Exposure of any Lender shall not exceed such Lender's Revolving Loan Commitment and (y) (A) except as may be permitted by Agent pursuant to Sections 1.1(a)(ii) or (iii) below, in the case of a Borrowing of Revolving Loans to be made in Canadian Dollars, Excess Canadian Availability shall not be less than zero and (B) the Canadian Dollar Revolving Exposure of any Lender shall not exceed the Canadian Dollar Equivalent of such Lender's Revolving Loan Commitment multiplied by the Canadian Dollar Revolving Sublimit

Percentage. Subject to the other terms and conditions hereof, amounts borrowed under this Section 1.1(a) may be repaid and reborrowed from time to time.

(ii) If the Borrower Representative requests that Revolving Lenders make, or permit to remain outstanding, Revolving Loans that when aggregated with all Revolving Loans, Letter of Credit Obligations, Swing Loans and the U.S. Dollar Equivalent of the aggregate amount of Prior Lender Obligations outstanding at such time, would be in excess of the Revolving Credit Borrowing Base (any such excess Revolving Loan is herein referred to as an "Overadvance"), Agent may, in its sole discretion, elect to make, or permit to remain outstanding such Overadvance; provided, however, that Agent may not cause Revolving Lenders to make, or permit to remain outstanding, (A) the U.S. Dollar Equivalent of the aggregate Revolving Loans in excess of the Aggregate Revolving Loan Commitment, minus the sum of (I) the U.S. Dollar Equivalent of the outstanding Swing Loans, (II) the U.S. Dollar Equivalent of the aggregate amount of Letter of Credit Obligations and (III) the U.S. Dollar Equivalent of the aggregate amount of Prior Lender Obligations outstanding at such time or (B) the U.S. Dollar Equivalent of an Overadvance in an aggregate amount in excess of 10% of the Aggregate Revolving Loan Commitment. If an Overadvance is made, or permitted to remain outstanding, pursuant to the preceding sentence, then all Revolving Lenders shall be bound to make, or permit to remain outstanding, such Overadvance based upon their Revolving Loan Commitment Percentage of the Aggregate Revolving Loan Commitment in accordance with the terms of this Agreement, regardless of whether the conditions to lending set forth in Section 2.2 have been met. Furthermore, Required Lenders may prospectively revoke Agent's ability to make or permit Overadvances by written notice to Agent.

(iii) Agent shall be authorized, in its reasonable credit judgment, at any time, whether or not a Default or Event of Default exists or any conditions in Section 2.2 are not satisfied, without regard to the amount of Excess Availability, to make Revolving Loans ("Protective Advances") if Agent, in its reasonable credit judgment, deems such Protective Advances necessary or desirable to preserve or protect any Collateral or the Credit Parties' business operations, or to enhance the collectability or repayment of the Obligations; provided, however, that Agent may not cause Revolving Lenders to make, or permit to remain outstanding, the U.S. Dollar Equivalent of the aggregate Revolving Loans in excess of the Aggregate Revolving Loan Commitment, minus the sum of (A) the U.S. Dollar Equivalent of the outstanding Swing Loans, (B) the U.S. Dollar Equivalent of the aggregate amount of Letter of Credit Obligations and (C) the U.S. Dollar Equivalent of the aggregate amount of Prior Lender Obligations outstanding at such time. If a Protective Advance is made pursuant to the preceding sentence, then all Revolving Lenders shall be bound to make such Protective Advance based upon their Revolving Loan Commitment Percentage of the Aggregate Revolving Loan Commitment in accordance with the terms of this Agreement, regardless of whether the conditions to lending set forth in Section 2.2 have been met.

(iv) All Overadvances and Protective Advances shall constitute Canadian Prime Rate Loans (if such Overadvances or Protective Advances are denominated in Canadian Dollars) or Base Rate Loans (if such Overadvances or Protective Advances are denominated in Dollars) and shall bear interest at the Canadian

Prime Rate (if such Overadvances or Protective Advances are Canadian Prime Rate Loans) or the Base Rate (if such Overadvances or Protective Advances are Base Rate Loans) plus the Applicable Margin for Revolving Loans at the default rate under Section 1.3(c). All Protective Advances and Overadvances shall be Obligations secured by the Collateral and the OMERS LC and shall be payable by the Borrowers on demand by Agent. Any funding of Overadvances or Protective Advances shall not constitute a waiver by Agent or the Lenders of any Default or Event of Default caused thereby. In no event shall the Borrowers or any other Credit Party be deemed a beneficiary of Sections 1.1(a)(ii) or (iii) nor authorized to enforce any of its terms. **NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THE BORROWERS SHALL UNDER ALL CIRCUMSTANCES REMAIN JOINTLY AND SEVERALLY LIABLE FOR ALL OVERADVANCES, PROTECTIVE ADVANCES AND ANY OTHER EXTENSIONS OF CREDIT MADE IN EXCESS OF THE REVOLVING CREDIT BORROWING BASE OR OTHER LIMITATIONS IMPOSED BY THE LOAN DOCUMENTS OR THE APPLICABLE ORDER, AND ALL SUCH OVERADVANCES, PROTECTIVE ADVANCES AND ANY OTHER EXTENSIONS OF CREDIT SHALL CONSTITUTE PART OF THE OBLIGATIONS.**

(b) [Intentionally Omitted].

(c) Letters of Credit. (i) Commitment and Conditions. On the terms and subject to the conditions contained herein, each L/C Issuer agrees to Issue, at the request of the Borrower Representative, in accordance with such L/C Issuer's usual and customary business practices, and for the account of the Borrowers (or, as long as the Borrowers remain responsible for the payment in full of all amounts drawn thereunder and related fees, costs and expenses, for the account of any Credit Party other than the Holding Companies), Letters of Credit (denominated in Dollars or Canadian Dollars) from time to time on any Business Day during the period from the Closing Date through the earlier of the Revolving Termination Date and seven (7) days prior to the date specified in clause (a) of the definition of Revolving Termination Date; provided, however, that such L/C Issuer shall not be under any obligation to Issue any Letter of Credit upon the occurrence of any of the following, or, if after giving effect to such Issuance:

(A) (i) Excess Availability would be less than zero, (ii) in the case of an Issuance of any Letter of Credit denominated in Canadian Dollars, Excess Canadian Availability would be less than zero, (iii) the Letter of Credit Obligations for all Letters of Credit denominated in Dollars would exceed $10,000,000 (the "U.S. L/C Sublimit") or (iv) the U.S. Dollar Equivalent of Letter of Credit Obligations for all Letters of Credit denominated in Canadian Dollars would exceed $10,000,000 (the "Canadian L/C Sublimit" and together with the U.S. L/C Sublimit, the "L/C Sublimit");

(B) the expiration date of such Letter of Credit is (i) not a Business Day, (ii) more than one year after the date of Issuance thereof or (iii) later than seven (7) days prior to the date specified in clause (a) of the definition of Revolving Termination Date; provided, however, that any Letter of Credit with a term not exceeding one year may provide for its renewal for additional periods not exceeding one year as long as (x) each applicable Borrower and, upon at least ten (10) days' notice, such L/C Issuer have

the option to prevent such renewal before the expiration of such term or any such period and (y) neither such L/C Issuer nor any Borrower shall permit any such renewal to extend such expiration date beyond the date set forth in clause (iii) above; or

(C) (i) any fee due in connection with, and on or prior to, such Issuance has not been paid, (ii) such Letter of Credit is requested to be Issued in a form that is not reasonably acceptable to such L/C Issuer or (iii) such L/C Issuer shall not have received, each in form and substance reasonably acceptable to it and duly executed by the Borrowers or the Borrower Representative on their behalf (and, if such Letter of Credit is issued for the account of any Credit Party (other than the Holding Companies), such Person), the documents that such L/C Issuer customarily uses in the ordinary course of its business for the Issuance of letters of credit of the type of such Letter of Credit (collectively, the "L/C Reimbursement Agreement").

For each such Issuance, the applicable L/C Issuer may, but shall not be required to, determine that, or take notice whether, the conditions precedent set forth in Section 2.2 have been satisfied or waived in connection with the Issuance of any Letter of Credit; provided, however, that no Letter of Credit shall be Issued during the period starting on the first Business Day after the receipt by such L/C Issuer of notice from Agent or the Required Lenders that any condition precedent contained in Section 2.2 is not satisfied and ending on the date all such conditions are satisfied or duly waived.

Notwithstanding anything else to the contrary herein, if any Lender is a Non-Funding Lender or Impacted Lender, no L/C Issuer shall be obligated to Issue any Letter of Credit unless (w) the Non-Funding Lender or Impacted Lender has been replaced in accordance with Section 8.9 or 8.22, (x) the Letter of Credit Obligations of such Non-Funding Lender or Impacted Lender have been cash collateralized, (y) the Revolving Loan Commitments of the other Lenders have been increased by an amount sufficient to satisfy Agent that all future Letter of Credit Obligations will be covered by all Revolving Lenders that are not Non-Funding Lenders or Impacted Lenders, or (z) the Letter of Credit Obligations of such Non-Funding Lender or Impacted Lender have been reallocated to other Revolving Lenders in a manner consistent with Section 1.11(e)(ii).

(ii) Notice of Issuance. The Borrower Representative shall give the relevant L/C Issuer and Agent a notice of any requested Issuance of any Letter of Credit, which shall be effective only if received by such L/C Issuer and Agent not later than 2:00 p.m. on the third Business Day prior to the date of such requested Issuance. Such notice shall be made in a writing or Electronic Transmission substantially in the form of Exhibit 1.1(c) duly completed or in a writing in any other form acceptable to such L/C Issuer (an "L/C Request").

(iii) Reporting Obligations of L/C Issuers. Each L/C Issuer agrees to provide Agent, each in form and substance satisfactory to Agent, each of the following on the following dates: (A) (i) on or prior to any Issuance of any Letter of Credit by such L/C Issuer, (ii) immediately after any drawing under any such Letter of Credit or any cancellation, extension or renewal thereof or (iii) immediately after any payment (or failure to pay when due) by the Borrowers of any related L/C Reimbursement Obligation, notice thereof, which shall contain a reasonably detailed description of such Issuance,

drawing or payment; (B) upon the request of Agent (or any Revolving Lender through Agent), copies of any Letter of Credit Issued by such L/C Issuer and any related L/C Reimbursement Agreement and such other documents and information as may reasonably be requested by Agent; and (C) on the first Business Day of each calendar week, a schedule of the Letters of Credit Issued by such L/C Issuer, in form and substance reasonably satisfactory to Agent, setting forth the Letter of Credit Obligations for such Letters of Credit outstanding on the last Business Day of the previous calendar week.

(iv) Acquisition of Participations. Upon any Issuance of a Letter of Credit in accordance with the terms of this Agreement resulting in any increase in the Letter of Credit Obligations, each Revolving Lender shall be deemed to have acquired, without recourse or warranty, an undivided interest and participation in such Letter of Credit and the related Letter of Credit Obligations in an amount equal to its Revolving Loan Commitment Percentage of such Letter of Credit Obligations.

(v) Reimbursement Obligations of the Borrowers. The Borrowers agree to pay to the L/C Issuer of any Letter of Credit each L/C Reimbursement Obligation owing with respect to such Letter of Credit (in Dollars in the case of Letters of Credit denominated in Dollars and in Canadian Dollars in the case of Letters of Credit denominated in Canadian Dollars) no later than the first Business Day after the Borrowers or the Borrower Representative receive notice from such L/C Issuer that payment has been made under such Letter of Credit or that such L/C Reimbursement Obligation is otherwise due (the "L/C Reimbursement Date") with interest thereon computed as set forth in clause (A) below. In the event that any L/C Issuer incurs any L/C Reimbursement Obligation which is not repaid by the Borrowers as provided in this clause (v) (or any such payment by the Borrowers is rescinded or set aside for any reason), such L/C Issuer shall promptly notify Agent of such failure (and, upon receipt of such notice, Agent shall forward a copy to each Revolving Lender) and, irrespective of whether such notice to each Revolving Lender is given, such L/C Reimbursement Obligation shall be payable on demand by the Borrowers with interest thereon computed (A) from the date on which such L/C Reimbursement Obligation arose to the L/C Reimbursement Date, at the interest rate applicable during such period to Revolving Loans that are Canadian Prime Rate Loans (if such L/C Reimbursement Obligations are denominated in Canadian Dollars) or Base Rate Loans (if such L/C Reimbursement Obligations are denominated in Dollars) and (B) thereafter until payment in full, at the interest rate applicable during such period to past due Revolving Loans that are Canadian Prime Rate Loans (if such L/C Reimbursement Obligations are denominated in Canadian Dollars) or Base Rate Loans (if such L/C such Reimbursement Obligations are denominated in Dollars).

(vi) Reimbursement Obligations of the Revolving Lenders. Upon receipt of the notice described in clause (v) above from Agent, each Revolving Lender shall pay, in the currency in which such Letter of Credit was issued, to Agent for the account of such L/C Issuer its Revolving Loan Commitment Percentage of such L/C Reimbursement Obligation. By making such payment, such Lender shall be deemed to have made a Revolving Loan in Dollars, if such Letter of Credit was issued in Dollars, or in Canadian Dollars, if such Letter of Credit was issued in Canadian Dollars to the

Borrowers, which, upon receipt thereof by such L/C Issuer, the Borrowers shall be deemed to have used in whole to repay such L/C Reimbursement Obligation. Any such payment that is not deemed a Revolving Loan shall be deemed a funding by such Lender of its participation in the applicable Letter of Credit and the Letter of Credit Obligation in respect of the related L/C Reimbursement Obligations. Such participation shall not otherwise be required to be funded. Following receipt by any L/C Issuer of any payment from any Lender pursuant to this clause (vi) with respect to any portion of any L/C Reimbursement Obligation, such L/C Issuer shall promptly pay over to such Lender, such Lender's Revolving Loan Commitment Percentage of all payments received by such L/C Issuer from the Credit Parties on account of such L/C Reimbursement Obligations.

(vii) Obligations Absolute. The obligations of the Borrowers and the Revolving Lenders pursuant to clauses (iv), (v) and (vi) above shall be absolute, unconditional and irrevocable and performed strictly in accordance with the terms of this Agreement irrespective of (A) (i) the invalidity or unenforceability of any term or provision in any Letter of Credit, any document transferring or purporting to transfer a Letter of Credit, any Loan Document (including the sufficiency of any such instrument), or any modification to any provision of any of the foregoing, (ii) any document presented under a Letter of Credit being forged, fraudulent, invalid, insufficient or inaccurate in any respect or, so long as the L/C Issuer has not acted with gross negligence or willful misconduct with respect to such Letter of Credit, failing to comply with the terms of such Letter of Credit or (iii) any loss or delay, including in the transmission of any document, (B) the existence of any setoff, claim, abatement, recoupment, defense or other right that any Person (including any Credit Party) may have against the beneficiary of any Letter of Credit or any other Person, whether in connection with any Loan Document or any other Contractual Obligation or transaction, or the existence of any other withholding, abatement or reduction, (C) in the case of the obligations of any Revolving Lender, (i) the failure of any condition precedent set forth in Section 2.2 to be satisfied (each of which conditions precedent the Revolving Lenders hereby irrevocably waive) or (ii) any adverse change in the condition (financial or otherwise) of any Credit Party and (D) so long as the L/C Issuer has not acted with gross negligence or willful misconduct with respect to such Letter of Credit, any other act or omission to act or delay of any kind of Agent, any Lender or any other Person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 1.1(c)(vii), constitute a legal or equitable discharge of any obligation of the Borrowers or any Revolving Lender hereunder.

(viii) Applicable Rules. Unless otherwise expressly agreed by the L/C Issuer and the Borrowers when a Letter of Credit is issued, (A) the rules of the ISP shall apply to each standby Letter of Credit, and (B) the rules of the UCP shall apply to each documentary Letter of Credit. Notwithstanding the foregoing, the L/C Issuer shall not be responsible to the Borrowers for, and the L/C Issuer's rights and remedies against the Borrowers shall not be impaired by, any action or inaction of the L/C Issuer required or permitted under any law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including any Requirement of Law of a jurisdiction where the L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official

commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade – International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such law or practice.

(ix) Existing Letters of Credit. On and as of the Closing Date, all letters of credit issued for the account of the Borrowers under the Pre-Petition Credit Agreement (the "Existing Letters of Credit") shall continue in place as letters of credit under the Pre-Petition Credit Agreement; provided that, within five (5) Business Days of the Closing Date, all such Existing Letters of Credit shall be cash collateralized in an amount equal to one hundred five percent (105%) of the amount thereof. All such cash collateral shall be held in an account with the Agent, in the name of the Agent and for the benefit of the Revolving Lenders (the "Existing LC Collateral Account"). For greater certainty, the Existing Letters of Credit shall not be secured by the charge granted to the Agent in the Initial Order.

(d) Swing Loans. (i) Availability. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Credit Parties contained herein, the Swingline Lender may, in its sole discretion, make Loans in Dollars or Canadian Dollars (each a "Swing Loan") available to the Borrowers under the Revolving Loan Commitments from time to time on any Business Day during the period from the Closing Date through the date immediately prior to the Revolving Termination Date; provided that (i) the U.S. Dollar Equivalent of the aggregate principal amount at any time outstanding of Swing Loans shall not exceed its Swingline Commitment and (ii) the Swingline Lender may not make any Swing Loan (x) to the extent that after giving effect to such Swing Loan, (A) Excess Availability would be less than zero or, in the case of a Borrowing of Swing Loans to be made in Canadian Dollars, Excess Canadian Availability would be less than zero, in each case, other than as may be permitted by Agent pursuant to Sections 1.1(a)(ii) or (iii), either (B) the aggregate principal amount of Swing Loans denominated in Dollars would exceed $5,000,000 (the "U.S. Swingline Sublimit") or (C) the U.S. Dollar Equivalent of the aggregate principal amount of Swing Loans denominated in Canadian Dollars would exceed $5,000,000 (the "Canadian Swingline Sublimit") and (y) during the period commencing on the first Business Day after it receives notice from Agent or the Required Lenders that one or more of the conditions precedent contained in Section 2.2 are not satisfied and ending when such conditions are satisfied or duly waived. In connection with the making of any Swing Loan, the Swingline Lender may but shall not be required to determine that, or take notice whether, the conditions precedent set forth in Section 2.2 have been satisfied or waived. Each Swing Loan shall be a Canadian Prime Rate Loan (if such Swing Loan is denominated in Canadian Dollars) or a Base Rate Loan (if such Swing Loan is denominated in Dollars) and must be repaid in full on the earliest of (x) the funding date of any Borrowing of Revolving Loans and (y) the Revolving Termination Date. Within the limits set forth in the first sentence of this clause (i), amounts of Swing Loans repaid may be reborrowed under this clause (i).

(ii) Borrowing Procedures. In order to request a Swing Loan, the Borrower Representative shall give to Agent a notice to be received not later than 2:00 p.m. on the day of the proposed Borrowing, which shall be made in a writing or Electronic Transmission in the form of Exhibit 1.1(d) duly completed (a "Swingline

Request”). In addition, if any Notice of Borrowing of Revolving Loans requests a Borrowing of Canadian Prime Rate Loans or Base Rate Loans (other than a Borrowing to refinance outstanding Swing Loans), the Swingline Lender may, notwithstanding anything else to the contrary herein, make a Swing Loan available to the Borrowers in an aggregate amount not to exceed such proposed Borrowing, and the aggregate amount of the corresponding proposed Borrowing shall be reduced accordingly by the principal amount of such Swing Loan. Agent shall promptly notify the Swingline Lender of the details of the requested Swing Loan. Upon receipt of such notice and subject to the terms of this Agreement, the Swingline Lender may make a Swing Loan available to the Borrowers by making the proceeds thereof available to Agent and, in turn, Agent shall make such proceeds available to the Borrowers on the date set forth in the relevant Swingline Request or Notice of Borrowing.

(iii) Refinancing Swing Loans. The Swingline Lender or, subject to Section 1.5(a), the Borrower Representative may at any time, and the Swingline Lender, shall no less frequently than once each week, forward a demand to Agent (which Agent shall, upon receipt, forward to each Revolving Lender) that each Revolving Lender pay to Agent, for the account of the Swingline Lender, such Revolving Lender’s Revolving Loan Commitment Percentage of the outstanding Swing Loans in the applicable currency. Each Revolving Lender shall pay such amount equal to its Revolving Loan Commitment Percentage of the outstanding Swing Loans to Agent in the applicable currency for the account of the Swingline Lender if (A) the notice or demand therefor was received by such Lender prior to 11:00 a.m. on any Business Day, on such Business Day and (B) otherwise, on the Business Day following such receipt. Payments received by Agent after 1:00 p.m. shall be deemed to be received on the next Business Day. Upon receipt by Agent of such payment, such Revolving Lender shall be deemed to have made a Revolving Loan to the Borrowers, which, upon receipt of such payment by the Swingline Lender from Agent, the Borrowers shall be deemed to have used in whole to refinance such Swing Loan. In addition, regardless of whether any such demand is made, each Revolving Lender shall be deemed to have acquired, without recourse or warranty, an undivided interest and participation in each Swing Loan in an amount equal to such Revolving Lender’s Revolving Loan Commitment Percentage of such Swing Loan in the applicable currency. If any payment made by any Revolving Lender as a result of any such demand is not deemed a Revolving Loan, such payment shall be deemed a funding by such Lender of such participation. Such participation shall not be otherwise required to be funded. Upon receipt by the Swingline Lender of any payment from any Revolving Lender pursuant to this clause (iii) with respect to any portion of any Swing Loan, the Swingline Lender shall promptly pay over to such Revolving Lender all payments of principal (to the extent received after such payment by such Lender) and interest (to the extent accrued with respect to periods after such payment) received by the Swingline Lender with respect to such portion.

(iv) Obligation to Fund Absolute. Each Revolving Lender’s obligations pursuant to clause (iii) above shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever, including (A) the existence of any setoff, claim, abatement, recoupment, defense or other right that such Lender, any Affiliate thereof or

any other Person may have against the Swingline Lender, Agent, any other Lender or L/C Issuer or any other Person, (B) the failure of any condition precedent set forth in Section 2.2 to be satisfied or the failure of the Borrower Representative to deliver a Notice of Borrowing (each of which requirements the Revolving Lenders hereby irrevocably waive) and (C) any adverse change in the condition (financial or otherwise) of any Credit Party.

1.2 Notes.

(a) The Revolving Loans made by each Revolving Lender shall be evidenced by this Agreement and, if requested by such Lender, a Revolving Note payable to such Lender in an amount equal to such Revolving Lender's Revolving Loan Commitment.

(b) Swing Loans made by the Swingline Lender shall be evidenced by this Agreement and, if requested by such Swingline Lender, a Swingline Note in an amount equal to the Swingline Commitment.

1.3 Interest.

(a) Subject to Section 1.3(c) and Section 1.3(d), each Loan shall bear interest on the outstanding principal amount thereof from the date when made at a rate per annum equal to the LIBOR, the Base Rate, the Canadian Prime Rate or the BA Rate, as the case may be, plus the Applicable Margin; provided that (i) Swing Loans may not be LIBOR Loans or BA Rate Loans, (ii) only Loans denominated in Canadian Dollars may be BA Rate Loans or Canadian Prime Rate Loans and (iii) only Loans denominated in Dollars may be LIBOR Loans or Base Rate Loans. Each determination of an interest rate by Agent shall be conclusive and binding on each Borrower and the Lenders in the absence of manifest error. All computations of fees and interest calculated by reference to LIBOR payable under this Agreement shall be made on the basis of a 360-day year and actual days elapsed. All computations of interest calculated by reference to the Base Rate, Canadian Prime Rate or the BA Rate shall be made on the basis of a 365/366 day year and actual days elapsed. Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid on the date of any payment or prepayment of Loans in full and on the Revolving Termination Date.

(c) At the election of Agent or the Required Lenders while any Event of Default exists (or automatically as described in Section 1.1(a)(iv), when any Overadvance or Protective Advance exists) and without further notice, motion or application to, hearing before, or order from, any Insolvency Court, the Borrowers shall, subject to the *Interest Act* (Canada) in the case of Loans denominated in Canadian Dollars, pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the Obligations from and after the date of occurrence of such Event of Default, at a rate per annum which is determined by adding two percent (2.00%) to the Applicable Margin then in effect for such Obligations (plus the LIBOR, Base Rate, BA Rate or Canadian Prime Rate, as the case may be) or, in the case of Obligations not subject to an Applicable Margin, at a rate per annum equal to the rate per annum applicable

to Revolving Loans which are Canadian Prime Rate Loans (including the Applicable Margin with respect thereto) if such Obligations are denominated in Canadian Dollars or if such Obligations are denominated in another currency (including Dollars), at a rate per annum equal to the rate per annum applicable to Base Rate Loans (including the Applicable Margin with respect thereto), in each case, plus two percent (2.00%). All such interest shall be payable on demand of Agent or the Required Lenders.

(d) Anything herein to the contrary notwithstanding, the obligations of the Borrowers hereunder shall be subject to the limitation that payments of interest shall not be required, for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the respective Lender would be contrary to the provisions of any law applicable to such Lender limiting the highest rate of interest which may be lawfully contracted for, charged or received by such Lender, and in such event the Borrowers shall pay such Lender interest at the highest rate permitted by applicable law ("Maximum Lawful Rate"); provided, however, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, Borrowers shall, to the extent permitted by applicable law, continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by Agent, on behalf of Lenders, is equal to the total interest that would have been received had the interest payable hereunder been (but for the operation of this paragraph) the interest rate payable since the Closing Date as otherwise provided in this Agreement. In determining whether the interest contracted for, charged or received by Agent or any Lender exceeds the Maximum Lawful Rate, such Agent or such Lender may, to the extent permitted by applicable law, (i) characterize any payment that is not principal as an expense, fee or premium rather than interest, (ii) exclude voluntary prepayments and the effect thereof and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

(e) For purposes of disclosure pursuant to the *Interest Act* (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Loan Documents (and stated herein or therein, as applicable, to be computed on the basis of a 360 day year or any other period of time less than a calendar year) are equivalent are the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by 360 or such other period of time, respectively.

1.4 Loan Accounts.

(a) Agent, on behalf of the Lenders, shall record on its books and records the amount of each Loan made, the interest rate applicable, all payments of principal and interest thereon and the principal balance thereof from time to time outstanding (the "Loan Account"). The Agent shall deliver to the Borrower Representative on a monthly basis a loan statement setting forth such record for the immediately preceding month. Unless the Borrower Representative notifies Agent in writing of any objection to any such accounting (specifically describing the basis for such objection), within thirty (30) days after the date thereof, such record shall, absent manifest error, be conclusive evidence of the amount of the Loans made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so, or any failure to deliver such loan statement shall not, however, limit or

otherwise affect the obligation of the Borrowers hereunder (and under any Note) to pay any amount owing with respect to the Loans or provide the basis for any claim against Agent.

(b) Agent, acting as a non-fiduciary agent of the Borrowers solely for tax purposes and solely with respect to the actions described in this Section 1.4(b), shall establish and maintain at its address referred to in Section 8.2 (or at such other address as Agent may notify the Borrower Representative) (A) a record of ownership (the "Register") in which Agent agrees to register by book entry the interests (including any rights to receive payment hereunder) of Agent, each Lender and each L/C Issuer in the Revolving Loans, Swing Loans, L/C Reimbursement Obligations and Letter of Credit Obligations, each of their obligations under this Agreement to participate in each Loan, Letter of Credit, Letter of Credit Obligations and L/C Reimbursement Obligations, and any assignment of any such interest, obligation or right and (B) accounts in the Register in accordance with its usual practice in which it shall record (1) the names and addresses of the Lenders and the L/C Issuers (and each change thereto pursuant to Sections 8.9 and 8.22), (2) the Revolving Loan Commitments of each Lender, (3) the amount of each Loan and each funding of any participation described in clause (A) above, for LIBOR Loans, the Interest Period applicable thereto and for BA Rate Loans, the BA Period applicable thereto, (4) the amount of any principal or interest due and payable or paid, (5) the amount of the L/C Reimbursement Obligations due and payable or paid in respect of Letters of Credit and (6) any other payment received by Agent from a Borrower and its application to the Obligations.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Loans (including any Notes evidencing such Loans and, in the case of Revolving Loans, the corresponding obligations to participate in Letter of Credit Obligations and Swing Loans) and the L/C Reimbursement Obligations are registered obligations, the right, title and interest of the Lenders and the L/C Issuers and their assignees in and to such Loans or L/C Reimbursement Obligations, as the case may be, shall be transferable only upon notation of such transfer in the Register and no assignment thereof shall be effective until recorded therein. This Section 1.4 and Section 8.9 shall be construed so that the Loans and L/C Reimbursement Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code.

(d) The Credit Parties, Agent, the Lenders and the L/C Issuers shall treat each Person whose name is recorded in the Register as a Lender or L/C Issuer, as applicable, for all purposes of this Agreement. Information contained in the Register with respect to any Lender or any L/C Issuer shall be available for access by the Borrowers, the Borrower Representative, Agent, such Lender or such L/C Issuer at any reasonable time and from time to time upon reasonable prior notice. No Lender or L/C Issuer shall, in such capacity, have access to or be otherwise permitted to review any information in the Register other than information with respect to such Lender or L/C Issuer unless otherwise agreed by Agent.

1.5 Procedure for Revolving Credit Borrowing.

(a) Each Borrowing of a Revolving Loan shall be made upon the Borrower Representative's irrevocable (subject to Section 9.5 hereof) written notice delivered to Agent in the form of a Notice of Borrowing, which notice must be received by Agent prior to 12:00 p.m. (i) on the requested Borrowing date in the case of each (x) Base Rate Loan equal to or less than

$10,000,000 and (y) Canadian Prime Rate Loan equal to or less than Cdn$10,000,000, (ii) on the date which is one (1) Business Day prior to the requested Borrowing date of each (x) Base Rate Loan in excess of $10,000,000 and (y) Canadian Prime Rate Loan in excess of Cdn$10,000,000 and (iii) on the day which is three (3) Business Days prior to the requested Borrowing date in the case of each LIBOR Loan and each BA Rate Loan. Such Notice of Borrowing shall specify:

(i) the amount of the Borrowing (which shall be in an aggregate minimum principal amount of (x) $100,000 and multiples of $50,000 in excess thereof in the case of Revolving Loans denominated in Dollars and (y) Cdn$100,000 and multiples of Cdn$50,000 in excess thereof in the case of Revolving Loans denominated in Canadian Dollars);

(ii) the requested Borrowing date, which shall be a Business Day;

(iii) whether the Borrowing is to be comprised of Dollar denominated Revolving Loans or Canadian Dollar denominated Revolving Loans;

(iv) whether the Borrowing is to be comprised of (i) LIBOR Loans or Base Rate Loans in the case of Revolving Loans denominated in Dollars or (ii) BA Rate Loans or Canadian Prime Rate Loans in the case of Loans denominated in Canadian Dollars;

(v) if the Borrowing is to be LIBOR Loans, the Interest Period applicable to such Revolving Loans; and

(vi) if the Borrowing is to be BA Rate Loans, the BA Period applicable to such Revolving Loans.

(b) Upon receipt of a Notice of Borrowing, Agent will promptly notify each Revolving Lender of such Notice of Borrowing and of the amount of such Revolving Lender's Revolving Loan Commitment Percentage of the Borrowing.

(c) Unless Agent is otherwise directed in writing by the Borrower Representative, the proceeds of each requested Borrowing after the Closing Date will be made available to the Borrowers by Agent by wire transfer of such amount to the Borrowers pursuant to the wire transfer instructions provided to Agent in writing on the Closing Date.

1.6 Conversion and Continuation Elections.

(a) Borrowers shall have the option to (i) on and following the Closing Date, request that any Revolving Loan be made as a LIBOR Loan, (ii) on and following the Closing Date, convert all or any part of outstanding Loans (other than Swing Loans) denominated in Dollars from Base Rate Loans to LIBOR Loans, (iii) convert any LIBOR Loan to a Base Rate Loan, subject to Section 9.4 if such conversion is made prior to the expiration of the Interest Period applicable thereto, or (iv) continue all or any portion of any LIBOR Loan upon the expiration of the applicable Interest Period. Any Loan or group of Loans having the same proposed Interest Period to be made or continued as, or converted into, a LIBOR Loan must be in a minimum amount of $100,000 and integral multiples of $50,000 in excess of such amount.

Any such election must be made by the Borrower Representative by 12:00 p.m. on the third Business Day prior to (1) the date of any proposed Revolving Loan which is to bear interest at LIBOR, (2) the end of each Interest Period with respect to any LIBOR Loans to be continued as such, or (3) the date on which Borrowers wish to convert any Base Rate Loan to a LIBOR Loan for an Interest Period designated by the Borrower Representative in such election. If no election is received with respect to a LIBOR Loan by 12:00 p.m. on the third Business Day prior to the end of the Interest Period with respect thereto, that LIBOR Loan shall be converted to a Base Rate Loan at the end of its Interest Period. Borrower Representative must make such election by notice to Agent in writing, by fax, overnight courier or by Electronic Transmission. In the case of any conversion or continuation, such election must be made pursuant to a written notice (a "Notice of Conversion/Continuation") in the form of Exhibit 1.6. No Loan shall be made, converted into or continued as a LIBOR Loan if any Overadvance exists or if an Event of Default has occurred and is continuing and Agent or Required Lenders have determined not to make, convert or continue (as the case may be) any Loan as a LIBOR Loan as a result thereof.

(b) The Borrowers shall have the option to (i) request that any Revolving Loan be made as a BA Rate Loan (subject to the terms and conditions of Section 1.1(a)(i)), (ii) convert all or any part of outstanding Loans (other than Swing Loans) denominated in Canadian Dollars from Canadian Prime Rate Loans to BA Rate Loans, (iii) convert any BA Rate Loan to a Canadian Prime Rate Loan, subject to Section 9.4 if such conversion is made prior to the expiration of the BA Period applicable thereto, or (iv) continue all or any portion of any BA Rate Loan upon the expiration of the applicable BA Period. Any Loan or group of Loans having the same proposed BA Period to be made or continued as, or converted into, a BA Rate Loan must be in a minimum amount of Cdn$100,000 and integral multiples of Cdn$50,000. Any such election must be made by Borrower Representative by 12:00 p.m. on the third Business Day prior to (1) the date of any proposed Revolving Loan which is to bear interest at the BA Rate, (2) the end of each BA Period with respect to any BA Rate Loans to be continued as such, or (3) the date on which the Borrowers wish to convert any Canadian Prime Rate Loan to a BA Rate Loan for a BA Period designated by the Borrower Representative in such election. If no election is received with respect to a BA Rate Loan by 12:00 p.m. on the third Business Day prior to the end of the BA Period with respect thereto, that BA Rate Loan shall be converted to a Canadian Prime Rate Loan at the end of its BA Period. Borrower Representative must make such election by notice to Agent in writing by fax, overnight courier or Electronic Transmission. In the case of any conversion or continuation, such election must be made pursuant to a written notice Notice of Conversion/Continuation. No Loan shall be made, converted into or continued as a BA Rate Loan if any Overadvance exists or if an Event of Default has occurred and is continuing and Agent or Required Lenders have determined not to make, convert or continue (as the case may be) any Loan as a BA Rate Loan as a result thereof.

(c) Upon receipt of a Notice of Conversion/Continuation, Agent will promptly notify each Lender thereof. In addition, Agent will, with reasonable promptness, notify the Borrower Representative and the Lenders of each determination of LIBOR or the BA Rate, as applicable; provided that any failure to do so shall not relieve any Borrower of any liability hereunder or provide the basis for any claim against Agent. All conversions and continuations shall be made pro rata according to the respective outstanding principal amounts of the Loans held by each Lender with respect to which the notice was given.

(d) Notwithstanding any other provision contained in this Agreement, after giving effect to any Borrowing, or to any continuation or conversion of any Loans, there shall not be more than nine (9) different Interest Periods and BA Periods, in the aggregate, in effect.

1.7 Optional Prepayments.

(a) The Borrowers may at any time prepay the Loans in whole or in part in an amount greater than or equal to $100,000 (other than Swing Loans, for which no minimum shall apply and, for greater certainty, there shall be no prepayment of Prior Lender Obligations with the Loans advanced hereunder unless permitted by the applicable Orders or as set forth in Section 4.10), in each instance, without penalty or premium except as provided in Section 9.4; provided that, in the case of prepayment in full of all Loans, the Borrower Representative shall give Agent at least three (3) Business Days prior written notice in the case of LIBOR Loans and BA Rate Loans, and same day notice prior to 12:00 p.m. in the case of Base Rate Loans and Canadian Prime Rate Loans. Any optional partial prepayment of the Loans (to the extent permitted) shall be subject to the terms of Section 1.10(c).

(b) The notice of any prepayment shall not thereafter be revocable by the Borrowers or Borrower Representative and Agent will promptly notify each Lender thereof and of such Lender's Revolving Loan Commitment Percentage of such prepayment. The payment amount specified in such notice shall be due and payable on the date specified therein. Together with each prepayment under this Section 1.7, the Borrowers shall pay any amounts required pursuant to Section 9.4.

(c) The Borrower Representative may, upon written notice to Agent, terminate in whole the Aggregate Revolving Loan Commitments, or from time to time permanently reduce in part the Aggregate Revolving Loan Commitments; provided that (i) each such written notice shall be received by Agent not later than 12:00 p.m. five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $500,000 or any whole multiple of $100,000 in excess thereof, (iii) the Borrowers shall not terminate or reduce the Aggregate Revolving Loan Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, either Excess Availability or Excess Canadian Availability would be less than zero, (iv) in the case of a termination in full of the Aggregate Revolving Loan Commitments, all Revolving Loans and Swing Loans shall be required to be prepaid in full and all outstanding Letter of Credit Obligations shall be required to be cash collateralized in an amount equal to one hundred five percent (105%) of the amount thereof in accordance with Section 6.5, (v) the amount of the Letter of Credit Obligations shall not exceed the L/C Sublimit, (vi) the amount of the Letter of Credit Obligations with respect to Letters of Credit denominated in Dollars shall not exceed the U.S. L/C Sublimit, (vii) the amount of the Letter of Credit Obligations with respect to Letters of Credit denominated in Canadian Dollars shall not exceed the Canadian L/C Sublimit, (viii) the amount of Swing Loans denominated in Dollars shall not exceed the U.S. Swingline Sublimit and (ix) the amount of Swing Loans denominated in Canadian Dollars shall not exceed the Canadian Swingline Sublimit. A permanent reduction of the Revolving Loan Commitment shall require a corresponding pro rata reduction in the Canadian Dollar Revolving Sublimit, L/C Sublimit, U.S. L/C Sublimit, Canadian L/C Sublimit, Swingline Commitment, U.S. Swingline Sublimit and Canadian Swingline Sublimit. The Agent will promptly notify the Lenders of any such notice of

termination or reduction of the Revolving Loan Commitments. Except for the reduction of the Revolving Loan Commitment of any Non-Funding Lender to zero without a corresponding pro-rata reduction in Revolving Loan Commitment of any other Lender, any reduction of the Revolving Loan Commitments shall be applied to the Revolving Loan Commitment of each Revolving Lender according to its Revolving Loan Commitment Percentage. All interest and fees accrued until the effective date of any termination of the Revolving Loan Commitments shall be paid on the effective date of such termination.

1.8 Mandatory Prepayments of Loans.

(a) Revolving Loans.

(i) The Borrowers shall repay to the Lenders in full on the Revolving Termination Date, the aggregate principal amount of the Revolving Loans and Swing Loans then outstanding and shall replace (or backstop on terms satisfactory to Agent) all Letters of Credit or cash collateralize all outstanding Letter of Credit Obligations in an amount equal to one hundred five percent (105%) of the amount thereof in accordance with Section 6.5, and shall repay any unpaid accrued interest and all other amounts owing hereunder.

(ii) (A) If at any time Excess Availability is less than zero, then the Borrowers shall immediately prepay, without notice or demand, the Obligations in an aggregate amount equal to such deficiency and (B) if at any time Excess Canadian Availability is less than zero, then the Borrowers shall prepay the Obligations in an aggregate amount equal to such deficiency within three (3) Business Days following notice thereof by Agent; provided that any Borrowing made after such notice shall, subject to Section 1.10(c), be applied to prepay such deficiency of Excess Canadian Availability before being remitted to the Borrowers (each such prepayment to be applied in accordance with the application of payments specified in clauses first through seventh of Section 1.10(c); provided that if a deficiency still exists following such application of payments, the remaining amount required to eliminate such deficiency shall be applied pursuant to Section 1.10(d)).

(b) Asset Dispositions. Upon receipt by any Credit Party or any Subsidiary of a Credit Party of the Net Proceeds of (i) any Disposition (including, for the avoidance of doubt, pursuant to any Sale Transaction or Permitted Store Closing Sales) or (ii) any Event of Loss, the Borrowers shall immediately deliver, or cause to be delivered, the Net Proceeds of any such Disposition or Event of Loss to Agent for distribution to the Lenders as a prepayment of the Loans, which prepayment shall be applied in accordance with Section 1.10(c) hereof, together with a calculation of the Net Proceeds received by such Borrower and/or such Subsidiary in respect thereof, in form and substance reasonably satisfactory to Agent.

(c) Application of Prepayments. Any prepayments of the Loans pursuant to Section 1.7 and Section 1.8 shall be applied (i) so long as no Event of Default has occurred, pursuant to Section 1.10(c) and (ii) at any time after an Event of Default, in accordance with Section 1.10(d).

(d) No Implied Consent. Provisions contained in this Section 1.8 for the application of proceeds of certain transactions shall not be deemed to constitute consent of the Lenders to transactions that are not otherwise permitted by the terms hereof.

(e) No Prepayments of Prior Lenders Obligations. For greater certainty, there shall be no prepayment of Prior Lender Obligations with the Loans advanced hereunder unless permitted by the applicable Orders or set forth in Section 4.10.

1.9 Fees.

(a) Agent's Fees. The Borrowers shall pay to Agent, for Agent's own account, fees in the amounts and at the times set forth in a letter agreement between the Borrowers and Agent dated as of September 19, 2016 (as amended from time to time, the "Fee Letter").

(b) Unused Commitment Fee. The Borrowers shall pay to Agent, for the ratable benefit of the Revolving Lenders, a fee in Dollars (the "Unused Commitment Fee") in an amount equal to

(i) the Aggregate Revolving Loan Commitment, less

(ii) the sum of (x) the average daily balance of all Revolving Loans outstanding, plus (y) the average daily balance of all Swing Loans outstanding plus (z) the average daily amount of Letter of Credit Obligations, in each case, during the preceding month,

multiplied by three eighths of one percent (0.375%) per annum. Such fee shall be payable (i) on October 1, 2016 in arrears in respect of the period on and following the Closing Date through and including September 30, 2016, and (ii) thereafter, monthly in arrears on the first day of each calendar month. The Unused Commitment Fee provided in this Section 1.9(b) shall accrue at all times from and after mutual execution and delivery of this Agreement.

(c) Letter of Credit Fee. The Borrowers agree to pay to Agent for the ratable benefit of the Revolving Lenders, as compensation to such Lenders for Letter of Credit Obligations incurred hereunder, (i) without duplication of costs and expenses otherwise payable to Agent or Lenders hereunder or fees otherwise paid by the Borrowers, all reasonable costs and expenses incurred by Agent or any Lender on account of such Letter of Credit Obligations, and (ii) for each calendar month during which any Letter of Credit Obligation shall remain outstanding, a fee in Dollars (the "Letter of Credit Fee") in an amount equal to the product of the average daily undrawn face amount during such month of all outstanding Letters of Credit Issued, guaranteed or supported by risk participation agreements multiplied by a per annum rate equal to the Applicable Margin with respect to Letters of Credit; provided, however, at the election of Agent or the Required Lenders while any Event of Default exists (or automatically as described in Section 1.1(a)(iv), when any Overadvance or Protective Advance exists), such rate shall, subject to the *Interest Act* (Canada), be increased by two percent (2.00%) per annum without further notice, motion or application to, hearing before, or order from, any Insolvency Court. Such fee shall be paid to Agent for the benefit of the Revolving Lenders in arrears, on the first day of each calendar month, on the date on which all L/C Reimbursement Obligations have

been discharged and on the Revolving Termination Date. In addition, the Borrowers shall pay to any L/C Issuer, on demand, such reasonable fees, without duplication of fees otherwise payable hereunder (including any fronting fees and other per annum fees calculated on the face amount of any Letter of Credit Issued by each L/C Issuer, which shall be due and payable to Agent for the account of such L/C Issuer quarterly in arrears), charges and expenses of such L/C Issuer in respect of the application for, Issuance, negotiation, acceptance, amendment, transfer and payment of such Letter of Credit or otherwise payable pursuant to the application and related documentation under which such Letter of Credit is Issued; provided that in the case of Letters of Credit Issued by Antares Finance, as L/C Issuer, such fronting fee shall equal 0.125% per annum multiplied by the face amount of each such Letter of Credit.

1.10 Payments by the Borrowers.

(a) Except as otherwise provided in Section 9.1, all payments (including prepayments) to be made by each Credit Party on account of principal, interest, fees and other amounts required hereunder shall be made without set off, recoupment, counterclaim or deduction of any kind, shall, except as otherwise expressly provided herein, be made to Agent (for the ratable account of the Persons entitled thereto) at the address for payment specified on the Agent's signature page hereto (or such other address as Agent may from time to time specify in accordance with Section 8.2), including payments utilizing the ACH system, and shall be made in Dollars (or Canadian Dollars, solely in the case of (x) Loans denominated in Canadian Dollars and (y) payment of L/C Reimbursement Obligations with respect to Letters of Credit denominated in Canadian Dollars in accordance with Section 1.1(c)), and by wire transfer or ACH transfer in immediately available funds (which shall be the exclusive means of payment hereunder), no later than 1:00 p.m. on the date due. Any payment which is received by Agent later than 1:00 p.m. shall be deemed to have been received on the immediately succeeding Business Day and any applicable interest or fee shall continue to accrue. Each Borrower and each other Credit Party hereby irrevocably waives the right to direct the application during the continuance of an Event of Default or during the existence of any Overadvance of any and all payments in respect of any Obligation and any proceeds of Collateral or the OMERS LC. Each Borrower hereby authorizes Agent and each Lender to make a Revolving Loan (which shall be a Canadian Prime Rate Loan (if denominated in Canadian Dollars) or a Base Rate Loan (if denominated in U.S. Dollars) and which may be a Swing Loan) to pay (i) interest, principal (including Swing Loans), Letter of Credit Obligations, agent fees, Unused Commitment Fees and Letter of Credit Fees, in each instance, on the date due, or (ii) after five (5) days prior notice to the Borrower Representative, other fees, costs or expenses payable by a Borrower or any of its Subsidiaries hereunder or under the other Loan Documents.

(b) Subject to the provisions set forth in the definition of "Interest Period" and "BA Period" herein, if any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Subject to clauses (a) and (d) of this Section 1.10, Agent shall apply any and all payments received by Agent in respect of any Obligation or Prior Lender Obligation in the order set forth below:

first, to fund the Existing LC Collateral Account;

second, to permanently reduce the Prior Lender Obligations in accordance with the provisions of the Pre-Petition Credit Agreement, until paid in full;

third, to fund the Pre-Petition Indemnity Account, if applicable;

fourth, to the payment of Protective Advances funded by the Agent and fees, costs, indemnities and expenses, including Attorney Costs of Agent payable or reimbursable by the Credit Parties under this Agreement or any of the other Loan Documents;

fifth, to the payment of all interest and fees on the Obligations then due and payable owed to the Revolving Lenders, Swingline Lender and L/C Issuers;

sixth, to the payment of principal of the Revolving Loans and Swing Loans and the payment of matured L/C Reimbursement Obligations; and

seventh, any remainder shall be for the account of and paid to whoever may be lawfully entitled thereto.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category; provided that if amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in such category, (ii) Agent shall be entitled to require that funds and items be converted into the currency of the Obligations being repaid at the applicable Spot Rate solely to the extent necessary to preserve the order of payments set forth in clause (i) of this paragraph, (iii) subject to clause (i) of this paragraph, amounts paid in Dollars shall be applied first to any Base Rate Loans then outstanding and then to outstanding LIBOR Loans with the shortest Interest Periods remaining and amounts paid in Canadian Dollars shall be applied first to any Canadian Prime Rate Loans then outstanding and then to outstanding BA Rate Loans with the shortest BA Periods remaining and (iv) except as set forth in this Agreement, each of the Lenders or other Persons entitled to payment shall receive an amount equal to its pro rata share of amounts available to be applied pursuant to clauses fifth and sixth above. In the case of prepayments applied pursuant to the foregoing, the Borrowers shall pay any amounts required pursuant to Section 9.4.

(d) During the continuance of a Default or an Event of Default, Agent may, and shall upon the direction of Required Lenders following an Event of Default, apply any and all payments received by Agent in respect of any Obligation in the order set forth below. Notwithstanding any provision herein to the contrary, all amounts collected by Agent or received by Agent after any or all of the Obligations have been accelerated pursuant to Section 6.2 (so long as such acceleration has not been rescinded), including all proceeds of Collateral and all proceeds received by Agent as a result of the exercise of its remedies under the Loan Documents after the occurrence and during the continuance of an Event of Default shall be applied in the order set forth below:

first, to the payment of Overadvances and Protective Advances funded by the Agent and fees, costs, indemnities and expenses, including Attorney Costs of Agent payable or reimbursable by the Credit Parties under this Agreement or any of the other Loan Documents;

second, to fund the Existing LC Collateral Account, if applicable;

third, to permanently reduce the Prior Lender Obligations in accordance with the provisions of the Pre-Petition Credit Agreement, until paid in full, and to fund the Pre-Petition Indemnity Account, if applicable;

fourth, to the payment of costs, indemnities and expenses, including Attorney Costs of Lenders payable or reimbursable by the Credit Parties under this Agreement or any of the other Loan Documents;

fifth, to the payment of all accrued unpaid interest and fees on the Obligations owed to the Revolving Lenders, Swingline Lender and L/C Issuers;

sixth, to the payment of principal of the Obligations (other than Obligations under any Bank Product Agreements), including L/C Reimbursement Obligations then due and payable and cash collateralization of unmatured L/C Reimbursement Obligations to the extent not then due and payable in accordance with Section 6.5;

seventh, to the payment of any Obligations under any Bank Product Agreements with respect to Bank Products of the type described in clause (a) of the definition thereof;

eighth, to the payment of any other amounts owing constituting Obligations;

ninth, to fund the DIP Indemnity Account, if applicable; and

tenth, any remainder shall be for the account of and paid to whoever may be lawfully entitled thereto.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category; provided that if amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in such category, (ii) Agent shall be entitled to require that funds and items be converted into the currency of the Obligations being repaid at the applicable Spot Rate solely to the extent necessary to preserve the order of payments set forth in clause (i) of this paragraph, (iii) subject to clause (i) of this paragraph, amounts paid in Dollars shall be applied first to any Base Rate Loans then outstanding and then to outstanding LIBOR Loans with the shortest Interest Periods remaining and amounts paid in Canadian Dollars shall be applied first to any Canadian Prime Rate Loans then outstanding and then to outstanding BA Rate Loans with the shortest BA Periods remaining and (iv) except as set forth in this Agreement, each of the Lenders or other Persons entitled to payment shall receive an amount equal to its pro rata share of amounts available to be applied pursuant to clauses fifth and sixth above. In the

case of prepayments applied pursuant to the foregoing, the Borrowers shall pay any amounts required pursuant to Section 9.4.

(e) During the continuance of an Event of Default, Agent may, and shall upon the direction of Required Lenders following an Event of Default, apply any and all proceeds of the OMERS LC received by Agent in the order set forth below. Notwithstanding any provision herein to the contrary, all proceeds of the OMERS LC received by Agent after any or all of the Obligations have been accelerated pursuant to Section 6.2 (so long as such acceleration has not been rescinded), including after the occurrence and during the continuance of an Event of Default shall be applied in the order set forth below:

first, to the payment of Overadvances and Protective Advances funded by the Agent and fees, costs, indemnities and expenses, including Attorney Costs of Agent payable or reimbursable by the Credit Parties under this Agreement or any of the other Loan Documents;

second, to fund the Existing LC Collateral Account, if applicable;

third, to permanently reduce the Prior Lender Obligations in accordance with the provisions of the Pre-Petition Credit Agreement, until paid in full;

fourth, to the payment of costs, indemnities and expenses, including Attorney Costs of Lenders payable or reimbursable by the Credit Parties under this Agreement or any of the other Loan Documents;

fifth, to the payment of all accrued unpaid interest and fees on the Obligations owed to the Revolving Lenders, the Swingline Lender and the L/C Issuers;

sixth, to the payment of principal of the Obligations (other than the Obligations under any Bank Product Agreements), including L/C Reimbursement Obligations then due and payable and cash collateralization of unmatured L/C Reimbursement Obligations to the extent not then due and payable in accordance with Section 6.5;

seventh, to the payment of any Obligations under any Bank Product Agreements with respect to Bank Products of the type described in clause (a) of the definition thereof;

eighth, to the payment of any other amounts owing constituting Obligations;

ninth, to fund the Pre-Petition Indemnity Account, if applicable;

tenth, to fund the DIP Indemnity Account, if applicable; and

eleventh, any remainder shall be for the account of and paid to whoever may be lawfully entitled thereto.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding

category; provided that if amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in such category, (ii) Agent shall be entitled to require that funds and items be converted into the currency of the Obligations being repaid at the applicable Spot Rate solely to the extent necessary to preserve the order of payments set forth in clause (i) of this paragraph, (iii) subject to clause (i) of this paragraph, amounts paid in Dollars shall be applied first to any Base Rate Loans then outstanding and then to outstanding LIBOR Loans with the shortest Interest Periods remaining and amounts paid in Canadian Dollars shall be applied first to any Canadian Prime Rate Loans then outstanding and then to outstanding BA Rate Loans with the shortest BA Periods remaining and (iv) except as set forth in this Agreement, each of the Lenders or other Persons entitled to payment shall receive an amount equal to its pro rata share of amounts available to be applied pursuant to clauses fifth and sixth above. In the case of prepayments applied pursuant to the foregoing, the Borrowers shall pay any amounts required pursuant to Section 9.4.

1.11 Payments by the Lenders to Agent; Settlement.

(a) Agent may, on behalf of Lenders, disburse funds to the Borrowers for Loans requested. Each Lender shall reimburse Agent on demand for all funds disbursed on its behalf by Agent, or if Agent so requests, each Lender will remit to Agent its Revolving Loan Commitment Percentage of any Loan before Agent disburses same to the Borrowers. If Agent elects to require that each Lender make funds available to Agent prior to disbursement by Agent to the Borrowers, Agent shall advise each Lender by telephone, Electronic Transmission or fax of the amount of such Lender's Revolving Loan Commitment Percentage of the Loan requested by the Borrower Representative no later than 12:00 p.m. on the scheduled Borrowing date applicable thereto, and each such Lender shall pay Agent such Lender's Revolving Loan Commitment Percentage of such requested Loan, in same day funds, by wire transfer to Agent's account no later than 2:00 p.m. on such scheduled Borrowing date. Nothing in this Section 1.11(a) or elsewhere in this Agreement or the other Loan Documents, including the remaining provisions of this Section 1.11, shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its Revolving Loan Commitments hereunder or to prejudice any rights that Agent, Swingline Lender or Borrowers may have against any Lender as a result of any default by such Lender hereunder.

(b) At least once each calendar week or more frequently at Agent's election (each, a "Settlement Date"), Agent shall advise each Lender by telephone, fax or Electronic Transmission of the amount of such Lender's Revolving Loan Commitment Percentage of principal, interest and fees paid for the benefit of Lenders with respect to each applicable Loan. Provided that each Lender has funded all payments required to be made by it and funded all purchases of participations required to be funded by it under this Agreement and the other Loan Documents as of such Settlement Date, Agent shall pay to each Lender such Lender's Revolving Loan Commitment Percentage (except as otherwise provided in Section 1.11(e)) of principal, interest and fees paid by the Borrowers since the previous Settlement Date for the benefit of such Lender on the Loans held by it. Such payments shall be made by wire transfer to such Lender not later than 1:00 p.m. on the next Business Day following each Settlement Date.

(c) Availability of Lender's Revolving Loan Commitment Percentage. Agent may assume that each Lender will make its Revolving Loan Commitment Percentage of each Loan available to Agent on each Borrowing date. If such Revolving Loan Commitment Percentage is not, in fact, paid to Agent by such Lender when due, Agent will be entitled to recover such amount on demand from such Lender without setoff, counterclaim or deduction of any kind. If any Lender fails to pay the amount of its Revolving Loan Commitment Percentage forthwith upon Agent's demand, Agent shall promptly notify the Borrower Representative and the Borrowers shall immediately repay such amount to Agent. Nothing in this Section 1.11(c) or elsewhere in this Agreement or the other Loan Documents shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its Revolving Loan Commitments hereunder or to prejudice any rights that the Borrowers may have against any Lender as a result of any default by such Lender hereunder. To the extent that Agent advances funds to the Borrowers on behalf of any Lender and is not reimbursed therefor on the same Business Day as such advance is made, Agent shall be entitled to retain for its account all interest accrued on such advance until reimbursed by the applicable Lender.

(d) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from the Borrowers and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement or any other Loan Document must be returned to any Credit Party or paid to any other Person pursuant to any Insolvency Law any order of an Insolvency Court or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Loan Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to any Borrower or such other Person, without setoff, counterclaim or deduction of any kind, and Agent will be entitled to set-off against future distributions to such Lender any such amounts (with interest) that are not repaid on demand.

(e) Non-Funding Lenders; Procedures.

(i) Responsibility. The failure of any Non-Funding Lender to make any Revolving Loan, to fund any purchase of any participation to be made or funded by it, or to make any payment required by it under any Loan Document on the date specified therefor shall not relieve any other Lender of its obligations to make such loan, fund the purchase of any such participation, or make any other payment required hereunder on such date, and neither Agent nor, other than as expressly set forth herein, any other Lender shall be responsible for the failure of any Non-Funding Lender to make a loan, fund the purchase of a participation or make any other payment required under any Loan Document.

(ii) Reallocation. If any Revolving Lender is a Non-Funding Lender, all or a portion of such Non-Funding Lender's Letter of Credit Obligations (unless such Lender is the L/C Issuer that Issued such Letter of Credit) and reimbursement obligations with respect to Swing Loans shall, at Agent's election at any time or upon any L/C Issuer's or Swingline Lender's, as applicable, written request delivered to Agent (whether before or after the occurrence of any Default or Event of Default), be reallocated to and assumed by the Revolving Lenders that are not Non-Funding Lenders or Impacted Lenders pro rata in accordance with their Revolving Loan Commitment Percentages of the Aggregate Revolving Loan Commitments (calculated as if the Non-Funding Lender's Revolving Loan Commitment Percentage was reduced to zero and each other Revolving Lender's Revolving Loan Commitment Percentage had been increased proportionately), provided that no Revolving Lender shall be reallocated any such amounts or be required to fund any amounts that would cause the sum of its outstanding Revolving Loans, outstanding Letter of Credit Obligations, amounts of its participations in Swing Loans and its pro rata share of unparticipated amounts in Swing Loans to exceed its Revolving Loan Commitment.

(iii) Voting Rights. Notwithstanding anything set forth herein to the contrary, including Section 8.1, a Non-Funding Lender shall not have any voting, consent or discretionary rights under or with respect to any Loan Document or constitute a "Lender" or a "Revolving Lender" (or be, or have its Loans and Revolving Loan Commitments, included in the determination of "Required Lenders", "Required Supermajority Lenders" or "Lenders directly affected" pursuant to Section 8.1) for any voting or consent rights under or with respect to any Loan Document, provided that, without the consent of the Non-Funding Lender affected thereby, (A) the Revolving Loan Commitment of a Non-Funding Lender may not be increased, extended or reinstated, (B) the principal of a Non-Funding Lender's Loans may not be reduced or forgiven, and (C) the interest rate applicable to Obligations owing to a Non-Funding Lender may not be reduced. Moreover, for the purposes of determining Required Lenders, Required Lenders and Required Supermajority Lenders, the Loans, Letter of Credit Obligations, and Revolving Loan Commitments held by Non-Funding Lenders shall be excluded from the total Loans and Revolving Loan Commitments outstanding.

(iv) Borrower Payments to a Non-Funding Lender. Agent shall be entitled to hold, in a non-interest bearing account, all portions of any payments received by Agent for the benefit of any Non-Funding Lender pursuant to this Agreement as cash collateral. Agent is hereby authorized to use such cash collateral to pay in full the Aggregate Excess Funding Amount (as defined below) to the appropriate Secured Parties, and then, to hold as cash collateral the amount of such Non-Funding Lender's pro rata share, without giving effect to any reallocation pursuant to Section 1.11(e)(ii), of all Letter of Credit Obligations until the Obligations are paid in full in cash, all Letter of Credit Obligations have been replaced (or backstopped on terms satisfactory to Agent) or cash collateralized and all Revolving Loan Commitments have been terminated. Upon any such unfunded obligations owing by a Non-Funding Lender becoming due and payable, Agent shall be authorized to use such cash collateral to make such payment on behalf of such Non-Funding Lender. With respect to such Non-Funding Lender's failure to fund Revolving Loans or purchase participations in Letters of Credit or Letter of Credit

Obligations, any amounts applied by Agent to satisfy such funding shortfalls shall be deemed to constitute a Revolving Loan or amount of the participation required to be funded and, if necessary to effectuate the foregoing, the other Revolving Lenders shall be deemed to have sold, and such Non-Funding Lender shall be deemed to have purchased, Revolving Loans or Letter of Credit participation interests from the other Revolving Lenders until such time as the aggregate amount of the Revolving Loans and participations in Letters of Credit and Letter of Credit Obligations are held by the Revolving Lenders in accordance with their Revolving Loan Commitment Percentages. Any amounts owing by a Non-Funding Lender to Agent which are not paid when due shall accrue interest at the interest rate applicable during such period to Revolving Loans that are Base Rate Loans. In the event that Agent is holding cash collateral of a Non-Funding Lender that cures pursuant to clause (v) below or ceases to be a Non-Funding Lender pursuant to the definition of Non-Funding Lender, Agent shall return the unused portion of such cash collateral to such Lender. The "Aggregate Excess Funding Amount" of a Non-Funding Lender shall be the aggregate amount of (A) all unpaid obligations owing by such Non-Funding Lender to Agent, L/C Issuers, Swing Line Lender, and other Lenders under the Loan Documents, including such Non-Funding Lender's pro rata share of all Revolving Loans, Letter of Credit Obligations, Swing Line Loans, plus, without duplication, (B) all amounts of such Non-Funding Lender reallocated to other Lenders pursuant to Section 1.11(e)(ii).

(v) Cure. A Lender may cure its status as a Non-Funding Lender under clause (a) of the definition of Non-Funding Lender if such Lender (A) fully pays to Agent, on behalf of the applicable Secured Parties, the Aggregate Excess Funding Amount, plus all interest due thereon and (B) timely funds the next Revolving Loan required to be funded by such Lender or makes the next reimbursement required to be made by such Lender. Any such cure shall not relieve any Lender from liability for breaching its contractual obligations hereunder.

(vi) Fees. A Lender that is a Non-Funding Lender pursuant to clause (a) of the definition of Non-Funding Lender shall not earn and shall not be entitled to receive, and Borrowers shall not be required to pay, such Lender's portion of the Unused Commitment Fee during the time such Lender is a Non-Funding Lender pursuant to clause (a) thereof. In the event that any reallocation of Letter of Credit Obligations occurs pursuant to Section 1.11(e)(ii), during the period of time that such reallocation remains in effect, the Letter of Credit Fee payable with respect to such reallocated portion shall be payable to (A) all Revolving Lenders based on their pro rata share of such reallocation or (B) to the L/C Issuer for any remaining portion not reallocated to any other Revolving Lenders.

(f) Procedures. Agent is hereby authorized by each Credit Party and each other Secured Party to establish commercially reasonable procedures (and to amend such procedures from time to time) to facilitate administration and servicing of the Loans and other matters incidental thereto. Without limiting the generality of the foregoing, Agent is hereby authorized to establish commercially reasonable procedures to make available or deliver, or to accept, notices, documents and similar items on E-Systems.

1.12 Borrower Representative. Each Borrower hereby designates and appoints Golfsmith as its representative and agent on its behalf (the "Borrower Representative") for the purposes of issuing Notices of Borrowings, Notices of Conversion/Continuation, L/C Requests and Swingline Requests, delivering certificates including Borrowing Base Certificates and Compliance Certificates, giving instructions with respect to the disbursement of the proceeds of the Loans, selecting interest rate options, giving and receiving all other notices and consents hereunder or under any of the other Loan Documents and taking all other actions (including in respect of compliance with covenants) on behalf of any Borrower or Borrowers under the Loan Documents. Borrower Representative hereby accepts such appointment. Agent and each Lender may regard any notice or other communication pursuant to any Loan Document from Borrower Representative as a notice or communication from all Borrowers. Each warranty, covenant, agreement and undertaking made on behalf of a Borrower by the Borrower Representative shall be deemed for all purposes to have been made by such Borrower and shall be binding upon and enforceable against such Borrower to the same extent as if the same had been made directly by such Borrower.

1.13 Reserves and Eligibility Criteria. Agent shall have the right upon providing written notice to the Borrower Representative (which may be either prior or concurrent written notice of the imposition thereof) to establish, modify or eliminate Reserves from time to time in its reasonable credit judgment, all without further notice, motion or application to, hearing before, or order from, any Insolvency Court. In addition, Agent reserves the right, at any time and from time to time, to adjust any of the applicable criteria and to establish new criteria with respect to Eligible Credit Card Accounts, Eligible Wholesale Accounts, Eligible Inventory, Eligible Domestic In Transit Inventory, and Eligible Real Estate in its reasonable credit judgment, subject to the approval of Required Supermajority Lenders in the case of adjustments or new criteria which have the effect of making more credit available. The following Reserves imposed by the agent under the Pre-Petition Credit Agreement shall initially be released under this Agreement: (i) the "Accrued Interest Reserve", (ii) the "Landlord Waiver Reserve", (iii) the "Third Party DC Reserve", (iv) the "Vendor Claim Reserve" and (v) the "Potential Claims & Admin Expenses of Vendors Reserve" (collectively, the "Released Insolvency Reserves"), which Released Insolvency Reserves equaled $10,665,566.15 in the aggregate in the most recent Borrowing Base Certificate delivered under the Pre-Petition Credit Agreement; provided that the release of the Released Insolvency Reserves shall not prejudice Agent's right to establish, modify or eliminate similar Reserves under this Agreement in its reasonable credit judgment based on circumstances, conditions, events or contingencies arising after the Closing Date or that were unknown to the Agent prior to the Closing Date.

1.14 Super Priority Nature of Obligations and Agent's Liens.

(a) Chapter 11 Cases. The priority of Agent's Liens on the Collateral owned by the U.S. Debtors, claims and other interests shall be as set forth in the Interim Order and the Final Order.

(b) CCAA Proceedings. The priority of Agent's Liens and other charges on the Collateral owned by the Canadian Debtors shall be as set forth in the Initial Order or any further order of the Canadian Court, as applicable.

1.15 Payment of Obligations. Upon the maturity (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents, Agent and Lenders shall be entitled to immediate payment of such Obligations without further application to or order of any Insolvency Court.

ARTICLE II. - CONDITIONS PRECEDENT

2.1 Conditions to Effectiveness of Agreement. The obligation of each Lender to make its initial Loans and of each L/C Issuer to Issue, or cause to be Issued, the initial Letters of Credit hereunder is subject to satisfaction of the following conditions:

(a) Loan Documents. The Agent shall have received on or before the Closing Date all of the agreements, documents, instruments and other items set forth on the Closing Checklist attached hereto as Exhibit 2.1, together with each of the following, in each case, in form and substance reasonably satisfactory to Agent:

(i) executed counterparts of this Agreement, each Collateral Document, and the Fee Letter, in each case, with originals promptly to follow as reasonably requested by Agent;

(ii) a Note in favor of each Lender who shall have requested a Note; and

(iii) completed requests for information (including lien search results) listing all effective financing statements and other lien filings filed in any jurisdictions requested by the Agent, in each case, that name any Credit Party as debtor, together with copies of such other financing statements.

(b) [Intentionally Omitted].

(c) SPV Holdco Guarantee. Agent shall have received a duly executed limited recourse guarantee dated as of the Closing Date by SPV Holdco in favor of Agent, which shall contain subordination provisions, and otherwise be in form and substance and on terms satisfactory to Agent.

(d) Financial Statements; Projections. Agent shall have received the financial statements and reports referred to in Section 4.1(a) and Section 4.1(b) (for each Fiscal Month ending at least 30 days prior to the Closing Date), and such financial statements and reports shall be in form and substance satisfactory to Agent.

(e) Approved Budget. Agent shall have received the initial Approved Budget.

(f) Canadian GC Sale Bid. The Borrowers shall have accepted a binding bid for the Canadian GC Sale in form and substance and on terms reasonably satisfactory to the Agent.

(g) Legal Opinions. Agent shall have received legal opinions from Canadian counsel to (i) the Credit Parties addressing corporate authority matters and (ii) SPV Holdco

covering such matters as Agent may reasonably request, in each case, in form and substance reasonably satisfactory to Agent.

(h) Secretary's Certificate; Resolutions; Organization Documents. Agent shall have received a reasonably satisfactory certificate executed by a Responsible Officer of each Credit Party (i) certifying and attaching true, correct and complete copies of: (x) the certificate or articles of incorporation, certificate of incorporation or certificate of formation (or equivalent Organization Document) of such Credit Party, certified as of a recent date from the Secretary of State (or applicable Governmental Authority) of the state or foreign jurisdiction in which such Credit Party is incorporated or formed (or, with respect to the Canadian Debtors, certifying no change since the date last delivered to the Prior Agent), (y) the by-laws, limited liability company agreement, partnership agreement (or equivalent Organization Document) of such Credit Party (or, with respect to the Canadian Debtors, certifying no change since the date last delivered to the Prior Agent), and (z) the resolutions or votes of the board of directors, members or managers (or equivalent governing body thereof) of such Credit Party, authorizing such Credit Party's entry into the Loan Documents to which it is a party; and (ii) certifying the incumbency of the Responsible Officers of such Credit Party authorized to act in connection with this Agreement and the other Loan Documents to which such Credit Party is a party and providing a specimen signature of such Responsible Officers of such Credit Party who will be signing Loan Documents on the Closing Date and thereafter.

(i) Good Standing Certificates. Agent shall have received reasonably satisfactory documents and certifications to evidence that each Credit Party executing a Loan Document is validly existing, in good standing and qualified to engage in business (i) in its jurisdiction of incorporation or formation, as applicable and (ii) in each other jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification in such jurisdiction, except, with respect to this clause (ii), where the failure to obtain such qualification could not reasonably be expected to result in a Material Adverse Effect.

(j) SPV Holdco Certificate. The Agent shall have received a reasonably satisfactory certificate executed by an officer of SPV Holdco certifying and attaching true, correct and complete copies of resolutions or evidence of other action authorizing the actions of SPV Holdco under this Agreement and any other related documents to the Agent's satisfaction.

(k) Closing Date Officer's Certificate. Agent shall have received a reasonably satisfactory certificate of a Responsible Officer of the Borrower Representative certifying that (i) the conditions specified in this Section 2.1 and Section 2.2 have been satisfied, including specific certifications as to satisfaction of the conditions in clauses (q), (r), (s) and (t) of this Section 2.1, (ii) since the Petition Date there shall have been no material increase in the liabilities, liquidated or contingent, of the Borrowers and the other Credit Parties taken as a whole, or material decrease in the assets of the Borrowers and the Credit Parties taken as a whole, and (iii) other than those resulting from the commencement of the Insolvency Cases, since the Petition Date there shall have been no adverse change in the ability of the Agent and the Lenders to enforce the Loan Documents and the Obligations of the Borrowers and the other Credit Parties hereunder.

(l) Borrowing Requests. Agent shall have received an L/C Request, Swingline Request and/or Notice of Borrowing in respect of any extensions of credit to be made on the Closing Date.

(m) Borrowing Base Certificate. Agent shall have received a reasonably satisfactory Borrowing Base Certificate dated as of the Closing Date setting forth the Revolving Credit Borrowing Base of each Borrower as of September 17, 2016 after giving pro forma effect to the transactions contemplated hereby.

(n) KYC Diligence. Agent shall have received all documents requested by Agent and Lenders with reasonable prior notice to comply with all applicable law, including applicable "know your customer" and anti-money laundering rules and regulations, the AML Legislation and the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

(o) Insurance. Agent shall have received certificates evidencing that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in full force and effect and naming Agent, on behalf of the Secured Parties, as an additional insured or lender's loss payee, as the case may be, under all insurance policies maintained with respect to the assets and properties of the Credit Parties that constitutes Collateral.

(p) Fees. The Borrowers shall have paid the fees required to be paid on the Closing Date in the respective amounts specified in Section 1.9 (including the fees specified in the Fee Letter), and shall have reimbursed Agent for all reasonable and documented costs and out-of-pocket expenses in connection with this Agreement.

(q) No Material Adverse Effect. Since the Petition Date, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(r) No Orders or Injunctions. No orders, injunctions or pending litigation exists which could reasonably be expected to have a Material Adverse Effect.

(s) No Default or Event of Default. No Default or Event of Default shall have occurred and be continuing or shall arise hereunder immediately after giving effect to this Agreement and the transactions contemplated hereby.

(t) Representations and Warranties. Each representation and warranty by each Credit Party contained herein and in each other Loan Document is true and correct in all material respects (without duplication of any materiality qualifier contained therein).

(u) Insolvency Matters – Chapter 11 Cases.

(i) Entry of Interim Order. Entry by the Bankruptcy Court of the Interim Order, by no later than three (3) Business Days after the Petition Date, substantially in the form attached hereto as Exhibit 2.1(u) and otherwise in form and substance satisfactory to Agent.

(ii) Cash Management. The Credit Parties shall have established or shall maintain the cash management systems described in Section 4.11 and the U.S. Debtors shall have taken all steps necessary to comply with the Cash Management Order, it being acknowledged by the Agent that the cash management systems as in effect under the Pre-Petition Credit Agreement are acceptable.

(iii) First Day Pleadings. The Agent shall have received drafts of the "first day" pleadings for the Chapter 11 Cases, in each case, in form and substance reasonably satisfactory to the Agent not later than a reasonable time in advance of the Petition Date in order for Agent's counsel to review and analyze the same.

(iv) First Day Orders. All motions, orders (including the "first day" orders) and other documents to be filed with and submitted to the Bankruptcy Court on the Petition Date shall be in form and substance reasonably satisfactory to Agent.

(v) Insolvency Matters – CCAA Proceedings.

(i) Initial Order. The Initial Order shall have been issued and entered in the CCAA Proceedings, by no later than one (1) Business Day after entry of the Interim Order, substantially in the form attached hereto as Exhibit 2.1(v) and otherwise in form and substance satisfactory to Agent.

(ii) Cash Management. The Initial Order shall provide that the Canadian Debtors shall be entitled to continue to utilize the central cash management system currently in place and in accordance with this Agreement and shall provide for customary protections for any present or future bank providing such cash management system.

(iii) Application Materials. The Agent shall have received drafts of the application materials seeking the issuance of the Initial Order in the CCAA Proceedings, in each case, in form and substance reasonably satisfactory to the Agent and a draft of the Monitor's pre-filing report not later than a reasonable time in advance of the Petition Date in order for Agent's counsel to review and analyze the same.

2.2 Conditions to All Borrowings. Except as otherwise expressly provided herein, no Lender or L/C Issuer shall be obligated to fund any Loan or incur any Letter of Credit Obligation after the Closing Date, if, as of the date thereof (or, solely with respect to clause (e)(i) below, any date that is thirty (30) days after the Petition Date):

(a) the Loan or Letter of Credit requested would cause the aggregate outstanding amount of the Loans and/or Letter of Credit Obligations to exceed the amount then authorized by the applicable Order or any order modifying (without Agent's consent), reversing, staying or vacating such order shall have been entered, or any appeal of such order shall have been timely filed;

(b) any representation or warranty by any Credit Party contained herein or in any other Loan Document is untrue or incorrect in any material respect (without duplication of any materiality qualifier contained therein) as of such date, except to the extent that such

representation or warranty expressly relates to an earlier date (in which event such representations and warranties were untrue or incorrect in any material respect as of such earlier date without duplication of any materiality qualifier contained therein), and Agent or Required Lenders have determined not to make such Loan or incur such Letter of Credit Obligation as a result of the fact that such warranty or representation is untrue or incorrect in any material respect without duplication of any materiality qualifier contained therein; provided that for the purposes of this Section 2.2(b), the representations and warranties contained in Section 3.11(a) shall be deemed to refer to the most recent financial statements furnished pursuant to Section 4.1;

(c) any Overadvance exists or any Default or Event of Default has occurred and is continuing or would result after giving effect to any Loan (or the incurrence of any Letter of Credit Obligation), and Agent or Required Lenders shall have determined not to make any Loan or incur any Letter of Credit Obligation as a result of that Default or Event of Default;

(d) after giving effect to any Loan (or the incurrence of any Letter of Credit Obligations), either Excess Availability is less than zero or Excess Canadian Availability is less than zero;

(e) (i) the Final Order shall not have been entered, (ii) the Final Order shall not have been entered following the expiration of the Interim Order, (iii) the Interim Order or the Final Order, as applicable, shall have been vacated, stayed, reversed, modified or amended without Agent's consent or shall otherwise not be in full force and effect, (iv) a motion for reconsideration of the Interim Order or the Final Order, as applicable, has been timely filed or (v) an appeal of the Interim Order or the Final Order, as applicable, has been timely filed and such order in any respect is the subject of a stay pending appeal; or

(f) (i) the Initial Order shall have been vacated, stayed, reversed, modified or amended in a manner that affects the Borrowers' financing arrangements without Agent's consent, (ii) the Initial Order or shall otherwise not be in full force and effect, or (iii) an appeal of the Initial Order has been timely filed and such order in any respect is the subject of a stay pending appeal.

The request by the Borrower Representative and acceptance by Borrowers of the proceeds of any Loan or the incurrence of any Letter of Credit Obligations shall be deemed to constitute, as of the date thereof, (i) a representation and warranty by Borrowers that the conditions in this Section 2.2 have been satisfied and (ii) a reaffirmation by each Credit Party of the granting and continuance of Agent's Liens, on behalf of itself and Secured Parties, pursuant to the Collateral Documents and the applicable Order.

The conditions set forth in this Section 2.2 are for the sole benefit of the Lenders but until the Required Lenders otherwise direct Agent not to permit the making of Loans and the Issuance of Letters of Credit, the Lenders will fund their pro rata share of all Loans and Letter of Credit Obligations and participate in all Swing Loans and Letters of Credit whenever made or Issued, which are requested by the Borrower Representative and which, notwithstanding the failure of any Credit Party to comply with the provisions of this Section 2.2, are agreed to by Agent; provided, however, that the making of any such Loans or the Issuance of any Letters of Credit shall not be deemed a modification or waiver by any Lender of the provisions of this Section 2.2

on any future occasion or a waiver of any rights of the Lenders as a result of any such failure to comply.

ARTICLE III. - REPRESENTATIONS AND WARRANTIES

The Credit Parties, jointly and severally, represent and warrant to Agent and each Lender that the following are, and after giving effect to this Agreement will be, true, correct and complete:

3.1 Corporate Existence and Power. Each Credit Party and each of their respective Subsidiaries:

(a) is a corporation, limited liability company or limited partnership, as applicable, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation, as applicable;

(b) has the corporate, limited liability company or limited partnership (as applicable) power and authority necessary to own its assets, and, subject to entry of the Orders, to carry on its business and execute, deliver, and perform its obligations under, the Loan Documents to which it is a party;

(c) subject to specific representations regarding Environmental Laws contained in this Article III, has all governmental licenses, authorizations, Permits, consents and approvals to own its assets, and, subject to entry of the Orders, to carry on its business and execute, deliver, and perform its obligations under, the Loan Documents to which it is a party;

(d) is duly qualified as a foreign corporation, limited liability company or limited partnership, as applicable, and licensed and in good standing, under the laws of each jurisdiction where its ownership, lease or operation of Property or the conduct of its business requires such qualification or license; and

(e) subject to specific representations regarding ERISA, Environmental Laws, tax and other laws contained in this Article III, is in compliance with all Requirements of Law, except to the extent any consequences of such violation are subject to the Insolvency Stays;

except, in each case referred to in clauses (b) or (c) (in each case, as to ownership of assets and conduct of business only), (d) or (e), to the extent that the failure to do so would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

3.2 Corporate Authorization; No Contravention.

(a) Upon entry by the Insolvency Courts of the Orders, the execution, delivery and performance by each of the Credit Parties of this Agreement and by each Credit Party and each of their respective Subsidiaries of any other Loan Document to which such Person is party, will have been duly authorized by all necessary action, and do not and will not:

(i) contravene the terms of any of that Person's Organization Documents;

(ii) conflict with or result in any material breach or contravention of any document evidencing any material Contractual Obligation to which such Person is a party;

(iii) violate any Requirement of Law or any order, injunction, writ or decree of any Governmental Authority to which such Person or its Property is subject except where such violation, individually or in the aggregate, could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; or

(iv) result in the creation or imposition of any Lien upon any of the property of such Person other than Liens in favor of Agent, on behalf of itself and Lenders, pursuant to the Loan Documents and Permitted Liens;

except, in the case of clauses (ii), (iii) and (iv), to the extent that the failure to do so could not reasonably be expected to result in any liability or loss that is not subject to the Insolvency Stays.

(b) All issued and outstanding Stock and Stock Equivalents of each of the Credit Parties and each of their respective Subsidiaries are duly authorized and validly issued, fully paid, non-assessable, and free and clear of all Liens other than, with respect to the Stock and Stock Equivalents of the Borrowers and Subsidiaries of the Borrowers, those in favor of Agent for the benefit of the Secured Parties and Liens of the types permitted by Sections 5.1(c), 5.1(f), 5.1(i), 5.1(r) and 5.1(s). All such securities were issued in compliance in all material respects with all applicable state and federal laws concerning the issuance of securities. All of the issued and outstanding Stock and Stock Equivalents of (i) GT Canada is owned by GT Canada Holdco and (ii) GT USA and Golfsmith are owned by GT USA Holdco. Schedule 3.2 sets forth the authorized Stock and Stock Equivalents of each of the Credit Parties and each of their respective Subsidiaries and Joint Ventures as of Closing Date (or the most recent date of update pursuant to Section 4.2(k)). As of the Closing Date (or the most recent date of update pursuant to Section 4.2(k)), all of the issued and outstanding Stock and Stock Equivalents of each of the Credit Parties other than the Borrowers is owned by the Persons and in the amounts set forth on Schedule 3.2. Except as set forth on Schedule 3.2, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights or other similar agreements or understandings for the issuance, purchase, acquisition or redemption of any Stock and Stock Equivalents of any Credit Party. As of the Closing Date, set forth on Schedule 3.2 is a true and complete organizational chart of the Credit Parties and their Subsidiaries.

3.3 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Credit Party or any Subsidiary of any Credit Party of this Agreement, any other Loan Document, except for (a) those obtained or made on or prior to the Closing Date, (b) the entry of, or pursuant to the terms of, the Orders, or (c) recordings, registrations and filings in connection with the Liens granted to Agent under the Collateral Documents.

3.4 Binding Effect. Upon entry by each Insolvency Court of the applicable Order, this Agreement and each other Loan Document to which any Credit Party or any Subsidiary of any Credit Party subject to such applicable Order is a party constitute the legal, valid and binding

obligations of each such Person which is a party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

3.5 Litigation. Except as specifically disclosed on Schedule 3.5 and the filing of the Insolvency Cases, there are no actions, suits, proceedings, claims or disputes pending, or to the knowledge of any Credit Party, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, against any Credit Party, any Subsidiary of any Credit Party or any of their respective Properties which are not subject to the Insolvency Stays and which:

(a) challenges in writing any Person's right or power to enter into or perform any of its obligations under the Loan Documents to which it is a party, or the validity or enforceability of any Loan Document or any action taken thereunder which could reasonably be expected to have a Material Adverse Effect;

(b) would reasonably be expected to result in equitable relief or monetary judgment(s), individually or in the aggregate, in excess of $250,000; or

(c) would reasonably be expected to result in a Material Adverse Effect.

Subject to entry by each Insolvency Court of the applicable Order, no injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided. As of the Closing Date, no Credit Party or any Subsidiary of any Credit Party is the subject of an audit by the IRS or other Governmental Authority or, to any Credit Party's knowledge, any review or investigation by the IRS or other Governmental Authority concerning the material violation or possible material violation of any Requirement of Law. As of the Closing Date, no Credit Party and no Subsidiary of any Credit Party is a party to or is otherwise subject to any agreements or instruments or any charter or other internal restrictions which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

3.6 No Default. No Default or Event of Default exists or would result from the incurring of any Obligations by any Credit Party or the grant or perfection of Agent's Liens on the Collateral. No Credit Party and no Subsidiary of any Credit Party is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect.

3.7 ERISA Compliance; Pension Plan and Benefit Plan Compliance.

(a) Schedule 3.7 sets forth, as of the Closing Date, a complete and correct list of, and that separately identifies, (i) all Title IV Plans and (ii) all Multiemployer Plans (other than any such plans which constitute Title IV Plans or Multiemployer Plans solely by reason of the application of Section 414 of the Code with respect to Persons other than Credit Parties). Except for those that would not, in the aggregate, have a Material Adverse Effect, (x) each Benefit Plan is in compliance with applicable provisions of ERISA, the Code and other

Requirements of Law, (y) there are no existing or pending (or to the knowledge of any Credit Party, threatened) claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Benefit Plan to which any Credit Party incurs or otherwise has or could have an obligation or any Liability and (z) no ERISA Event is reasonably expected to occur. On the Closing Date, no ERISA Event has occurred in connection with which obligations and liabilities (contingent or otherwise) remain outstanding, except as would not result in a Material Adverse Effect. To the knowledge of any Credit Party, no ERISA Affiliate would have any Withdrawal Liability as a result of a complete withdrawal from any Multiemployer Plan on the date this representation is made.

(b) Schedule 3.7 sets forth, as of the Closing Date, all Canadian Benefit Plans contributed to by each Credit Party. Each Credit Party has complied with and performed all of its obligations in all material respects under and in respect of Canadian Benefit Plans under the terms thereof and all applicable laws. All employer and employee payments, contributions or premiums to be remitted, paid to or in respect of each Canadian Benefit Plan have been paid in a timely fashion in accordance with the terms thereof, any funding agreement and all applicable laws. None of the Credit Parties maintains any Canadian Pension Plan.

(c) Except as set forth on Schedule 3.7, there are no outstanding disputes concerning the Canadian Benefit Plans.

3.8 Use of Proceeds; Margin Regulations. The proceeds of the Loans have been used solely for the purposes set forth in and permitted by Section 4.10, and have been used in compliance with Section 5.8. No Credit Party and no Subsidiary of any Credit Party is engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock. Proceeds of the Loans have not and shall not be used for the purpose of purchasing or carrying Margin Stock.

3.9 Ownership of Property; Title to Properties. As of the Closing Date, the Real Estate listed in Schedule 3.9 constitutes all of the Real Estate of each Credit Party and each of their respective Subsidiaries. Subject to Liens expressly permitted by Section 5.1, each of the Credit Parties and each of their respective Subsidiaries has good record and indefeasible or marketable title in fee simple to, or valid leasehold interests in, all Real Estate, and good and valid title to all owned personal property and valid leasehold interests in all leased personal property, in each instance, necessary or used in the ordinary conduct of their respective businesses. The Property of the Credit Parties and its Subsidiaries is subject to no Liens, other than Liens expressly permitted by Section 5.1. As of the Closing Date, Schedule 3.9 describes any purchase options, rights of first refusal or other similar contractual rights created by, through or under any Credit Party and pertaining thereto with respect to any fee ownership interests of the Credit Parties in Real Estate.

3.10 Taxes. Except as set forth on Schedule 3.10, (i) all federal, state, provincial, territorial and material local and foreign income and franchise and other material tax returns, reports and statements (collectively, the "Tax Returns") required to be filed by any Tax Affiliate have been filed with the appropriate Governmental Authorities in all jurisdictions in which such Tax Returns are required to be filed, all such Tax Returns are correct and complete in all material respects, and all material amounts of Post-Petition taxes, assessments, charges and other

impositions reflected therein or otherwise due and payable have been paid prior to the date on which any Liability may be added thereto for non-payment thereof except for those contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are maintained on the books of the appropriate Tax Affiliate in accordance with GAAP, (ii) no Tax Return is under audit or examination by any Governmental Authority, and no notice of any material audit or examination or assertion of any claim for taxes has been given or made by any Governmental Authority except (x) for those contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are maintained on the books of the appropriate Tax Affiliate in accordance with GAAP and (y) Taxes comprising interest or penalties on Pre-Petition Taxes, (iii) proper and accurate amounts have been withheld by each Tax Affiliate from their respective employees for all periods in material compliance with the tax, social security and unemployment withholding provisions of applicable Requirements of Law and such withholdings have been timely paid to the respective Governmental Authorities except where any failure to comply has not had, or could not reasonably be expected to have, a Material Adverse Effect and (iv) no Tax Affiliate has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b). Ad valorem Taxes and charges that were payable and unpaid as of the Petition Date and the jurisdictions to which such ad valorem Taxes and charges are due are set forth on Schedule 3.10.

3.11 Financial Condition and Approved Budget.

(a) Each of the (i) audited consolidated balance sheets of Golfsmith Holdco and its Subsidiaries, dated December 31, 2015, and the related statements of income, shareholders' equity and cash flows for the Fiscal Year then ended, (ii) unaudited consolidated balance sheet of Golfsmith Holdco and its Subsidiaries, dated June 30, 2016, and the related statements of income, shareholders' equity and cash flows for the year to date period then ended, (iii) unaudited unconsolidated balance sheets of each of GT Canada, GT USA and GT Partnership, dated June 30, 2016, and the related statements of income, shareholders' equity and cash flows for the year to date period then ended, and (iv) unaudited consolidated balance sheets of Golfsmith and its Subsidiaries, dated June 30, 2016, and the related statements of income, shareholders' equity and cash flows for the year to date period then ended:

(x) were prepared in accordance with GAAP consistently applied throughout the respective periods covered thereby, except as otherwise expressly noted therein, subject to, in the case of the unaudited interim financial statements, normal year-end adjustments and the lack of footnote disclosures; and

(y) present fairly in all material respects the consolidated financial condition of GT Canada and its Subsidiaries and Golfsmith and its Subsidiaries, respectively, as of the dates thereof and results of operations and cash flows for the periods covered thereby, subject to normal year-end adjustments and the lack of footnote disclosures.

(b) The Credit Parties and their Subsidiaries (i) have no Indebtedness other than Indebtedness permitted pursuant to Section 5.5 and have no Contingent Obligations other than Contingent Obligations permitted pursuant to Section 5.9 and (ii) as of the Closing Date, and except as set forth on Schedule 3.11, have no other contingent liabilities or liabilities for taxes, long-term leases or unusual forward or long-term commitments that are not reflected in the

financial statements referred to in Section 3.11(a), the notes thereto or the most recent financial statements delivered by the Borrowers to Agent pursuant to Section 4.1, and which in any such case are material in relation to the business, operations, properties, assets, condition (financial or otherwise) or prospects of the Credit Parties and their respective Subsidiaries.

(c) Since the Petition Date, none of the Holding Companies has engaged in any business activities other than (i) ownership of the Stock and Stock Equivalents of the Designated Borrowers (and any other assets reasonably and customarily incidental to such ownership), (ii) activities incidental to maintenance of its corporate existence, (iii) performance of its obligations under the Loan Documents, (iv) making Investments permitted by Section 5.4(b)(i) and (v) serving as a conduit to hold and distribute cash or property in connection with Restricted Payments permitted by Section 5.11.

(d) Approved Budget. The Borrowers have heretofore furnished to the Agent the Approved Budget, such Approved Budget was prepared in good faith upon assumptions the Borrowers believed to be reasonable assumptions on the date of delivery of the then-applicable Approved Budget. To the knowledge of Borrowers, no facts exist that (individually or in the aggregate) would result in any material change in the Approved Budget. Borrowers shall thereafter deliver to Agent updates to the Approved Budget in accordance with Section 4.18.

3.12 Environmental Matters. (a) The operations of each Credit Party and each Subsidiary of each Credit Party are and have been in compliance with all applicable Environmental Laws, including obtaining, maintaining and complying with all Permits required by any applicable Environmental Law, other than non-compliances that, either individually or in the aggregate, would not have a reasonable likelihood of resulting in Material Environmental Liabilities to any Credit Party or any Subsidiary of any Credit Party, (b) no Credit Party and no Subsidiary of any Credit Party is party to, and no Credit Party and no Subsidiary of any Credit Party and no Real Estate currently (or to the knowledge of any Credit Party, previously) owned, leased, subleased, operated or otherwise occupied by or for any such Person is subject to or the subject of, any Contractual Obligation or any pending (or, to the knowledge of any Credit Party, threatened) order, action, investigation, suit, proceeding, audit, claim, demand, dispute or notice of violation or of potential liability or similar notice arising under any Environmental Law other than those that, either individually or in the aggregate, are not reasonably likely to result in Material Environmental Liabilities to any Credit Party or any Subsidiary of any Credit Party, (c) no Lien in favor of any Governmental Authority securing, in whole or in part, Environmental Liabilities has attached to any Property of any Credit Party or any Subsidiary of any Credit Party and, to the knowledge of any Credit Party, no facts, circumstances or conditions exist that could reasonably be expected to result in any such Lien attaching to any such Property, (d) no Credit Party and no Subsidiary of any Credit Party has caused or suffered to occur a Release of Hazardous Materials at, to or from any Real Estate of such Person and each such real property is free of contamination by any Hazardous Materials except for such Release or contamination that could not reasonably be expected to result, either individually or in the aggregate, in Material Environmental Liabilities to any Credit Party or any Subsidiary of any Credit Party, (e) no Credit Party and no Subsidiary of any Credit Party (i) is or has been engaged in, or has permitted any current or former tenant to engage in, operations or (ii) knows of any facts, circumstances or conditions, including receipt of any information request or notice of potential responsibility under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C.

§§ 9601 et seq.) or similar Environmental Laws, that, either individually or in the aggregate, has or would have a reasonable likelihood of resulting in Material Environmental Liabilities to any Credit Party or any Subsidiary of any Credit Party and (f) each Credit Party has made available to Agent copies of all existing material environmental reports, reviews and audits and all documents pertaining to actual or potential Environmental Liabilities, in each case to the extent such reports, reviews, audits and documents are in their possession, custody or control.

3.13 Regulated Entities. None of any Credit Party, any Person controlling any Credit Party, or any Subsidiary of any Credit Party, is (a) an "investment company" within the meaning of the Investment Company Act of 1940 or (b) subject to regulation under the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal, state, Canadian federal, provincial, territorial, local or foreign statute, rule or regulation limiting its ability to incur Indebtedness, pledge its assets or perform its Obligations under the Loan Documents.

3.14 Material Adverse Effect. Other than with respect to the Insolvency Cases, since the Petition Date, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

3.15 Labor Relations. There are no strikes, work stoppages, slowdowns or lockouts existing, pending (or, to the knowledge of any Credit Party, threatened) against or involving any Credit Party except for those that would not, in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.15, as of the Closing Date, (a) there is no collective bargaining agreement with any union or labor organization covering any employee of any Credit Party or any Subsidiary of any Credit Party, (b) no petition for certification or election of any such representative is existing or pending with respect to any employee of any Credit Party and (c) no such representative has sought certification or recognition with respect to any employee of any Credit Party.

3.16 Intellectual Property. Each Credit Party and each Subsidiary of each Credit Party owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted except where the failure to own or license such Intellectual Property would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. To the knowledge of each Credit Party, (a) the conduct and operations of the businesses of each Credit Party and each Subsidiary of each Credit Party does not infringe, misappropriate, dilute, violate or otherwise impair any Intellectual Property owned by any other Person and (b) no other Person has contested any right, title or interest of any Credit Party or any Subsidiary of any Credit Party in, or relating to, any Intellectual Property, other than, in each case, as cannot reasonably be expected to affect the Loan Documents and the transactions contemplated therein and would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.17 Subsidiaries. As of the Closing Date, no Credit Party has any Subsidiaries or equity investments in any other corporation or entity other than those specifically disclosed in Schedule 3.2.

3.18 Brokers' Fees; Transaction Fees. Except for fees payable to Agent, the Lead Arranger and Lenders pursuant to the Fee Letter and fees permitted to be paid pursuant to

Section 5.7, none of the Credit Parties or any of their respective Subsidiaries has any obligation to any Person in respect of any finder's, broker's or investment banker's fee in connection with the transactions contemplated hereby.

3.19 Insurance. Each of the Credit Parties and each of their respective Subsidiaries and their respective Properties are insured with financially sound and reputable insurance companies which are not Affiliates of the Borrowers, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar Properties in localities where such Person operates. Schedule 3.19 sets forth a true and complete listing of such insurance, including issuers, coverage and deductibles.

3.20 Bonding. Except as set forth in Schedule 3.20, as of the Closing Date, no Credit Party is a party to or bound by any surety bond agreement, indemnification agreement therefor or bonding requirement with respect to products or services sold by it.

3.21 Full Disclosure. None of the representations or warranties made by any Credit Party or any of their Subsidiaries in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in each exhibit, report, statement or certificate furnished by or on behalf of any Credit Party or any of their Subsidiaries in connection with the Loan Documents (including the offering and disclosure materials, if any, delivered by or on behalf of any Credit Party to Agent or the Lenders prior to the Closing Date), when taken as a whole, contains any untrue statement of a material fact or omits any material fact known to any Credit Party or any of their Subsidiaries required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered, except that any such information consisting of financial projections prepared by the Holding Companies or the Borrowers is only represented herein as being based on good faith estimates and assumptions believed by such Persons to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ materially from the projected results.

3.22 Foreign Assets Control Regulations and Anti-Money Laundering. Each Credit Party and each Subsidiary of each Credit Party is and will remain in compliance in all material respects with all applicable economic sanctions laws and all applicable anti-money laundering and counter-terrorism financing laws, including all U.S. economic sanctions laws, Executive Orders and implementing regulations as promulgated by OFAC, and all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant to it, the provisions of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada), the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended) and any other enabling legislation or executive order relating thereto, the Patriot Act, and other federal, provincial, territorial, local or foreign laws relating to "know your customer" and anti-money laundering rules and regulations. No Credit Party and no Subsidiary or Affiliate of a Credit Party (i) is a Person designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List") with which a U.S. Person cannot deal with or

otherwise engage in business transactions, (ii) is a Person who is otherwise the target of U.S. economic sanctions laws such that a U.S. Person cannot deal or otherwise engage in business transactions with such Person, (iii) is a Person designated by the Canadian government on any list set out in the United Nations Al-Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism or the Criminal Code (collectively, the "Terrorist Lists") with which a Canadian Person cannot deal with or otherwise engage in business transactions, (iv) is a Person who is otherwise the target of Canadian economic sanctions laws such that a Canadian Person cannot deal or otherwise engage in business transactions with such Person, or (v) is controlled by (including by virtue of such person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any person or entity on the SDN List, any Terrorist List or a foreign government that is the target of U.S. or Canadian economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under any applicable law.

3.23 Patriot Act. The Credit Parties and each of their Subsidiaries are in compliance, in all material respects, with (a) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended) and any other enabling legislation or executive order relating thereto, (b) the Patriot Act and (c) other federal or state laws relating to "know your customer" and anti-money laundering rules and regulations. No part of the proceeds of any Loan will be used directly or indirectly for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977 or any other applicable laws.

3.24 EEA Financial Institutions. No Credit Party is an EEA Financial Institution.

3.25 Reorganization Matters.

(a) Chapter 11 Cases.

(i) The Chapter 11 Cases were commenced on the Petition Date in accordance with applicable law and proper notice thereof was given for (i) the motion seeking approval of the Loan Documents and the Interim Order and Final Order, (ii) the hearing for the entry of the Interim Order, and (iii) the hearing for the entry of the Final Order. Credit Parties shall give, on a timely basis as specified in the Interim Order or the Final Order, as applicable, all notices required to be given to all parties specified in the Interim Order or Final Order, as applicable.

(ii) After the entry of the Interim Order, and pursuant to and to the extent permitted in the Interim Order and the Final Order, the Obligations will constitute allowed administrative expense claims in the Chapter 11 Cases having priority over all administrative expense claims and unsecured claims against the Credit Parties now existing or hereafter arising, of any kind whatsoever, including all administrative expense claims of the kind specified in Sections 105, 326, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, as

provided under Section 364(c)(l) of the Bankruptcy Code, subject to the priorities set forth in the Interim Order or Final Order, as applicable.

(iii) After the entry of the Interim Order and pursuant to and to the extent provided in the Interim Order and the Final Order, the Obligations will be secured by a valid and perfected first priority Lien on all of the Collateral subject, as to priority, only to the U.S. Carve-Out.

(iv) The Interim Order (with respect to the period on and after entry of the Interim Order and prior to entry of the Final Order) or the Final Order (with respect to the period on and after entry of the Final Order), as the case may be, is in full force and effect and has not been reversed, stayed (whether by statutory stay or otherwise), modified or amended without Agent's consent.

(v) Notwithstanding the provisions of Section 362 of the Bankruptcy Code, and subject to the applicable provisions of the Interim Order or the Final Order, as the case may be, upon the maturity (whether by acceleration or otherwise) of any of the Obligations, Agent and Lenders shall be entitled to immediate payment of such Obligations and to enforce the remedies provided for hereunder or under applicable law, without further notice, motion or application to, hearing before, or order from, the Bankruptcy Court.

(b) CCAA Proceedings.

(i) The CCAA Proceedings were commenced on the Petition Date in accordance with applicable Canadian law. The Canadian Debtors shall give, on a timely basis as specified in the Initial Order, all notices required to be given to all parties specified in the Initial Order.

(ii) After the issuance and entry of the Initial Order, and pursuant to and to the extent permitted in the Initial Order, the Obligations will constitute secured claims having priority over all unsecured claims against the Credit Parties now existing or hereafter arising, of any kind whatsoever, and will be subject, as to priority only, to certain priority charges permitted in the Initial Order.

(iii) After the issuance and entry of the Initial Order and pursuant to and to the extent provided in the Initial Order, the Obligations will be secured by a valid and perfected first priority Lien on all of the Collateral, except for certain priority charges permitted in the Initial Order.

(iv) The Initial Order is in full force and effect and has not been reversed or stayed, or modified, supplemented or amended in a manner that affects the Borrowers' financing arrangements without Agent's consent, in each case, except to the extent agreed in writing by Agent.

(v) Subject to the applicable provisions of the Initial Order, upon the maturity (whether by acceleration or otherwise) of any of the Obligations, Agent and Lenders shall be treated as unaffected by and in any plan or arrangement or compromise

filed by the Canadian Debtors under the CCAA or any proposal filed by the Canadian Debtors under the BIA.

ARTICLE IV. - AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that, so long as any Lender shall have any Revolving Loan Commitment hereunder, or any Loan or other Obligation (other than contingent indemnification Obligations to the extent no claim giving rise thereto has been asserted) shall remain unpaid or unsatisfied:

4.1 Financial Statements. Each Credit Party shall maintain, and shall cause each of its Subsidiaries to maintain, a system of accounting established and administered in accordance with sound business practices to permit the preparation of financial statements in conformity with GAAP (provided that monthly financial statements shall not be required to have footnote disclosures and are subject to normal year-end adjustments). The Borrowers shall deliver to Agent, for itself and the benefit of each Lender, by Electronic Transmission and in detail reasonably satisfactory to Agent:

(a) as soon as available, but not later than one hundred twenty (120) days after the end of each Fiscal Year, (i) a copy of the audited consolidated balance sheet of Golfsmith Holdco and its Subsidiaries as at the end of such Fiscal Year, together with the related statements of income or operations, shareholders' equity and cash flows for such Fiscal Year, and accompanied by the unqualified opinion of any "Big Four" or other nationally recognized independent public accounting firm reasonably acceptable to Agent, stating that such consolidated financial statements present fairly in all material respects the financial position for the periods indicated in conformity with GAAP, (ii) a copy of (A) the unaudited unconsolidated balance sheet of each of GT Canada, GT USA and GT Partnership and (B) the unaudited consolidated balance sheet of Golfsmith and its Subsidiaries, in each case, as at the end of such Fiscal Year and, in each case, together with the related statements of income or operations, shareholders' equity and cash flows for such Fiscal Year, (iii) an unaudited copy of the financial statements referred to in clauses (i) and (ii) above setting forth in comparative form the figures for the previous Fiscal Year and, in each case, discussing the reasons for any significant variations, and in the case of clauses (ii) and (iii) above, all certified on behalf of the Borrowers by an appropriate Responsible Officer of the Borrower Representative as fairly presenting, in all material respects, in accordance with GAAP, the financial position and the results of operations of (x) each of GT Canada, GT USA and GT Partnership on an unconsolidated basis and (y) Golfsmith and its Subsidiaries on a consolidated basis, as applicable, (iv) a statement setting forth the percentage change in Store sales of (A) "Golf Town" concept Stores and "Golfsmith" concept Stores, in each case, for such Fiscal Year compared to the corresponding information for the previous Fiscal Year with an explanation of any significant variations and (v) a report setting forth the number of Stores operated by the Borrowers as "Golf Town" concept Stores and as "Golfsmith" concept Stores, in each case, together with a summary of new Stores opened during such Fiscal Year and the number of Stores closed during such Fiscal Year;

(b) as soon as available, but not later than thirty (30) days after the end of each Fiscal Month (or, (x) in the case of a Fiscal Month that is also the end of a Fiscal Quarter, forty-five (45) days and (y) in the case of a Fiscal Month that is also the end of a Fiscal Year,

sixty (60) days), (i) a copy of the unaudited (A) consolidated balance sheet of Golfsmith Holdco and its Subsidiaries, (B) unconsolidated balance sheet of each of GT Canada, GT USA and GT Partnership and (C) consolidated balance sheet of Golfsmith and its Subsidiaries, in each case, as at the end of such Fiscal Month and, in each case, together with the related statements of income or operations, shareholders' equity and cash flows for such Fiscal Month, in each case, setting forth in comparative form the figures for the corresponding periods of the previous Fiscal Year and, in each case, discussing the reasons for any significant variations, all certified on behalf of the Borrowers by an appropriate Responsible Officer of the Borrower Representative as fairly presenting, in all material respects, in accordance with GAAP, the financial position and the results of operations of Golfsmith Holdco and its Subsidiaries on a consolidated basis, Golfsmith and its Subsidiaries on a consolidated basis and each of GT Canada, GT USA and GT Partnership, on an unconsolidated basis, as applicable, subject to normal year-end adjustments and absence of footnote disclosures, (ii) a statement setting forth the percentage change in store sales of "Golf Town" concept Stores and "Golfsmith" concept Stores, in each case, for such Fiscal Month and for the portion of the Fiscal Year then ended compared to the corresponding information for the corresponding Fiscal Month of the previous Fiscal Year and for the corresponding portion of the previous Fiscal Year with an explanation of any significant variations and (iii) a report setting forth the number of Stores operated by the Borrowers as "Golf Town" concept Stores and "Golfsmith" concept Stores, in each case, together with a summary of new Stores opened during such Fiscal Month and for the portion of the Fiscal Year then ended and the number of Stores closed during such Fiscal Month and for the portion of the Fiscal Year then ended by each such Person.

4.2 Certificates; Other Information. The Borrowers shall furnish in electronic form, to Agent, for itself and the benefit of each Lender:

(a) upon the request of Agent, and in any event no more frequently than once per each Fiscal Month of the Borrowers, a management discussion and analysis report, in a form and substance satisfactory to Agent prior to the date hereof, in reasonable detail, signed by the chief financial officer of the Borrower Representative, describing the operations and financial condition of the Credit Parties and their Subsidiaries for the Fiscal Quarter and the portion of the Fiscal Year then ended (or for the Fiscal Year then ended in the case of annual financial statements), as well as for the corresponding periods of the previous Fiscal Year;

(b) concurrently with the delivery of the financial statements referred to in Sections 4.1(a) and 4.1(b) above, a fully and properly completed "Compliance Certificate" in the form of Exhibit 4.2(b), certified on behalf of the Borrowers by a Responsible Officer of the Borrower Representative;

(c) promptly after the same are sent, copies of all financial statements which any Credit Party sends to its equity holders, generally, and promptly after the same are filed, copies of all financial statements and regular, periodic or special reports which such Person may make to, or file with, the Securities and Exchange Commission or any successor or similar Governmental Authority;

(d) as soon as available and in any event by no later than 11:00 a.m. on Tuesday of each week, a Borrowing Base Certificate, certified on behalf of the Borrowers by a

Responsible Officer of the Borrower Representative, setting forth the Revolving Credit Borrowing Base, determined as of the close of business on the previous Saturday, accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion, including (i) calculations of Inventory itemizing separately, in-transit Inventory, Inventory located at Stores to be closed pursuant to Permitted Store Closing Sales and Inventory located at non-closing Stores, together with back-up information for in-transit Inventory categories and (ii) an Inventory and Accounts roll forward, in each case, in form and substance reasonably satisfactory to Agent;

(e) as soon as available and in any event by no later than 5:00 p.m. on Thursday of each week, (i) an accounts receivable aging (including a summary of both Pre-Petition and Post-Petition accounts receivable) showing (A) wholesale accounts receivable, outstanding aged from invoice date as follows: 1 to 30 days, 31 to 60 days, 61 to 90 days and 91 days or more and (B) credit card receivables accompanied by a statement showing credit card receivables aged from 1 to 5 days and 5 days or more, (ii) an accounts payable aging (including a summary of both Pre-Petition and Post-Petition accounts payable) and (iii) an accounts payable and accrual report, in each case, accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion;

(f) as soon as available and in any event by no later than 5:00 p.m. on Thursday of each week, a summary of Inventory by location and type (including SKU-level detail), accompanied by such supporting documentation (including a supporting perpetual Inventory report) as shall be requested by Agent in its reasonable discretion and with detail sufficient to permit the preparation of an updated inventory appraisal;

(g) to Agent, at the time of delivery of each of the monthly financial statements delivered pursuant to Sections 4.1(b), a reconciliation of the most recent Borrowing Base Certificate, Inventory report, wholesale accounts receivable aging and accounts payable aging of each of GT Canada, GT USA, GT Partnership and Golfsmith and its Subsidiaries to such Borrower's general ledger and monthly financial statements delivered pursuant to Section 4.1(b), accompanied by such supporting detail and documentation as shall be requested by Agent in its reasonable discretion;

(h) at the time of delivery of each of the annual financial statements delivered pursuant to Section 4.1(a), (i) a listing of government contracts of each Credit Party subject to the Federal Assignment of Claims Act of 1940, the *Financial Administration Act* (Canada) or any similar Requirement of Law; and (ii) a list of any applications for the registration of any Patent, Trademark or Copyright filed by any Credit Party with the United States Patent and Trademark Office, the United States Copyright Office, the Canadian Intellectual Property Office or any similar office or agency in the prior Fiscal Year, together with a short-form intellectual property security agreement in the form attached as Annex 3 to the applicable Guaranty and Security Agreement with respect to any registered Copyrights, Trademarks or Patents obtained after the Closing Date for which a short-form intellectual property security agreement has not previously been delivered;

(i) promptly upon receipt thereof, copies of any final reports submitted by the certified public accountants in connection with each annual, interim or special audit or review of

any type of the financial statements or internal control systems of any Credit Party made by such accountants, including any final comment letters submitted by such accountants to management of any Credit Party in connection with their services;

(j) with reasonable promptness, such additional business, financial, corporate affairs, and other information as Agent may from time to time reasonably request; and

(k) as soon as practicable after each Fiscal Quarter, but in any event no later than forty-five (45) days following the end of each Fiscal Quarter (or more frequently at the election of the Credit Parties), updated Schedules 3.2, 3.5, 3.9, and 3.19, in substantially the same form as the most recent schedule of the same delivered to Agent's reasonable satisfaction and it being understood that only those updated Schedules which are in form and substance reasonably satisfactory to Agent shall replace any such prior schedule for the purposes of this Agreement.

4.3 Notices. The Borrowers shall notify promptly Agent, for itself and the benefit of each Lender, of each of the following (and in no event later than five (5) Business Days (or solely with respect to clauses (m) and (n) below, one (1) Business Day) after a Responsible Officer becoming aware thereof):

(a) the occurrence or existence of any Default or Event of Default;

(b) except as is permitted pursuant to Section 4.20 or otherwise approved by the applicable Insolvency Court, any breach or non-performance of, or any default under, any Contractual Obligation of any Credit Party or any Subsidiary of any Credit Party, or any violation of, or non-compliance with, any Requirement of Law, which would reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect, including a description of such breach, non-performance, default, violation or non-compliance and the steps, if any, such Person has taken, is taking or proposes to take in respect thereof;

(c) any dispute, litigation, investigation, proceeding or suspension which may exist at any time between any Credit Party or any Subsidiary of any Credit Party and any Governmental Authority which would reasonably be expected to result, either individually or in the aggregate, a Material Adverse Effect;

(d) after the Petition Date, the commencement of, or any material development in, any litigation or proceeding against any Credit Party or any Subsidiary of any Credit Party (i) in which the amount of damages claimed is $250,000 or more, (ii) in which injunctive or similar relief is sought and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect, or (iii) in which the relief sought is an injunction or other stay of the performance of this Agreement or any other Loan Document;

(e) (i) the receipt by any Credit Party of any notice of violation of or potential liability or similar written notice under Environmental Law that could reasonably be expected to result in Environmental Liabilities in excess of $325,000, (ii)(A) unpermitted Releases, (B) the existence of any condition that could reasonably be expected to result in material violations of or liabilities under, any Environmental Law or (C) the commencement of, or any material change to, any action, investigation, suit, proceeding, audit, claim, demand, dispute alleging a violation

of or liability under any Environmental Law, that, for each of clauses (A), (B) and (C) above, in the aggregate for each such clause, could reasonably be expected to, either individually or in the aggregate, result in outstanding Environmental Liabilities in excess of $325,000, (iii) the receipt by any Credit Party of notification that any Property of any Credit Party is subject to any Lien in favor of any Governmental Authority securing, in whole or in part, Environmental Liabilities and (iv) any proposed acquisition or lease of Real Estate, if such acquisition or lease would have a reasonable likelihood of resulting in aggregate Environmental Liabilities in excess of $325,000;

(f) (i) on or prior to any filing by any ERISA Affiliate of any notice of intent to terminate any Title IV Plan, which could reasonably be expected to result in a Credit Party incurring material liability, a copy of such notice, (ii) promptly, and in any event within ten (10) days, after any Responsible Officer is aware or has reason to know that a request for a minimum funding waiver under Section 412 of the Code has been filed with respect to any Title IV Plan or Multiemployer Plan, a notice (which may be made by telephone if promptly confirmed in writing) describing such waiver request and any action that any ERISA Affiliate proposes to take with respect thereto, together with a copy of any notice filed with the PBGC or the IRS pertaining thereto and (iii) promptly, and in any event within ten (10) days after any officer of any ERISA Affiliate knows or has reason to know that an ERISA Event will or has occurred which could reasonably be expected to result in liabilities in excess of $250,000, a notice describing such ERISA Event, and any action that any ERISA Affiliate proposes to take with respect thereto, together with a copy of any notices received from or filed with the PBGC, IRS, Multiemployer Plan or other Benefit Plan pertaining thereto;

(g) the occurrence of any Material Adverse Effect subsequent to the Petition Date;

(h) any material change in accounting policies or financial reporting practices by any Credit Party or any Subsidiary of any Credit Party;

(i) any labor controversy resulting in or threatening to result in any strike, work stoppage, boycott, shutdown or other labor disruption against or involving any Credit Party or any Subsidiary of any Credit Party if the same would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect;

(j) the creation, establishment or acquisition of any Subsidiary or the issuance by or to any Credit Party of any Stock or Stock Equivalent;

(k) (i) the creation, or filing with the IRS, the CRA or any other Governmental Authority, of any Contractual Obligation or other document extending, or having the effect of extending, the period for assessment or collection of any taxes with respect to any Tax Affiliate and (ii) the creation of any Contractual Obligation of any Tax Affiliate, or the receipt of any request directed to any Tax Affiliate, to make any adjustment under Section 481(a) of the Code, by reason of a change in accounting method or otherwise which, in either case, would have a Material Adverse Effect;

(l) receipt of any notice or communication from the IRS or any other Governmental Authority stating any such Person's proposal or intent to file a lien against such

Credit Party or such Subsidiary or any such Person's intent to levy or seize any property of such Credit Party or such Subsidiary, in each case, on account of tax liabilities with an aggregate amount in excess of $250,000, together with copies of any document related to such notice;

(m) (i) any breach or non-performance of, or any default under the Canadian Purchase Agreement, or (ii) the occurrence of any "Material Adverse Effect" under as defined in the Canadian Purchase Agreement and any related notices related thereto issued under the Canadian Purchase Agreement;

(n) any communication from the Commissioner of Competition appointed pursuant to the Competition Act (Canada) (the "Commissioner") and provide to the Agent copies of any such written communications any other written communication with the Commissioner;

Each notice pursuant to this Section 4.3 shall be in electronic form accompanied by a statement by a Responsible Officer of the Borrower Representative, on behalf of the Borrowers, setting forth details of the occurrence referred to therein reasonably acceptable to Agent along with any supporting documentation or information reasonably requested by Agent, and stating what action the Borrowers or other Person proposes to take with respect thereto and at what time. Each notice under Section 4.3(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been breached or violated to the extent such breach or violation constitutes a Default or Event of Default.

4.4 Preservation of Corporate Existence, Etc. Except as occasioned by the Insolvency Cases, each Credit Party shall, and shall cause each of its Subsidiaries to:

(a) preserve and maintain in full force and effect its organizational existence and good standing under the laws of its jurisdiction of incorporation, organization or formation, as applicable, except in connection with transactions permitted by Section 5.3;

(b) preserve and maintain in full force and effect all rights, privileges, qualifications, permits, licenses and franchises necessary in the normal conduct of its business except in connection with transactions permitted by Section 5.3 and sales of assets permitted by Section 5.2 and except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect;

(c) together with the other Credit Parties and the other Subsidiaries, taken as a whole, continue to engage primarily in the sale, at retail and at wholesale, of golfing merchandise and related merchandise;

(d) preserve or renew all of its registered trademarks, trade names and service marks, the non preservation of which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; and

(e) conduct its business and affairs without infringement of or interference with any Intellectual Property of any other Person in any respect and shall comply in all respects with the terms of its IP Licenses except, in each case, as would not be expected to have, either individually or in the aggregate, a Material Adverse Effect.

4.5 Maintenance of Property. Each Credit Party shall maintain, and shall cause each of its Subsidiaries to maintain, and preserve all its Property which is used or useful in its business in working order and condition, ordinary wear and tear excepted, and except with respect to worn-out, permanently retired or other assets no longer used or useful in the business to the extent not included in the calculation of the Revolving Credit Borrowing Base, and shall make all necessary repairs thereto consistent with industry practice and renewals and replacements thereof, except in each case where the failure to do so would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

4.6 Insurance.

(a) Each Credit Party shall, and shall cause each of its Subsidiaries to, (i) maintain or cause to be maintained in full force and effect all policies of insurance of any kind with respect to the Property and businesses of the Credit Parties and such Subsidiaries (including policies of fire, theft, product liability, public liability, Flood Insurance, property damage, other casualty, employee fidelity, workers' compensation, business interruption and employee health and welfare insurance) with financially sound and reputable insurance companies or associations (in each case that are not Affiliates of Borrowers) of a nature and providing such coverage as is sufficient and as is customarily carried by businesses of the size and character of the business of the Credit Parties and (ii) cause all such insurance relating to any Property or business of any Credit Party to name Agent as additional insured or lenders loss payee, as appropriate. All policies of insurance on real and personal Property of the Credit Parties will contain an endorsement, in form and substance acceptable to Agent, showing Agent as a lenders loss payee (Form CP 1218 or equivalent) and extra expense and business interruption endorsements. Such endorsement, or an independent instrument furnished to Agent, will provide that the insurance companies will give Agent at least thirty (30) days' prior written notice before any such policy or policies of insurance shall be altered or canceled and that no act or default of any Credit Party, any Subsidiary of any Credit Party or any other Person shall affect the right of Agent to recover under such policy or policies of insurance in case of loss or damage. Each Credit Party shall direct all present and future insurers under its "All Risk" policies of property insurance to pay all proceeds payable thereunder directly to Agent. If any insurance proceeds are paid by check, draft or other instrument payable to any Credit Party and Agent jointly, Agent may endorse such Credit Party's name thereon and do such other things as Agent may deem advisable to reduce the same to cash. Notwithstanding the requirement in clause (i) above, Federal Flood Insurance shall not be required (x) for any improvements on any owned Real Estate not located in a Special Flood Hazard Area, or (y) to the extent that any improvements on any owned Real Estate is located in a Special Flood Hazard Area in a community that does not participate in the National Flood Insurance Program.

(b) Unless the Borrowers provide Agent with evidence of the insurance coverage required by this Agreement when reasonably requested by Agent (including Flood Insurance subject to the limitations in Section 4.6(a)), Agent may purchase insurance (including Flood Insurance subject to the limitations in in Section 4.6(a)) at the Credit Parties' expense; provided that Agent shall only purchase insurance coverage to the extent of the deficiency, as determined in its reasonable judgment, as compared to the insurance coverage required by this Agreement. If Agent purchases insurance in accordance with the terms of this Agreement, the Credit Parties will be responsible for the reasonable costs of such insurance until the effective

date of the cancellation or expiration thereof. The costs of the insurance shall be added to the Obligations.

4.7 Canadian Plans. Each Credit Party shall, and shall cause each of its Subsidiaries to, make all payments to the extent necessary to avoid the imposition of a Lien with respect to, or the involuntary termination of any underfunded Benefit Plan or Canadian Benefit Plan.

4.8 Compliance with Laws; Pension Plans and Benefit Plans.

(a) Each Credit Party shall, and shall cause each of its Subsidiaries to, comply with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business, except where the failure to comply would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(b) Without limiting the generality of the foregoing, each Credit Party shall, and shall cause each of its Subsidiaries to, comply with, and maintain its Real Estate, whether owned, leased, subleased or otherwise operated or occupied, in compliance with, all applicable Environmental Laws (including by implementing any Remedial Action necessary to achieve such compliance or that is required by orders and directives of any Governmental Authority) except for failures to comply that would not, either individually or in the aggregate, have a Material Adverse Effect. Without limiting the foregoing, if an Event of Default is continuing or if Agent at any time has a reasonable basis to believe that there exist violations of Environmental Laws by any Credit Party or any Subsidiary of any Credit Party or that there exist any Environmental Liabilities, in each case, that would have, either individually or in the aggregate, a Material Adverse Effect, then each Credit Party shall, promptly upon receipt of request from Agent and subject to any applicable lease restrictions, cause the performance of, and allow Agent and its Related Persons access to such Real Estate for the purpose of conducting, such environmental audits and assessments, including subsurface sampling of soil and groundwater, and cause the preparation of such reports, in each case as Agent may from time to time reasonably request, subject to any limitations set forth in any lease that is in existence on the Closing Date and as in effect on the Closing Date and so long as such Credit Party has taken commercially reasonable efforts to obtain a waiver from the lessor under any such lease of any provision that prevents compliance by the applicable Credit Party with the requirements of this Section 4.8(b). Such audits, assessments and reports, to the extent not conducted by Agent or any of its Related Persons, shall be conducted and prepared by reputable environmental consulting firms reasonably acceptable to Agent and shall be in form and substance reasonably acceptable to Agent.

(c) For each hereafter adopted Canadian Pension Plan and each existing or hereafter adopted Canadian Benefit Plan, each Credit Party shall in a timely fashion comply with and perform in all material respects all of its obligations under and in respect of such Canadian Pension Plan or Canadian Benefit Plan, including under any funding agreements and all applicable laws (including any fiduciary, funding, investment and administration obligations).

(d) All employer or employee payments, contributions or premiums required to be remitted, paid to or in respect of each Canadian Pension Plan or Canadian Benefit Plan

shall be paid or remitted by each Credit Party in a timely fashion in accordance with the terms thereof, any funding agreements and all applicable laws.

(e) Borrowers shall deliver to Agent (i) copies of each annual and other material return, report or valuation with respect to each Canadian Pension Plan as filed with any applicable Governmental Authority; (ii) promptly after receipt thereof, a copy of any material direction, order, notice, ruling or opinion that any Credit Party may receive from any applicable Governmental Authority with respect to any Canadian Pension Plan; and (iii) notification within thirty (30) days of any increases having a cost to one or more of the Credit Parties in excess of $100,000 per annum in the aggregate, in the benefits of any existing Canadian Benefit Plan, or the establishment of any new Canadian Pension Plan or Canadian Benefit Plan, or the commencement of contributions to any such plan to which any Credit Party was not previously contributing.

4.9 Inspection of Property and Books and Records.

(a) Each Credit Party shall maintain and shall cause each of its Subsidiaries to maintain proper books of record and account, in which full, true and correct entries in all material respects and in the form necessary for the preparation of financial statements in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of such Person.

(b) Each Credit Party shall, and shall cause each of its Subsidiaries to, with respect to each owned, leased, or controlled property, during normal business hours and upon reasonable advance notice (unless an Event of Default shall have occurred and be continuing, in which event no notice shall be required and Agent shall have access at any and all times during the continuance thereof): (a) provide access to such property to Agent and any of its Related Persons, as frequently as Agent reasonably determines to be appropriate, (b) permit Agent (and any of its Related Persons including collateral auditors chosen by and satisfactory to Agent) to conduct field examinations of, audit, inspect and review the Credit Parties' Collateral and make extracts and copies (or take originals if reasonably necessary) from all of such Credit Party's books and records; (c) permit Agent (and any of its Related Persons, including appraisers chosen by and satisfactory to Agent) to inspect, review, evaluate and make physical verifications and appraisals of all or any portion of Collateral in any manner and through any medium that Agent considers advisable, in each instance, at the Credit Parties' expense, and (d) permit Agent and any of its Related Persons to discuss with its officers, senior management, independent accountants, financial advisors, restructuring advisors, sales consultants, investment bankers and other consultants such Credit Party's business, financial condition, assets (including Inventory and Credit Card Receivables), prospects and results of operations. The Credit Parties shall be obligated to reimburse Agent for the expenses of field examinations, audits, appraisals, desktop appraisals, and inspections as requested by Agent in its reasonable discretion, but not more frequently than (i) once per Fiscal Quarter with respect to collateral audits or field examinations, (ii) once per Fiscal Quarter with respect to appraisals, with interim desktop appraisals to be performed upon Agent's request from time to time in Agent's reasonable credit judgment.

4.10 Use of Proceeds. The Borrowers shall use the proceeds of the Loans and Letters of Credit and any Cash Collateral solely as follows: (a) on the Closing Date, to pay costs and

expenses associated with the closing of the transactions under this Agreement, including those required to be paid pursuant to Section 2.1 and (b) on or after the Closing Date, to fund the Insolvency Cases in accordance with the Approved Budget and for the financing of Borrowers' ordinary working capital, letters of credit and other general corporate needs including certain fees and expenses of professionals retained by the Credit Parties, subject to the U.S. Carve-Out, the Canadian Carve-Out and the D&O Charge, and for certain other Pre-Petition and pre-filing expenses that are approved by the applicable Insolvency Court and permitted by the Approved Budget. Credit Parties shall not be permitted to use the proceeds of the Loans, Letters of Credit or any Cash Collateral in contravention of the provisions of the applicable Order of the applicable Insolvency Laws, including any restrictions or limitations on the use of proceeds contained therein. For greater certainty, the Borrowers shall not use the Loans advanced hereunder to repay the Prior Lender Obligations; provided, however, that nothing in this Agreement, including this Section 4.10, shall prohibit the Post-Petition payment of Prior Lender Obligations, including principal, interest, fees, penalties or recoverable costs, due and payable in connection with the Pre-Petition Credit Agreement with the proceeds of Collateral (as defined herein) or Collateral (as defined in the Pre-Petition Credit Agreement).

4.11 Cash Management Systems.

(a) The Interim Order (or the Final Order, when applicable) and the Initial Order shall grant Agent, on behalf of Secured Parties, a validly perfected first priority Lien on each Control Account. Each Credit Party shall establish and maintain cash management arrangements and procedures, including with respect to its Control Accounts, reasonably satisfactory to Agent. To the extent not otherwise addressed in the applicable Order or the Cash Management Order, each Credit Party shall enter into, and cause each depository, securities intermediary or commodities intermediary to enter into, Control Agreements with respect to each Control Account (other than any Excluded Account) maintained by such Credit Party (other than as may be agreed to by Agent in writing). Upon entry of the Cash Management Order and the applicable Orders, each Credit Party shall (a) cause all payments (including all cash, checks, drafts or other similar payment items) received by such Credit Party each day to be deposited into a Control Account subject to a Control Agreement or to the Concentration Account within one (1) Business Day following receipt, or (b) cause all funds in local store Control Accounts not subject to a Control Agreement ("Local Control Accounts") to be transferred on a daily basis to the Concentration Account and (c) cause all funds in the Control Accounts (other than the Concentration Account) to be transferred on a daily basis to the Concentration Account.

(b) Funds in each such account containing Canadian Dollar deposits and items in lockboxes denominated in Canadian Dollars shall be deposited into a collection account chosen by Agent capable of accepting Canadian Dollars. Funds in each such account containing Dollar deposits and items in lockboxes denominated in Dollars shall be deposited into a collection account chosen by Agent capable of accepting Dollars. Funds in each such account containing deposits and items, in each case, denominated in a currency other than Dollars or Canadian Dollars shall be deposited into a collection account chosen by Agent capable of accepting deposits and items in such currency and, in each case, each such depository, securities intermediary or commodities intermediary shall honor all such instructions from Agent. With respect to each of the foregoing, prior to the transfer of any funds or items into any account of Agent, Agent shall be entitled to require that funds and items be converted (at the applicable

Spot Rate) into the currency of the Obligations being repaid to the extent necessary to preserve the order of payments set forth in Section 1.10(c) or 1.10(d), as applicable.

4.12 Landlord Agreements. As reasonably requested by Agent and to the extent not otherwise addressed to Agent's reasonable satisfaction in the applicable Order, if any Credit Party enters into a lease following the Closing Date, in each case, to the extent any such location contains assets included in the calculation of the Revolving Credit Borrowing Base at such time, such Credit Party shall (except as otherwise agreed by Agent), simultaneously with the entry into such lease, obtain a Lien Waiver from each lessor with respect thereto. Nothing contained in the foregoing shall limit Agent's ability to establish or modify Reserves or standards of eligibility in accordance with this Agreement (including as such may relate to Store locations).

4.13 Further Assurances.

(a) Each Credit Party shall ensure that all written information, exhibits and reports furnished to Agent or the Lenders do not and will not contain any untrue statement of a material fact and do not and will not omit to state any material fact or any fact necessary to make the statements contained therein not misleading in light of the circumstances in which made, and will promptly disclose to Agent and the Lenders and correct any defect or error that may be discovered therein or in any Loan Document or in the execution, acknowledgement or recordation thereof.

(b) Promptly upon the reasonable request by Agent, the Credit Parties shall (and shall cause each of their Subsidiaries to) take such additional actions as Agent may reasonably require from time to time in order to (i) carry out more effectively the purposes of this Agreement or any other Loan Document, (ii) subject to the Liens created by any of the Collateral Documents or the Orders any of the Properties, rights or interests covered by any of the Collateral Documents or the Orders, (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and the Orders and the Liens intended to be created thereby, and (iv) better assure, convey, grant, assign, transfer, preserve, protect and confirm to the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other document executed in connection therewith.

(c) Without limiting the generality of Section 4.13(b) and except to the extent a security interest is perfected (and in Agent's reasonable judgment is expected to remain perfected) in accordance with the applicable Orders, the Credit Parties shall cause each of their Subsidiaries (other than Excluded Subsidiaries and Joint Ventures to the extent prohibited by the Organization Documents applicable thereto) to guaranty the Obligations and to cause each such Subsidiary to grant to Agent, for the benefit of the Secured Parties, a security interest in, subject to the limitations hereinafter set forth, all of such Subsidiary's Property to secure such guaranty.

(d) Furthermore and except to the extent a security interest is perfected (and in Agent's reasonable judgment is expected to remain perfected) in accordance with the applicable Orders and except in the case of any Joint Venture whose Organization Documents prohibit such actions, each Credit Party shall, and shall cause (x) each of its Subsidiaries (other than Excluded Subsidiaries) to pledge (1) all of the Stock and Stock Equivalents of each of its Subsidiaries

(other than Excluded Subsidiaries) and (2), in the case of Domestic Subsidiaries (other than Excluded Subsidiaries) referred to in clause (a) of the definition thereof, sixty-five percent (65%) of each of its Excluded Subsidiary's outstanding voting Stock and Stock Equivalents and one hundred percent (100%) of such Excluded Subsidiary's outstanding non-voting Stock and Stock Equivalents, in each case, owned by such Credit Party or such Subsidiary that is not an Excluded Subsidiary to Agent, for the benefit of the Secured Parties, to secure the Obligations. In connection with each pledge of Stock and Stock Equivalents, the Credit Parties shall deliver, or cause to be delivered, to Agent, irrevocable proxies and stock powers and/or assignments, as applicable, duly executed in blank.

(e) Except to the extent a security interest in such Collateral is perfected (and in Agent's reasonable judgment is expected to remain perfected) in accordance with the applicable Orders, each Credit Party agrees that, should it obtain an ownership or other interest in any intellectual property after the Closing Date, such Credit Party shall, upon request of Agent, provide Agent a short-form intellectual property security agreement in the form attached as Annex 3 to the applicable Guaranty and Security Agreement with respect to any registered Copyrights, Trademarks or Patents obtained after the Closing Date, all in accordance with Section 5.6(e) of the applicable Guaranty and Security Agreement along with any other documents that the Agent reasonably requests with respect thereto.

(f) Except to the extent a security interest in such Collateral is perfected (and in Agent's reasonable judgment is expected to remain perfected) in accordance with the applicable Orders, in the event any Credit Party or any Subsidiary (other than Excluded Subsidiaries) of any Credit Party acquires any owned real Property, promptly upon such acquisition, such Person shall, upon request of Agent, execute and deliver, or cause to be executed and delivered, to Agent for the benefit of the Secured Parties, a fully executed Mortgage, together with a title policy and such other customary real estate documentation as may be reasonably requested by Agent.

Notwithstanding the foregoing, in no event shall any Property of any Credit Party acquired outside the Ordinary Course of Business be deemed eligible for inclusion in the Revolving Credit Borrowing Base, unless and until (and in addition to all other requirements specified in this Agreement), Agent has completed (at the expense of Borrowers) collateral audits and appraisals of such Property so acquired or to be acquired, which audits and appraisals shall be conducted in a manner that is consistent with the audits and appraisals conducted pursuant to Section 4.9(b) and any such audit and appraisal shall not be subject to (and shall not be included in) the limitations set forth in Section 4.9(b) on the number of audits and appraisals for which Agent is entitled to be reimbursed.

4.14 Physical Inventories. Upon Agent's request, the Credit Parties, at their own expense, shall cause to be conducted (a) one (1) physical inventory for each distribution center, warehouse, shipping center, plant, factory or other similar location of the Credit Parties whether in the United States or Canada (which for the avoidance of doubt excludes Stores), in each case, to the extent any such location contains assets included in the calculation of the Revolving Credit Borrowing Base at such time, and (b) one (1) physical inventory for each Store location, in each case, conducted by the Credit Parties and following such methodology as is consistent with the methodology used in the immediately preceding inventory or as otherwise may be reasonably

satisfactory to Agent. Agent and the Lenders and/or their agents or representatives, at the expense of the Credit Parties, may participate in and/or observe each scheduled physical count of Inventory which is undertaken on behalf of any Credit Party. The Credit Parties, within ten (10) Business Days following the completion of such inventory, shall provide Agent with a reconciliation of the results of such inventory (as well as of any other physical inventory undertaken by a Credit Party) and shall post such results to the Credit Parties' stock ledgers and general ledgers, as applicable.

4.15 Activities of Golfsmith Holdco. If at any time Golfsmith Holdco shall engage in any business activities other than (a) ownership of the Stock and Stock Equivalents of the Holding Companies (and any other assets incidental to such ownership), (b) issuing Stock and Stock Equivalents and receiving capital contributions, (c) activities incidental to maintenance of its corporate existence, (d) Investments in the Credit Parties consisting of Sponsor Subordinated Debt, (e) incurring Indebtedness permitted to be incurred by the Holding Companies hereunder; provided that all proceeds of such Indebtedness are immediately contributed to a Holding Company, (f) purchasing or redeeming any Indebtedness of Golfsmith Holdco permitted by clause (e) above or other Indebtedness existing on the Closing Date, or Stock and Stock Equivalents issued by Golfsmith Holdco and (g) serving as a conduit to hold and distribute cash or property in connection with (i) capital contributions to, or the purchase of Stock and Stock Equivalents of, any Holding Company, (ii) the payment of fees permitted by Section 5.7 and (iii) Restricted Payments permitted by Section 5.11, then, unless consented to by Agent in writing, the Credit Parties shall deliver supplemental financial information in a form acceptable to Agent with the consolidated financial statements of Golfsmith Holdco required to be delivered pursuant to Section 4.1(a)(i).

4.16 Credit Parties' Advisors. The Credit Parties shall continue to retain the Restructuring Advisor and the Investment Banker, and shall retain such additional advisors as may be reasonably requested by Agent and on terms and conditions satisfactory to Agent; provided that the Credit Parties shall be permitted to modify the Approved Budget to reflect the fees and expenses of any such additional advisors. The Credit Parties and their representatives will fully cooperate with any such advisors and consultants and grant them full and complete access to the books and records of the Credit Parties.

4.17 Agent's Advisors. The Agent, on behalf of itself and the Lenders, shall be entitled to retain or to continue to retain (either directly or through counsel) any financial advisor, auditor or any other consultant the Agent may deem reasonably necessary (collectively, the "Agent's Advisors") to provide advice, analysis and reporting for the benefit of the Agent and the Lenders. The Credit Parties shall pay all reasonable and documented fees and expenses of each Agent's Advisor and all such fees and expenses shall constitute Obligations and be secured by the Collateral. The Credit Parties and their advisors shall grant access to, and cooperate in all respects with, the Agent, the Lenders, the Agent's Advisors and any other representatives of the foregoing and provide all information that such parties may request in a timely manner.

4.18 Approved Budget.

(a) The use of Loans and other extensions of credit by the Credit Parties under this Agreement and the other Loan Documents shall be limited in accordance with the Approved Budget (subject to permitted variances). The initial Approved Budget shall depict, on a weekly basis, cash revenues, receipts, expenses and disbursements and other information for the first seven (7) week period from the Closing Date and such initial Approved Budget shall be approved by, and in form and substance satisfactory to Agent in its discretion. The Approved Budget shall be updated, modified or supplemented (with the written consent and/or at the request of Agent) from time to time, but in any event not less than on a monthly basis (with the delivery to Agent on or before 5:00 p.m. on the first Thursday of each calendar month), and each such updated, modified or supplemented budget shall be approved in writing by, and shall be in form and substance reasonably satisfactory to, Agent in its discretion and no such updated, modified or supplemented budget shall be effective until so approved and once so approved shall be deemed an Approved Budget; provided, however, that in the event Agent, on the one hand, and the Credit Parties, on the other hand, cannot agree as to an updated, modified or supplemented budget, such disagreement shall give rise to an Event of Default once the period covered by the prior Approved Budget has terminated. The Approved Budget shall be updated, modified or supplemented at the request of Agent prior to the effectiveness of any Sale Transactions or any other transaction consented to by Agent under this Agreement and each such updated, modified or supplemented budget shall be approved in writing by, and shall be in form and substance reasonably satisfactory to, Agent in its discretion and no such updated, modified or supplemented budget shall be effective until approved by Agent, and once so approved shall be deemed an Approved Budget; provided, however, that in the event Agent, on the one hand, and the Credit Parties, on the other hand, cannot agree as to an updated, modified or supplemented budget, such disagreement shall give rise to an Event of Default. Each Approved Budget delivered to Agent shall be accompanied by such supporting documentation as reasonably requested by Agent. Each Approved Budget shall be prepared in good faith based upon assumptions which the Credit Parties believe to be reasonable.

(b) Commencing with the third full calendar week following the Petition Date and for each calendar week thereafter, the Borrowers shall not permit (i) Actual Net Cash Flow for any Cumulative Four Week Period to be less than 90% of Budgeted Net Cash Flow for any such Cumulative Four Week Period, or (ii) the Actual Disbursement Amount for any Cumulative Four Week Period to exceed 110% of the Budgeted Disbursement Amount for any such Cumulative Four Week Period.

(c) The Borrower Representative shall deliver to Agent on or before 12:00 p.m. on Thursday of each week a Compliance Certificate, in the form attached hereto as Exhibit 4.2(b), and such Compliance Certificate shall include such detail as is reasonably satisfactory to Agent, signed by a Responsible Officer of the Borrower Representative certifying that (i) the Credit Parties are in compliance with the covenants contained in Section 4.18 and (ii) no Default or Event of Default has occurred or, if such a Default or Event of Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, together with (A) comparison for the Prior Week of the Actual Cash Receipts, the Actual Disbursement Amount and the Actual Net Cash Flow for such Prior Week to the Budgeted Cash Receipts, the Budgeted Disbursement Amount and the Budgeted Net

Cash Flow for such Prior Week, (B) a cumulative comparison for the Cumulative Four Week Period of the Actual Cash Receipts, the Actual Disbursement Amount and the Actual Net Cash Flow for such Cumulative Four Week Period to the Budgeted Cash Receipts, the Budgeted Disbursement Amount and the Budgeted Net Cash Flow for such Cumulative Four Week Period, (C) a cumulative comparison for the Cumulative Period of the Actual Cash Receipts, the Actual Disbursement Amount and the Actual Net Cash Flow for such Cumulative Period to the Budgeted Cash Receipts, the Budgeted Disbursement Amount and the Budgeted Net Cash Flow for such Cumulative Period, and (D) an Approved Budget Variance Report, each of which shall be prepared by the Borrower Representative as of the last day of the Prior Week, the Cumulative Four Week Period or the Cumulative Period, as applicable, and shall be in form and substance reasonably satisfactory to Agent.

(d) Agent and Lenders (i) may assume that the Credit Parties will comply with the Approved Budget, (ii) shall have no duty to monitor such compliance and (iii) shall not be obligated to pay (directly or indirectly from the Collateral) any unpaid expenses incurred or authorized to be incurred pursuant to any Approved Budget. The line items in the Approved Budget for payment of interest, expenses and other amounts to Agent and the Lenders are estimates only, and the Credit Parties remain obligated to pay any and all Obligations in accordance with the terms of the Loan Documents and the applicable Order regardless of whether such amounts exceed such estimates. Nothing in any Approved Budget (including any estimates of a loan balance in excess of borrowing base restrictions) shall constitute an amendment or other modification of any Loan Document or any of the borrowing base restrictions or other lending limits set forth therein.

4.19 Status of Permitted Store Closing Sales; Sale Transaction. Promptly upon Agent's request, each Credit Party shall provide Agent with copies of any informational packages provided to potential bidders, draft agency agreements, purchase agreement, status reports and updated information relating to the Permitted Store Closing Sales or any Sale Transaction and copies of any such bids and any updates, modifications or supplements to such information and materials.

4.20 Leases.

(a) The Credit Parties shall pay all Post-Petition obligations under all Store Leases as required by the Insolvency Courts, except to the extent (i)(A) the Credit Parties are contesting any such obligations in good faith by appropriate proceedings, (B) the Credit Parties have established proper reserves as required under GAAP, and (C) the nonpayment of which does not result in the imposition of a Lien (other than a Permitted Lien) or (ii)(A) such obligations relate to a Store location subject to the Permitted Store Closing Sales and (B) arise after the effectiveness of the rejection for the applicable Store Lease.

(b) On or before the thirty (30) days following the Petition Date, the Credit Parties shall have used their reasonable best efforts to receive approval of the Bankruptcy Court to extend the general time period to accept/reject Store Leases from the permitted 120-day time period to not less than 210 days.

(c) Other than with respect to Store Leases relating to any Permitted Store Closing Sale, the Credit Parties may assume or reject any of their Store Leases only after consultation with Agent and in a manner consistent with a maximization of the value of the assets of the Credit Parties.

4.21 Sale Transaction and Permitted Store Closing Sales. The Credit Parties shall comply with each of the covenants contained on Schedule 4.21 upon the terms and at the times provided for therein.

4.22 Post-Closing Obligations. The Borrowers hereby covenant and agree to deliver or otherwise satisfy (or cause to be satisfied) each of the requirements set forth below, in each case, in form and substance reasonably satisfactory to Agent and within the applicable time periods, as such time periods may be extended by Agent in its sole discretion:

(a) On or before September 21, 2016, the OMERS LC shall be reissued (or amended) in a manner satisfactory to the Agent.

(b) On or before October 3, 2016, additional insured and lender's loss payable endorsements, naming Agent, on behalf of the Secured Parties, as an additional insured or lender's loss payee, as the case may be, under all insurance policies maintained with respect to the assets and properties of the Credit Parties that constitutes Collateral.

(c) On or before October 3, 2016, a ratification of the existing Mortgage for the Real Estate of Golfsmith International L.P. located at 11000 North IH 35, Austin, Texas 78753-3195.

ARTICLE V. - NEGATIVE COVENANTS

Each Credit Party covenants and agrees that, so long as any Lender shall have any Revolving Loan Commitment hereunder, or any Loan or other Obligation (other than contingent indemnification Obligations to the extent no claim giving rise thereto has been asserted) shall remain unpaid or unsatisfied:

5.1 Limitation on Liens. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its Property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on the Property of a Credit Party or a Subsidiary of a Credit Party on the Closing Date and set forth in Schedule 5.1;

(b) any Lien securing the Obligations granted by the Orders or created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges arising Post-Petition which are not delinquent or remain payable without penalty;

(d) without limiting Agent's ability to impose Reserves in accordance with Section 1.13, carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the Ordinary Course of Business by operation of Law (i) in respect of obligations which are not delinquent for more than forty-five (45) days or remain payable without penalty or (ii) which are being contested in good faith and by appropriate proceedings diligently prosecuted, which proceedings have the effect of preventing the forfeiture or sale of the Property subject thereto and for which adequate reserves in accordance with GAAP are being maintained;

(e) subject to the applicable Order, Liens (other than any Lien imposed by ERISA or otherwise in respect of a Benefit Plan) incurred or pledges or deposits made in the Ordinary Course of Business in connection with workers' compensation, unemployment insurance, employment insurance and other social security legislation or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeals bonds, bids, leases, governmental contract, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or to secure liability to insurance carriers;

(f) Judgment and attachment Liens not giving rise to an Event of Default; provided that any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired and no action to enforce such Lien has been commenced;

(g) without limiting Agent's ability to impose Reserves in accordance with Section 1.13, (i) with respect to any Real Estate, easements, rights of way, covenants, zoning and other restrictions, encroachments or other survey defects, defects or other irregularities in title and other similar encumbrances and (ii) solely with respect to Real Estate not included in the calculation of the Revolving Credit Borrowing Base, prior rights of other Persons which, in the case of clauses (i) and (ii), either individually or in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the Real Estate subject thereto or interfere in any material respect with the ordinary conduct of the businesses of any Credit Party or any Subsidiary of any Credit Party;

(h) Liens granted Pre-Petition (including any such Liens perfected Post-Petition pursuant to Sections 362(b)(3), 546(b)(1) and 547(e)(2)(a) of the Bankruptcy Code) on any capital assets acquired or held by any Credit Party or any Subsidiary of any Credit Party securing Indebtedness incurred or assumed Pre-Petition for the purpose of financing all or any part of the cost of acquiring such capital assets and permitted under Sections 5.5(d); provided that (A) any such Lien attached to such capital assets concurrently with or within sixty (60) days after the acquisition thereof, (B) such Lien attached solely to the capital assets so acquired in such transaction and any accession thereto and proceeds thereof, and (C) the principal amount of the debt secured thereby does not exceed 100% of the cost of such capital assets;

(i) Liens in favor of the High Yield Trustee and the High Yield Purchasers to secure the High Yield Debt permitted under Section 5.5(k); provided such Liens are subject to the High Yield Intercreditor Agreement;

(j) Liens arising from precautionary uniform commercial code financing statements filed under any lease not in violation of this Agreement or any other Loan Document;

(k) IP Licenses, licenses, sublicenses, leases or subleases granted to third parties in the Ordinary Course of Business prior to the Petition Date which do not (i) secure any Indebtedness or (ii) interfere in any material respect with the ordinary conduct of the business of the Credit Parties or any of their Subsidiaries;

(l) Liens in favor of collecting banks arising under Section 4-210 of the UCC;

(m) Liens (including the right of set-off) in favor of a bank or other depository institution arising as a matter of law encumbering deposits;

(n) Liens in favor of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods; and

(o) Liens arising out of consignment or similar arrangements for the sale of goods entered into by a Borrower or any Subsidiary, in each case, as consignee thereof, in the Ordinary Course of Business;

(p) Liens securing Indebtedness permitted by Section 5.5(h) to the extent such Liens encumber only the unearned portion of the insurance premiums financed thereby;

(q) Liens in favor of the Approved Liquidator pursuant to the Approved Liquidation Agreement;

(r) Liens securing the Prior Lender Obligations;

(s) the Adequate Protection Liens and Adequate Protection Superpriority Claims; and

(t) additional Liens covering property of the Credit Parties or their Subsidiaries, securing Pre-Petition Indebtedness in an aggregate principal amount not exceeding, at any time, $250,000 in the aggregate as to all such Indebtedness.

Notwithstanding the foregoing, Permitted Liens under this Section 5.1 shall at all times be junior and subordinate to the Liens under the Loan Documents and the applicable Order securing the Obligations. The prohibition provided for in this Section 5.1 specifically includes any effort by any Credit Party, any official committee in any Chapter 11 Case or any other party in interest in the Chapter 11 Cases or similar status in the CCAA Proceedings, as applicable, to prime or create *pari passu* to any claims, Liens or interests of (i) the Agent and the Lenders or (ii) for so long as the Prior Lender Obligations have not been indefeasibly paid in full in cash, the Prior Agent and the Prior Lenders, any Lien, in each case, other than as set forth in the applicable Orders and irrespective of whether such claims, Liens or interests may be "adequately protected."

5.2 Disposition of Assets. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, directly or indirectly, sell, assign, lease, convey, transfer or

otherwise dispose of (whether in one or a series of transactions) any Property (including the Stock or Stock Equivalent of any Subsidiary accounts and notes receivable, with or without recourse), except:

(a) dispositions of inventory, or used, damaged, worn out or surplus equipment, all in the Ordinary Course of Business;

(b) the Sale Transaction;

(c) the Permitted Store Closing Sales;

(d) dispositions of past due Accounts by the Credit Parties or any of their Subsidiaries in connection with compromise or collections in the Ordinary Course of Business;

(e) to the extent they constitute dispositions, Restricted Payments permitted by Section 5.11, Liens permitted by Section 5.1, transactions contemplated by Section 5.3 and Investments permitted by Section 5.4;

(f) dispositions among Credit Parties (other than the Holding Companies) of Inventory in the Ordinary Course of Business; and

(g) eminent domain condemnations under applicable law as long as the proceeds thereof are prepaid in accordance with Section 1.8.

5.3 Consolidations, Mergers and Amalgamations. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, and no Credit Party shall agree to do any of the following: to merge, amalgamate, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person.

5.4 Loans and Investments. No Credit Party shall and no Credit Party shall suffer or permit any of its Subsidiaries to (i) purchase or acquire any Stock or Stock Equivalents, or any obligations or other securities of, or any interest in, any Person, including the establishment or creation of a Subsidiary, or (ii) make any Acquisitions, or any other acquisition of all or substantially all of the assets of another Person, or of any business or division of any Person, including by way of merger, amalgamation, consolidation or other combination or (iii) make or purchase or commit to make or purchase any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of a Borrower or any Subsidiary of a Borrower but excluding any trade payables owed to a Credit Party or any of its Subsidiaries arising in the Ordinary Course of Business (the items described in clauses (i), (ii) and (iii) are referred to as "Investments"), except for, to the extent a Change of Control would not result therefrom:

(a) Investments in cash and Cash Equivalents in compliance with Section 4.11; provided that any Holding Company's Investment in cash or Cash Equivalents shall only be permitted under this Section 5.4(a) to the extent permitted by Section 5.12;

(b) (i) Investments (A) by any Credit Party (other than a Holding Company) in any other Credit Party (other than a Holding Company) and (B) by any Holding Company in any Designated Borrower, in each case in the Ordinary Course of Business; provided that, in the case of each of clauses (A) and (B), if any such Investments are extensions of credit evidenced by notes, such notes, along with transfer powers executed in blank, shall be pledged to Agent, for the benefit of the Secured Parties, and have such subordination terms as Agent may reasonably require (it being understood that the subordination terms set forth in the Guaranty and Security Agreement are satisfactory), and (ii) Investments by any Subsidiary of a Credit Party in any Credit Party (other than a Holding Company) in the Ordinary Course of Business and on terms and conditions (including subordination terms) satisfactory to Agent;

(c) Investments acquired in connection with the settlement of delinquent Accounts in the Ordinary Course of Business or in connection with the bankruptcy or reorganization of suppliers or customers;

(d) any endorsement of a check, negotiable instrument or other medium of payment for deposit or collections or any similar transaction, each in the Ordinary Course of Business;

(e) Investments acquired by the Credit Parties or any of their Subsidiaries in a Person that is not an Affiliate (i) in exchange for any other Investment held by such Credit Party or any such Subsidiary in connection with or as a result of a bankruptcy, workout, reorganization or recapitalization of the issuer of such other Investment, or (ii) as a result of a foreclosure by a Credit Party or any of its Subsidiaries with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(f) to the extent constituting Investments, deposits otherwise permitted by Section 5.1(e);

(g) Investments consisting of accounts or notes receivable evidencing an account, deposits made in connection with the purchase price of goods or services, endorsements of negotiable instruments and deposits for leases, utility and similar payments and contracts, in each case, in the Ordinary Course of Business;

(h) to the extent they constitute Investments, Contingent Obligations otherwise permitted by Section 5.9; and

(i) Investments existing on the Closing Date and set forth on Schedule 5.4 (and any modifications thereof consented to by Agent in its sole discretion).

5.5 Limitation on Indebtedness. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, create, incur, assume, permit to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(a) Indebtedness constituting Loans or any other Obligations;

(b) Indebtedness consisting of Contingent Obligations permitted pursuant to Section 5.9;

(c) Indebtedness existing on the Closing Date and set forth in Schedule 5.5;

(d) Indebtedness not to exceed $500,000 in the aggregate at any time outstanding, consisting of Capital Lease Obligations or in respect of purchase money obligations so long as any Liens securing such Indebtedness are permitted by Section 5.1(h);

(e) unsecured intercompany Indebtedness permitted pursuant to Section 5.4(b) and approved by the applicable Insolvency Court;

(f) to the extent constituting Indebtedness, judgments entered against any Credit Party or any Subsidiary to the extent not otherwise constituting an Event of Default;

(g) to the extent constituting Indebtedness, trade payables and similar unsecured current liabilities incurred in the Ordinary Course of Business;

(h) to the extent constituting Indebtedness, liabilities incurred in connection with financing of insurance premiums in the Ordinary Course of Business;

(i) subject to Section 4.11, Indebtedness incurred in the Ordinary Course of Business in connection with cash pooling, netting and cash management arrangements consisting of overdrafts or similar arrangements; provided that any such Indebtedness does not consist of Indebtedness for borrowed money and is owed to the financial institutions providing such arrangements;

(j) Indebtedness to the Prior Lenders and the Prior Agent arising under the Pre-Petition Credit Agreement and any other Pre-Petition Loan Documents;

(k) the High Yield Debt in an aggregate principal amount not to exceed Cdn$165,000,000; provided that the High Yield Debt is subject to the terms of the High Yield Intercreditor Agreement;

(l) unsecured Holdco Debt not to exceed an aggregate principal amount equal to Cdn$99,000,000; provided that the Holdco Debt is subject to the Holdco Subordination Agreement;

(m) other unsecured Indebtedness not exceeding in the aggregate at any time outstanding $250,000 and approved by the applicable Insolvency Court; and

(n) all premiums (if any), interest (excluding capitalized interest), fees, expenses, charges and additional or contingent interest on obligations described in Sections 5.5(a) through (m) which is not otherwise prohibited by the terms of the Loan Documents (including any subordination agreement or intercreditor agreement required hereunder).

Notwithstanding the foregoing, and except for the U.S. Carve-Out, the Canadian Carve-Out and the D&O Charge, no Indebtedness (including any Contingent Obligations) permitted under Sections 5.5(a) through (n) shall be permitted to have an administrative expense claim status under the Bankruptcy Code or similar status under the CCAA, as applicable, senior to or

pari passu with the superpriority administrative expense claims of (i) the Agent and the Lenders and (ii) the Prior Agent and the Prior Lenders, in each case, as set forth herein and in the applicable Order.

5.6 Transactions with Affiliates; Provision of Certain Services. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, enter into any transaction with any Affiliate of a Borrower or of any such Subsidiary, except:

(a) any transaction set forth on Schedule 5.6 hereto or otherwise expressly permitted by the other terms of this Agreement;

(b) transactions between or among Credit Parties not otherwise prohibited hereunder; or

(c) pursuant to the reasonable requirements of the business of such Credit Party or such Subsidiary; provided that such transaction is (x) upon fair and reasonable terms no less favorable to such Credit Party, such Subsidiary or such Affiliate (other than, in the case of such Affiliate, with Agent's prior written consent) than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of a Borrower or such Subsidiary and (y) is in accordance with the Approved Budget;

provided that in no event shall the chief executive officer, chief financial officer or chief operating officer (or an individual with an equivalent position) of any Credit Party provide management services to, or on behalf of, a portfolio company of OMERS Private Equity Inc. other than the Holding Companies and their Subsidiaries, it being agreed and acknowledged that such individuals may serve on the boards of directors or similar governing bodies of portfolio companies of OMERS Private Equity Inc. without violation of this proviso.

5.7 Management Fees and Compensation. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, pay any management, advisory, consulting, arrangement or similar fees to any Affiliate of any Credit Party or to any officer, director or employee of any Credit Party or any Affiliate of any Credit Party except for any payments set forth in the Approved Budget.

5.8 Use of Proceeds. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, use any portion of the Loan proceeds, directly or indirectly, to purchase or carry Margin Stock or repay or otherwise refinance Indebtedness of any Credit Party or others that was incurred to purchase or carry Margin Stock, or otherwise in any manner which is in contravention of any Requirement of Law or in violation of this Agreement.

5.9 Contingent Obligations. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Contingent Obligations except in respect of the Obligations and except:

(a) endorsements for collection, deposit or negotiation and warranties of products and services in the Ordinary Course of Business;

(b) Contingent Obligations of the Credit Parties and their Subsidiaries existing as of the Closing Date and listed in Schedule 5.9, including extensions and renewals thereof which do not increase the amount of such Contingent Obligations as of the date of such extension or renewal;

(c) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, letters of credit, bank guarantees, performance bonds, statutory bonds, insurance bonds and other similar obligations;

(d) Contingent Obligations arising under indemnity agreements to title insurers to cause such title insurers to issue to Agent title insurance policies;

(e) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions permitted under Section 5.2;

(f) Contingent Obligations arising under Letters of Credit;

(g) Contingent Obligations (i) arising under guarantees of Indebtedness of Credit Parties (other than a Holding Company), to the extent such Indebtedness itself is permitted under Section 5.5 or (ii) made in the Ordinary Course of Business in respect of obligations of any Credit Party (other than a Holding Company), which obligations are otherwise permitted hereunder; provided that if such obligation under either clause (i) or (ii) above is subordinated to the Obligations, such guarantee shall be subordinated to the same extent;

(h) Contingent Obligations under agreements (not involving Indebtedness) entered into or in connection with the acquisition or provision of services or supplies in the Ordinary Course of Business; and

(i) other Contingent Obligations not exceeding $500,000 in the aggregate at any time outstanding.

Notwithstanding the foregoing, and except for the U.S. Carve-Out, the Canadian Carve-Out and the D&O Charge, no Contingent Obligations under Section 5.9 shall be permitted to have an administrative expense claim status under the Bankruptcy Code or similar status under the CCAA, as applicable, senior to or *pari passu* with the superpriority administrative expense claims of (i) the Agent and the Lenders and (ii) the Prior Agent and the Prior Lenders, in each case, as set forth herein and in the applicable Order.

5.10 Compliance with ERISA, Pension Plans and Benefit Plans.

(a) No ERISA Affiliate shall cause or suffer to exist (i) any event that could result in the imposition of a Lien on any asset of a Credit Party or a Subsidiary of a Credit Party with respect to any Title IV Plan or Multiemployer Plan or (ii) any other ERISA Event, that would, in the aggregate, have a Material Adverse Effect. No Credit Party shall cause or suffer to exist any event that would reasonably be expected to result in the imposition of a Lien with respect to any Benefit Plan.

(b) Without the prior written consent of Agent, no Credit Party shall establish any defined benefit Canadian Pension Plan. Without the prior written consent of Agent, no Credit Party shall terminate or wind-up any defined benefit Canadian Pension Plan.

5.11 Restricted Payments. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, (i) declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any Stock or Stock Equivalent, (ii) purchase, redeem or otherwise acquire for value any Stock or Stock Equivalent now or hereafter outstanding or (iii) make any payment or prepayment of principal of, premium, if any, interest, fees, redemption, exchange, purchase, retirement, defeasance, sinking fund or similar payment with respect to Subordinated Indebtedness, Sponsor Subordinated Debt or the High Yield Debt, or (iv) make any payment on account of an earnout obligation, purchase price adjustment, deferred payment obligation, deferred purchase price obligation or other similar obligation on account of any Acquisition or on account of any acquisition of any Stock or Stock Equivalents (the items described in clauses (i), (ii), (iii) and (iv) above are referred to as "Restricted Payments"); except that:

(a) any Credit Party or any Subsidiary may make Restricted Payments to any Credit Party other than a Holding Company; and

(b) each Borrower may pay dividends or distributions to, or make loans or other advances (any such payment, loan, advance, purchase, redemption, defeasance or other acquisition or retirement, a "Tax Payment") to, its Holding Company and each Holding Company may make Tax Payments to Golfsmith Holdco, in each case, in the event any Borrower or any Holding Company files a consolidated, combined or unitary income tax return with any Tax Affiliate, to permit such Tax Affiliate to pay federal, state and local income taxes assessed or arising Post-Petition and that are due and owing, provided that the amount of each such Tax Payment shall not exceed an amount equal to such Borrower's or Holding Company's tax liability had such Borrower or such Holding Company, as the case may be, filed a tax return on a stand-alone basis for itself and its respective Subsidiaries included in such consolidated, combined or unitary return as if such Borrower or such Holding Company were the parent of such consolidated, combined or unitary group; provided further that such Tax Payment is used within fifteen (15) days of receipt to pay federal, state or local income taxes assessed or arising Post-Petition and that are due and owing by such Tax Affiliate with respect to such consolidated, combined or unitary income tax return with such Tax Affiliate.

5.12 Change in Business; Holding Company Covenant. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, engage in any material line of business that is not related, similar or complementary to, or supportive of the lines of business or distribution channels in which the Credit Parties and their Subsidiaries, considered as an entirety, are engaged on the Closing Date. Following the Petition Date, no Holding Company shall engage in any business activities other than (a) ownership of the Stock and Stock Equivalents of the Designated Borrowers (and any other assets incidental to such ownership), (b) activities incidental to maintenance of its corporate existence, (c) performance of any guarantees in respect of any obligations of the Borrowers under leases for Real Estate, equipment or other fixed assets not prohibited by this Agreement, (d) performance of its obligations under the Loan Documents;

(e) making Investments permitted by Section 5.4(b)(i)(B) and (f) serving as a conduit to hold and distribute cash or property in connection with Restricted Payments permitted by Section 5.11.

5.13 Change in Structure. Except as expressly permitted under Section 5.3, no Credit Party shall, and no Credit Party shall permit any of its Subsidiaries the Stock of which is pledged to Agent (or required to be pledged to Agent pursuant to Section 4.13 or the Collateral Documents) to, make any changes in its equity capital structure (including in the terms of its outstanding Stock or Stock Equivalents), other than (i) changes that are not adverse to Agent or any of the Lenders and (ii) changes to the equity capital of the Holding Companies as long as such changes do not result in an Event of Default, or amend any of its Organization Documents in any manner that is adverse to Agent or any of the Lenders (it being understood that, so long as all additional Stock and Stock Equivalents of such Credit Party is contemporaneously pledged to Agent in accordance with the Collateral Documents, any amendment to authorize, or increase the authorized units or shares of any class of common stock of such Credit Parties would not be prohibited). No Credit Party shall amend its Organization Documents to add provisions which require only director consent (and not shareholder consent) to the transfer of such Credit Party's Stock.

5.14 Changes in Accounting, Name or Jurisdiction of Organization. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, (i) make any significant change in accounting treatment or reporting practices, except as required or, upon not less than thirty (30) days prior written notice to Agent, permitted by GAAP (provided, accounting treatments or reporting practices which are so changed as permitted, but not required, by GAAP shall thereafter be maintained without further changes thereto), (ii) change the Fiscal Year or method for determining Fiscal Quarters of any Credit Party or of any consolidated Subsidiary of any Credit Party, (iii) change its name as it appears in official filings in its jurisdiction of organization, (iv) change its type of organization, (v) change its organizational identification number or taxpayer identification number, (vi) change its jurisdiction of organization, or (vii) change its chief place of business or chief executive office or domicile (within the meaning of the Civil Code of Quebec) or warehouses or locations at which Collateral is held or stored or the location of its records concerning the Collateral, in the case of clauses (iii) through (vii), without at least twenty (20) days' prior written notice to Agent and the acknowledgement of Agent that all actions required by Agent, including those to continue the perfection of its Liens, have been completed.

5.15 Amendments to Subordinated Indebtedness.

(a) No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to directly or indirectly, amend, supplement, waive or otherwise modify the terms of any (i) Holdco Debt Document, (ii) any other Sponsor Subordinated Debt, (iii) any Subordinated Indebtedness (other than Sponsor Subordinated Debt), or (iv) High Yield Debt Document.

5.16 No Negative Pledges.

(a) No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, directly or indirectly, (i) create or otherwise cause or suffer to exist or become effective any consensual restriction or encumbrance of any kind on the ability of any such

Subsidiary to pay dividends or make any other distribution on any of such Subsidiary's Stock or Stock Equivalents or to pay fees, including management fees, or make other payments and distributions to any Credit Party or any of its Subsidiaries or to (ii) enter into, assume or become subject to any Contractual Obligation prohibiting or otherwise restricting the existence of any Lien upon any of its assets in favor of Agent, whether now owned or hereafter acquired, in each case, except in connection with (A) any document or instrument governing Liens permitted pursuant to Section 5.1(h); provided that any such restriction contained therein relates only to the asset or assets subject to such permitted Liens, (B) this Agreement and the other Loan Documents, (C) the High Yield Debt Documents, (D) customary restrictions under agreements entered into in the Ordinary Course of Business relating to sales of assets otherwise permitted hereunder solely with respect to the assets subject thereto to the extent such restrictions are not deemed inapplicable under Requirements of Law, (E) customary restrictions under leases, subleases, licenses or sublicenses entered into in the Ordinary Course restricting subletting, assignment or other transfer of any lease governing a leasehold interest or of a license, as applicable, otherwise permitted hereunder solely with respect to the leasehold interest or license, as applicable, subject thereto to the extent such restrictions are not deemed inapplicable under Requirements of Law, (F) any operating lease or Capital Lease otherwise permitted hereunder, insofar as the provisions thereof limit grants of a security interest in, or other assignments of, the related leasehold interest to any other Person and (G) customary provisions restricting creation of Liens or other pledge, assignment or other transfer contained in any joint venture agreement otherwise permitted hereunder, so long as any such prohibition or restriction contained therein relates only to the equity interests in the joint venture to which such agreement relates.

(b) Without limiting any requirements set forth in any Collateral Document, no Designated Borrower shall issue any Stock or Stock Equivalents (i) if such issuance would result in a Change in Control and (ii) unless such Stock and Stock Equivalents are pledged to Agent, for the benefit of the Secured Parties as security for the Obligations, on the same terms and conditions as the Stock and Stock Equivalents pledged to Agent on the Closing Date pursuant to the Collateral Documents.

5.17 OFAC; Patriot Act; Counter-Terrorism Regulations Anti-Money Laundering. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to fail to comply with the laws, regulations and executive orders referred to in Section 3.22 and Section 3.23.

5.18 Sale-Leasebacks. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, engage in a sale leaseback, synthetic lease or similar transaction involving any of its assets.

5.19 Hazardous Materials. No Credit Party shall, and no Credit Party shall permit any of its Subsidiaries to, cause or suffer to exist any Release of any Hazardous Material at, to or from any Real Estate owned, leased, subleased or otherwise operated or occupied by any Credit Party or any Subsidiary of any Credit Party that would violate any Environmental Law, form the basis for any Environmental Liabilities or otherwise adversely affect the value or marketability of any Real Estate (whether or not owned by any Credit Party or any Subsidiary of any Credit Party), other than such violations, Environmental Liabilities and effects that would not, in the aggregate, have a Material Adverse Effect.

5.20 Capital Expenditures. No Credit Party shall, and no Credit Party shall suffer or permit any of its Subsidiaries to, make or commit to make, any Capital Expenditures in any Period in an amount in excess of the amount set forth in the Approved Budget for Capital Expenditures for such Period (subject to permitted variances).

5.21 Prepayments of Other Indebtedness. Other than pursuant to an order of any Insolvency Court and in accordance with the Approved Budget, no Credit Party shall, directly or indirectly, voluntarily purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any Indebtedness prior to its scheduled maturity, other than the Obligations and the Prior Lender Obligations.

5.22 Repayment of Indebtedness. Without limiting any other provision hereof, except pursuant to the Approved Budget, Borrowers shall not, without the express prior written consent of Agent and pursuant to an order of the applicable Insolvency Court after notice and hearing, make any payment or transfer with respect to any Lien or Indebtedness incurred or arising prior to the Petition Date that is subject to the automatic stay provisions of the Bankruptcy Code or the Stay of Proceedings whether by way of "adequate protection" under the Bankruptcy Code or otherwise.

5.23 Reclamation Claims. No Credit Party shall enter into any agreement to return any of its Inventory to any of its creditors for application against any Pre-Petition Indebtedness, Pre-Petition trade payables or other Pre-Petition claims under Section 546(g) of the Bankruptcy Code or allow any creditor to take any setoff or recoupment against any of its Pre-Petition Indebtedness, Pre-Petition trade payables or other Pre-Petition claims based upon any such return pursuant to Section 553(b)(l) of the Bankruptcy Code or otherwise if, after giving effect to any such agreement, setoff or recoupment, the aggregate amount applied to Pre-Petition Indebtedness, Pre-Petition trade payables and other Pre-Petition claims subject to all such agreements, setoffs and recoupments since the Petition Date would exceed $250,000.

5.24 Insolvency Proceeding Claims. No Credit Party shall incur, create, assume, suffer to exist or permit any other superpriority administrative claim which is pari passu with or senior to the claims of Agent and Lenders against the Credit Parties, except as set forth in the applicable Order.

5.25 Bankruptcy Actions. The Borrowers will not seek, consent to, or permit to exist, without the prior written consent of Agent, any order granting authority to take any action that is prohibited by the terms of this Agreement or the other Loan Documents or refrain from taking any action that is required to be taken by the terms of this Agreement or any of the other Loan Documents.

ARTICLE VI. - EVENTS OF DEFAULT

6.1 Event of Default. Notwithstanding the provisions of Section 362 of the Bankruptcy Code with respect to the U.S. Debtors or the Stay of Proceedings with respect to the Canadian Debtors and without notice, application or motion to, hearing before, or order of any Insolvency Court or any notice to any Credit Party any of the following shall constitute an "Event of Default":

(a) Non-Payment. Any Credit Party fails (i) to pay when and as required to be paid herein, any amount of principal of any Loan, including after maturity of the Loans or as required by Section 1.8, or to pay any L/C Reimbursement Obligation or (ii) to pay within three (3) Business Days after the same shall become due, interest on any Loan, any fee or any other amount payable hereunder or pursuant to any other Loan Document;

(b) Representation or Warranty.

(i) Any representation, warranty or certification by or on behalf of any Credit Party or any of its Subsidiaries made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by any such Person, or their respective Responsible Officers, furnished at any time under this Agreement, or in or under any other Loan Document, shall prove to have been incorrect in any material respect (without duplication of other materiality qualifiers contained therein) on or as of the date made or deemed made;

(ii) any information contained in any Borrowing Base Certificate is untrue or incorrect in any respect (other than (A) inadvertent, immaterial errors not exceeding $500,000 (or such higher amount with Agent's written consent) in the aggregate in any Borrowing Base Certificate and (B) errors understating the Revolving Credit Borrowing Base);

(c) Specific Defaults. Any Credit Party fails to perform or observe any term, covenant or agreement contained in (x) Sections 4.1, 4.2(a) through 4.2(c), or 4.3(b) through 4.3(l) and any such default shall continue unremedied for five (5) Business Days, (y) Sections 4.2(e) or 4.2(g) and such default shall continue unremedied for two (2) Business Days or (z) any of Sections 4.2(d), 4.2(f), 4.3(a), 4.3(m), 4.3(n), 4.4(a), 4.4(b), 4.4(c), 4.6, 4.9, 4.10, 4.11, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19, 4.20, 4.21, 4.22 or Article V hereof or the Fee Letter;

(d) Other Defaults. Any Credit Party or Subsidiary of any Credit Party fails to perform or observe any other term, covenant or agreement contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of twenty (20) days after the earlier to occur of (i) the date upon which a Responsible Officer of any Credit Party becomes aware of such default and (ii) the date upon which written notice thereof is given to the Borrower Representative by Agent or Required Lenders;

(e) Cross Default. Except for defaults occasioned by the filing of the Insolvency Cases and defaults resulting from obligations with respect to which the Bankruptcy Code or the CCAA, as applicable, prohibits any Credit Party from complying or permits any Credit Party not to comply, any Credit Party or any Subsidiary of any Credit Party (A) fails to make any payment in respect of any Indebtedness (other than the Obligations) incurred Post-Petition having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $500,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the document relating thereto on the date of such failure; or (B) fails to perform or observe any other condition or covenant, or any other event

shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness incurred Post-Petition, if the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity (without regard to any subordination terms with respect thereto), or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded;

(f) Monetary Judgments. Other than proofs of claim filed in connection with the Insolvency Cases, and orders pertaining thereto, one or more judgments, non-interlocutory orders, decrees or arbitration awards shall be entered against any one or more of the Credit Parties or any of their respective Subsidiaries involving in the aggregate a liability (to the extent not covered by independent third-party insurance) as to any single or related series of transactions, incidents or conditions, of $500,000 or more, or which would operate to divest any one or more of the Credit Parties of any assets or property with a market or book value of $500,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of thirty (30) days after the entry thereof and shall not otherwise be subject to the Insolvency Stays;

(g) Non-Monetary Judgments. One or more non-monetary judgments, orders or decrees shall be rendered against any one or more of the Credit Parties or any of their respective Subsidiaries which has or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, and such judgment or order shall not be subject to the Insolvency Stays or there shall be any period of ten (10) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(h) Collateral; Invalidity of Loan Documents; Etc. Any material provision of any Loan Document shall for any reason cease to be valid and binding on or enforceable against any Credit Party or any Subsidiary of any Credit Party party thereto or any Credit Party or any Subsidiary of any Credit Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or any Collateral Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid security interest in any Collateral, in each case, purported to be covered thereby or such security interest shall for any reason cease to be a perfected Lien with the status and priority provided in the Orders and otherwise subject to Permitted Liens;

(i) Collateral; Invalidity of Pre-Petition Loan Documents; Etc. Any material provision of any Pre-Petition Loan Document shall for any reason cease to be valid and binding on or enforceable against any Credit Party or any Subsidiary of any Credit Party party thereto or any Credit Party or any Subsidiary of any Credit Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or any Collateral Document (as defined in the Pre-Petition Credit Agreement) shall for any reason (other than pursuant to the terms thereof) cease to create a valid security interest in any Collateral (as defined in the Pre-Petition Credit Agreement), in each case, purported to be covered thereby or such security interest shall for any reason cease to be a perfected Lien with the status and priority provided in the Orders;

(j) Ownership. A Change of Control shall have occurred;

(k) Invalidity of Subordination Provisions. The provisions of the High Yield Intercreditor Agreement, the Holdco Subordination Agreement or any subordination agreement governing any Subordinated Indebtedness shall for any reason be revoked or invalidated in any material respect, or otherwise cease to be in full force and effect, or any Credit Party, any Affiliate of a Credit Party, the High Yield Trustee, any High Yield Purchaser, any Holdco Lender, any other holder of Subordinated Indebtedness or SPV Holdco shall have commenced a suit or an action, including any motion or adversary proceeding in an Insolvency Case, contesting in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations, for any reason shall not have the priority contemplated by this Agreement or such subordination provisions;

(l) Conduct of Business.

(i) Any Credit Party shall be enjoined, restrained or in any way prevented by the order of any Governmental Authority from conducting any part of their business unless such order would not enjoin the operation of more than five (5) Stores;

(ii) Except pursuant to a Sale Transaction or the Permitted Store Closing Sales, there shall otherwise be a voluntary suspension of the conduct of business, closure of, disposition of, or a liquidation of any of the Stores;

(iii) Unless consented to by the Agent, a retention of an agent or other third party to conduct any such Store closings, Store liquidations or "Going-Out-Of Business" sales described in clause (l)(ii) above (or any Credit Party shall take action in furtherance of the foregoing by vote of its board of directors (or equivalent governing body));

(m) OMERS LC. An LC Draw Event shall have occurred;

(n) Permitted Stores Closing Sales. The Credit Parties shall fail to comply with the terms of any Approved Liquidation Agreement for the Permitted Store Closing Sales or any Approved Liquidation Agreement for the Permitted Store Closing Sales shall be amended or modified in any respect without Agent's consent;

(o) Sale Transaction.

(i) The Credit Parties shall (A) fail to comply with the terms of any bid for a Sale Transaction or any of the documents or agreements executed in connection therewith, including any Approved Liquidation Agreement or Approved Purchase Agreement, in any manner which would reasonably be expected to result in a decrease in proceeds from such Sale Transaction of more than $1,000,000, (B) fail to consummate a Sale Transaction strictly in accordance with the terms of the applicable Approved Liquidation Agreement or Approved Purchase Agreement (in each case of clauses (A) and (B), without any waiver or amendment to the applicable Approved Liquidation Agreement or Approved Purchase Agreement unless consented to by Agent) or (C) take any action (or an event has occurred) which would reasonably be expected to result in a

decrease in proceeds from a Sale Transaction of more than $1,000,000 or to adversely affect any Credit Party's ability to comply with the terms of any Approved Liquidation Agreement or Approved Purchase Agreement;

(ii) Any bid for a Sale Transaction shall cease to be in full force and effect or shall be withdrawn or terminated;

(iii) Deadlines with respect to Competition Act (Canada) submissions, notifications or filings shall not have been met under the Canadian Purchase Agreement;

(p) Chapter 11 Cases. The occurrence of any of the following in the Chapter 11 Cases:

(i) the bringing of a motion, taking of any action or the filing of any plan of reorganization or disclosure statement attendant thereto by any of the Credit Parties in the Chapter 11 Cases: (A) to obtain additional financing under Section 364(c) or Section 364(d) of the Bankruptcy Code not otherwise permitted pursuant to this Agreement; (B) to grant any Lien other than Permitted Liens upon or affecting any Collateral; (C) except as provided in the Interim Order or Final Order, as the case may be, to use cash collateral of Agent and the other Secured Parties or Prior Agent and Prior Lenders under Section 363(c) of the Bankruptcy Code without the prior written consent of Agent; or (D) any other action or actions adverse to (x) Agent and Lenders or Prior Agent and Prior Lenders or their rights and remedies hereunder or their interest in the Collateral or (y) Prior Agent and Prior Lenders or their rights under the Pre-Petition Credit Agreement or the other Pre-Petition Loan Documents or their interest in the Collateral (as defined in the Pre-Petition Credit Agreement);

(ii) (A) the filing of any plan of reorganization or disclosure statement attendant thereto, or any direct or indirect amendment to such plan or disclosure statement, by a Credit Party that does not propose to indefeasibly repay in full in cash the Obligations under this Agreement and the Prior Lender Obligations or by any other Person to which Agent does not consent, (B) the entry of any order terminating any Credit Party's exclusive right to file a plan of reorganization, or (C) the expiration of any Credit Party's exclusive right to file a plan of reorganization;

(iii) the entry of an order in any of the Chapter 11 Cases confirming a plan of reorganization that (A) is not acceptable to Agent in its sole discretion or (B) does not contain a provision for termination of the Revolving Loan Commitments and indefeasible repayment in full in cash of all of the Obligations under this Agreement and the Prior Lender Obligations on or before the effective date of such plan or plans;

(iv) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the Loan Documents or the Interim Order, the Final Order or the Cash Management Order without the written consent of Agent or the filing of a motion for reconsideration with respect to the Interim Order or the Final Order or the Interim Order, the Final Order or the Cash Management Order shall otherwise not be in full force and effect;

(v) the Final Order is not entered immediately following the expiration of the Interim Order, and in any event within thirty (30) days of the Petition Date;

(vi) the payment of, or application for authority to pay, any Pre-Petition claim without Agent's prior written consent unless in accordance with the Approved Budget;

(vii) the allowance of any claim or claims under Section 506(c) of the Bankruptcy Code or otherwise against Agent, any Lender or any of the Collateral or against the Prior Agent, any Prior Lender or any Collateral (as defined in the Pre-Petition Credit Agreement);

(viii) (A) the appointment of an interim or permanent trustee in the Chapter 11 Cases or the appointment of a receiver or an examiner in the Chapter 11 Cases with expanded powers to operate or manage the financial affairs, the business, or reorganization of the Credit Parties; or (B) the sale without Agent's and Required Lenders' consent of all or substantially all of the U.S. Debtors' assets either through a sale under Section 363 of the Bankruptcy Code, through a confirmed plan of reorganization in the Chapter 11 Cases or otherwise that does not result in payment in full in cash of all of the Obligations under this Agreement and all Prior Lender Obligations at the closing of such sale or initial payment of the purchase price or effectiveness of such plan, as applicable;

(ix) the dismissal of the Chapter 11 Cases, or the conversion of the Chapter 11 Cases from one under Chapter 11 to one under Chapter 7 of the Bankruptcy Code or any Credit Party shall file a motion or other pleading seeking the dismissal of the Chapter 11 Cases under Section 1112 of the Bankruptcy Code or otherwise or the conversion of the Chapter 11 Cases to Chapter 7 of the Bankruptcy Code;

(x) any Credit Party shall file a motion seeking, or the Bankruptcy Court shall enter an order granting, relief from or modifying the automatic stay of Section 362 of the Bankruptcy Code (A) to allow any creditor (other than Agent) to execute upon or enforce a Lien on any Collateral, (B) approving any settlement or other stipulation not approved by Agent with any secured creditor of any Credit Party providing for payments as adequate protection or otherwise to such secured creditor, or (C) with respect to any Lien of or the granting of any Lien on any Collateral to any federal, state or local environmental or regulatory agency or authority, which in either case involves a claim of $250,000 or more;

(xi) the commencement of a suit or an action (but not including a motion for standing to commence a suit or an action) against either Agent or any Lender or Prior Agent or any Prior Lender and, as to any suit or action brought by any Person other than a Credit Party or a Subsidiary for a Credit Party, officer or employee of a Credit Party, the continuation thereof without dismissal for thirty (30) days after service thereof on either Agent or such Lender or Prior Agent or any Prior Lender, that asserts or seeks by or on behalf of a Credit Party, any state of federal environmental protection or health and safety agency, any official committee in any Chapter 11 Case or any other

party in interest in any of the Chapter 11 Cases, a claim or any legal or equitable remedy that would (x) have the effect of subordinating any or all of the Obligations or Liens of the Agent or any Lender under the Loan Documents or the Prior Lender Obligations or Liens of the Prior Agent or Prior Lenders under the Pre-Petition Loan Documents to any other claim, or (y) have a material adverse effect on the rights and remedies of Agent or any Lender or Prior Agent or any Prior Lender under any Loan Document or the Prior Agent or Prior Lenders under the Pre-Petition Loan Documents or the collectability of all or any portion of the Obligations or the Prior Lender Obligations;

(xii) the entry of an order in the Chapter 11 Cases avoiding or permitting recovery of any portion of the payments made on account of the Obligations owing under this Agreement or the other Loan Documents or the Prior Lender Obligations owing under the Pre-Petition Loan Documents;

(xiii) the failure of any Credit Party to perform any of its obligations under the Interim Order, the Final Order, the Cash Management Order, or any order of the Bankruptcy Court approving any Sale Transaction or the Permitted Store Closing Sales or to perform in any material respect its obligations under any order of the Bankruptcy Court approving bidding procedures; or

(xiv) the entry of an order in the Chapter 11 Cases granting any other super priority administrative claim or Lien equal or superior to that granted to Agent, on behalf of itself and the Secured Parties or Prior Agent or Prior Lenders, other than as expressly set forth in the Interim Order (or the Final Order, when applicable).

(q) The occurrence of any of the following in the CCAA Proceedings:

(i) the bringing of a motion, or the execution of a written agreement, or the filing of any plan of compromise or arrangement or the issuance of any information circular or other comparable document with respect thereto by any Credit Party in the CCAA Proceedings: (A) to obtain additional “debtor-in-possession” financing not otherwise permitted pursuant to this Agreement; (B) to grant or approve any Lien other than Permitted Liens upon or affecting any Collateral; (C) any other action or actions adverse to (x) Agent and Lenders or Prior Agent and Prior Lenders or their rights and remedies hereunder or their interest in the Collateral or (y) Prior Agent and Prior Lenders or their rights under the Pre-Petition Credit Agreement or the other Pre-Petition Loan Documents or their interest in the Collateral (as defined in the Pre-Petition Credit Agreement);

(ii) the filing of any plan of compromise or arrangement or the issuance of any information circular or other comparable document with respect thereto, or any direct or indirect amendment to such plan or information circular or other comparable document, by a Credit Party that does not propose to indefeasibly repay in full in cash the Obligations under this Agreement and the Prior Lender Obligations or by any other Person to which Agent does not consent;

(iii) the entry of an order in the CCAA Proceedings sanctioning a plan or plans of compromise or arrangement that (A) is not acceptable to Agent in its sole discretion or (B) does not contain a provision for termination of the Revolving Loan Commitments and indefeasible repayment in full in cash of all of the Obligations under this Agreement and the Prior Lender Obligations on or before the effective date of such plan or plans;

(iv) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the Loan Documents or the CCAA Orders without the written consent of Agent or the filing of a motion for reconsideration with respect to the CCAA Orders;

(v) the payment of, or application for authority to pay, any pre-filing claim without Agent's and Required Lenders' prior written consent unless otherwise in accordance with the Approved Budget;

(vi) (A) the appointment of a trustee in bankruptcy or an interim receiver, receiver or receiver-manager of the Canadian Debtors; or (B) the sale without Agent's and Required Lenders' consent of all or substantially all of the Canadian Debtors' assets either through a sale pursuant to a plan of compromise or arrangement in the CCAA Proceedings or otherwise that does not result in payment in full in cash of all of the Obligations under this Agreement and all Prior Lender Obligations the closing of such sale or initial payment of the purchase price or effectiveness of such plan, as applicable;

(vii) the expiry or termination of the Stay of Proceedings;

(viii) any Credit Party shall file a motion (without Agent's consent) seeking, or the Canadian Court shall enter an order granting, relief from or modifying the Stay of Proceedings (A) to allow any creditor (other than Agent) to execute upon or enforce a Lien on any Collateral, (B) approving any settlement or other stipulation not approved by Agent with any secured creditor of any Credit Party providing for payments to such secured creditor, or (C) with respect to any Lien of or the granting of any Lien on any Collateral to any federal or provincial environmental or regulatory agency or authority, which in either case involves a claim of $250,000 or more;

(ix) the commencement of a suit or action against Agent or any Lender or Prior Agent or any Prior Lender, as to any suit or action brought by any Person other than a Credit Party or a Subsidiary of a Credit Party, officer or employee of a Credit Party, the continuation thereof without dismissal for thirty (30) days after service thereof on Agent or such Lender, that asserts or seeks by or on behalf of a Credit Party, any environmental protection or health and safety agency, or any other party in interest in the CCAA Proceedings, a claim or any legal or equitable remedy that would (a) have the effect of subordinating any or all of the Obligations or Liens of the Agent or any Lender under the Loan Documents or the Prior Lender Obligations or Liens of the Prior Agent or Prior Lenders under the Pre-Petition Loan Documents to any other claim, or (b) have a material adverse effect on the rights and remedies of Agent or any Lender or Prior Agent

or any Prior Lender under any Loan Document or the Prior Agent or Prior Lenders under the Pre-Petition Loan Documents or the collectability of all or any portion of the Obligations or Prior Lender Obligations;

(x) the entry of an order in the CCAA Proceedings avoiding or requiring repayment of any portion of the payments made on account of the Obligations owing under this Agreement or the other Loan Documents or the Prior Lender Obligations owing under the Pre-Petition Loan Documents;

(xi) the failure of any Credit Party to perform any of its obligations under the Initial Order in a manner that affects the Borrowers' financing arrangements without Agent's consent, any order in the CCAA Proceedings approving any Sale Transaction consented to by the Agent or any order in the CCAA Proceedings consented to by the Agent setting out the procedures for any Sale Transaction or the Permitted Store Closing Sales; and

(xii) except as set forth in the CCAA Orders and consented to by Agent, the entry of an order in the CCAA Proceedings granting any other super priority claim or Lien equal or superior to that granted to Agent, on behalf of itself and the Secured Parties.

6.2 Remedies. Subject to the applicable Orders, upon the occurrence and during the continuance of any Event of Default, notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from any Insolvency Court, Agent may, and shall at the request of the Required Lenders:

(a) declare all or any portion of the Revolving Loan Commitment of each Lender to make Loans or of the L/C Issuer to Issue Letters of Credit to be suspended or terminated, whereupon such Revolving Loan Commitments shall forthwith be suspended or terminated;

(b) declare all or any portion of the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable; without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Credit Party;

(c) terminate, reduce or restrict any right or ability of the Borrowers to use any Cash Collateral (other than as expressly set forth in the applicable Order, during the Remedies Notice Period); and/or

(d) subject to the Remedies Notice Period and in the case of the Canadian Debtors to the provisions of the Initial Order, direct any or all of the Credit Parties to sell or otherwise dispose of any or all of the Collateral on terms and conditions acceptable to Agent and Lenders pursuant to Section 363, Section 365 and other applicable provisions of the Bankruptcy Code or Section 36 of the CCAA and other applicable provisions of the CCAA, as applicable (and, without limiting the foregoing, direct any Credit Party to assume and assign any lease or

executory contract included in the Collateral to Agent's designees in accordance with and subject to Section 365 of the Bankruptcy Code or Section 11.3 of the CCAA, as applicable); and/or

(e) subject to the Remedies Notice Period and in the case of the Canadian Debtors the provisions of the Initial Order, exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under this Agreement, the other Loan Documents or applicable law.

6.3 Lift of Stay; Stay of Proceedings. Pursuant to the applicable Order, the automatic stay of Section 362 of the Bankruptcy Code and the Stay of Proceedings shall be modified and vacated to permit Agent and Lenders to exercise all rights and remedies under this Agreement, the other Loan Documents or applicable law, without further notice, motion or application to, hearing before, or order from, any Insolvency Court, except in the case of the Canadian Debtors as provided for in the Initial Order.

6.4 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

6.5 Cash Collateral for Letters of Credit. If an Event of Default has occurred and is continuing or this Agreement (or the Revolving Loan Commitments) shall be terminated for any reason or if otherwise required by the terms hereof, then, notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from either Insolvency Court, Agent may, and upon request of Required Lenders, shall, demand (which demand shall be deemed to have been delivered automatically upon any acceleration of the Loans and other obligations hereunder pursuant to Section 6.2 hereof), and the Borrowers shall thereupon deliver to Agent, to be held for the benefit of the L/C Issuer, Agent and the Lenders entitled thereto, an amount of cash equal to 105% of the amount of Letter of Credit Obligations as additional collateral security for the Obligations, which cash collateral shall not be subject to the U.S. Carve-Out, the Canadian Carve-Out and the D&O Charge. The Agent may at any time apply any or all of such cash and cash collateral to the payment of any or all of the Credit Parties' Obligations. Pending such application, Agent may (but shall not be obligated to) invest the same in a non-interest bearing account in Agent's name, for the benefit of the L/C Issuer, Agent and the Lenders entitled thereto, under which deposits are available for immediate withdrawal, at such bank or financial institution as the L/C Issuer and Agent may, in their discretion, select. The remaining balance of the cash collateral will be returned to the Borrowers when all Letters of Credit have been terminated or discharged, all Revolving Loan Commitments have been terminated and all Obligations have been indefeasibly paid in full in cash.

6.6 Borrower's Assistance, Intellectual Property Access. Upon the occurrence and the continuance of an Event of Default and the exercise by Agent or Lenders of their rights and remedies under this Agreement and the other Loan Documents, Borrowers shall assist Agent and Lenders in effecting a sale or other disposition of the Collateral upon such terms as are reasonably acceptable to Agent and shall assist Agent in obtaining, and shall provide Agent with, access and the rights to use, at no cost or expense, the Intellectual Property of the Credit Parties

and all real property owned or leased by the Credit Parties to the extent necessary, appropriate or reasonably requested in order to sell, lease or otherwise dispose of any of the Collateral.

ARTICLE VII. - THE AGENT

7.1 Appointment and Duties.

(a) Appointment of Agent. Each Lender and each L/C Issuer hereby appoints Antares (together with any successor Agent pursuant to Section 7.9) as Agent hereunder and authorizes Agent to (i) execute and deliver the Loan Documents and accept delivery thereof on its behalf from any Credit Party, (ii) take such action on its behalf and to exercise all rights, powers and remedies and perform the duties as are expressly delegated to Agent under such Loan Documents and (iii) exercise such powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, each Lender hereby authorizes Agent to consent, on behalf of each Lender, to the Interim Order, the Initial Order and the Final Order, each to be negotiated between the Credit Parties, Agent, and the statutory committees appointed pursuant to Section 327 and 1103 of the Bankruptcy Code.

(b) Duties as Collateral and Disbursing Agent. Without limiting the generality of clause (a) above, Agent shall have the sole and exclusive right and authority (to the exclusion of the Lenders and L/C Issuers), and is hereby authorized, to (i) act as the disbursing and collecting agent for the Lenders and the L/C Issuers with respect to all payments and collections arising in connection with the Loan Documents (including in any proceeding in the Insolvency Cases or any other bankruptcy, insolvency or similar proceeding), and each Person making any payment in connection with any Loan Document to any Secured Party is hereby authorized to make such payment to Agent, (ii) file and prove claims and file other documents necessary or desirable to allow the claims of the Secured Parties with respect to any Obligation in any proceeding in the Insolvency Cases or any other bankruptcy, insolvency or similar proceeding (but not to vote, consent or otherwise act on behalf of such Person), (iii) act as collateral agent for each Secured Party for purposes of the perfection of all Liens created by such agreements and all other purposes stated therein, (iv) manage, supervise and otherwise deal with the Collateral and the OMERS LC, (v) take such other action as is necessary or desirable to maintain the perfection and priority of the Liens created or purported to be created by the Loan Documents, (vi) except as may be otherwise specified in any Loan Document, exercise all remedies given to Agent and the other Secured Parties with respect to the Credit Parties, their respective Subsidiaries, the Collateral and/or the OMERS LC, whether under the Loan Documents, applicable Requirements of Law or otherwise and (vii) execute any amendment, consent or waiver under the Loan Documents on behalf of any Lender that has consented in writing to such amendment, consent or waiver; provided, however, that Agent hereby appoints, authorizes and directs each Lender and L/C Issuer to act as collateral sub-agent for Agent, the Lenders and the L/C Issuers for purposes of the perfection of all Liens with respect to the Collateral, including any deposit account maintained by a Credit Party with, and cash and Cash Equivalents held by, such Lender or L/C Issuer, and may further authorize and direct the Lenders and the L/C Issuers to take further actions as collateral sub-agents for purposes of enforcing such Liens or otherwise to transfer the Collateral subject thereto to Agent, and each Lender and L/C Issuer hereby agrees to take such further actions to the extent, and only to the extent, so authorized and directed.

(c) Limited Duties. Under the Loan Documents, Agent (i) is acting solely on behalf of the Secured Parties (except to the limited extent provided in Section 1.4(b) with respect to the Register), with duties that are entirely administrative in nature, notwithstanding the use of the defined term "Agent," the terms "agent," "Agent" and "collateral agent" and similar terms in any Loan Document to refer to Agent, which terms are used for title purposes only, (ii) is not assuming any obligation under any Loan Document other than as expressly set forth therein or any role as agent, fiduciary or trustee of or for any Lender, L/C Issuer or any other Person and (iii) shall have no implied functions, responsibilities, duties, obligations or other liabilities under any Loan Document, and each Secured Party, by accepting the benefits of the Loan Documents hereby waives and agrees not to assert any claim against Agent based on the roles, duties and legal relationships expressly disclaimed in clauses (i) through (iii) above.

(d) Notwithstanding the provisions of Section 7.1(a) and 7.1(b), Section 8.1 or any other provision of any Loan Document:

(i) Each Antares Lender shall be responsible for all of the following on its own behalf: (A) execution and delivery of the Loan Documents, on its own behalf, and acceptance of delivery thereof on its own behalf from any Credit Party, and (B) approval, execution and delivery, on its own behalf, of any amendment, consent or waiver under any of the foregoing Loan Documents or other agreements related thereto;

(ii) Agent shall have no authority to do any of the foregoing on behalf of any Antares Lender; and

(iii) without limitation of the foregoing, if any Antares Lender consents to any matter requiring execution and delivery by or on behalf of the Required Lenders (as may be specified in Sections 8.1(a), 8.1(b) or 8.1(c), or any other provision of the Agreement or of any other Loan Document), such Antares Lender shall execute and deliver, on its own behalf, such documents or instruments as may be necessary in connection with such matter (and (with respect to Antares Lenders only), Agent shall have no authority to sign, execute or deliver any such document or instrument on behalf of any Antares Lender). If any Antares Lender has not consented to any such matter, but other Lenders constituting Require Lenders have done so, the provisions of this Section 7.1(d)(iii) do not require a separate signature from such Antares Lender.

(e) Quebec Collateral.

(i) For greater certainty, and without limiting the powers of the Agent or any other Person acting as mandatary (agent) of the Agent, each of the Secured Parties hereby irrevocably constitutes the Agent as the hypothecary representative within the meaning of Article 2692 of the *Civil Code of Québec* in order to hold hypothecs and security granted by any Credit Party on property pursuant to the laws of the Province of Québec in order to secure the Obligations. The execution by the Agent, acting as hypothecary representative prior to the Agreement of any deeds of hypothec or other security documents is hereby ratified and confirmed.

(ii) The constitution of the Agent as hypothecary representative with respect to any deeds of hypothec or other security documents in favour of the Agent for the benefit of the Secured Parties shall be deemed to have been ratified and confirmed by each Person accepting an assignment of, a participation in or an arrangement in respect of, all or any portion of any Secured Parties' rights and obligations under the Agreement by the execution of an assignment, including an Assignment or other agreement pursuant to which it becomes such assignee or participant, and by each successor Agent by the execution of an Assignment or other agreement, or by the compliance with other formalities, as the case may be, pursuant to which it becomes a successor Agent under this Agreement.

(iii) The Agent acting as hypothecary representative shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favor of Agent in the Agreement, which shall apply mutatis mutandis to the Agent acting as hypothecary representative.

7.2 Binding Effect. Each Secured Party, by accepting the benefits of the Loan Documents, agrees that (i) any action taken by Agent or the Required Lenders (or, if expressly required hereby, a greater proportion of the Lenders) in accordance with the provisions of the Loan Documents, (ii) any action taken by Agent in reliance upon the instructions of Required Lenders (or, where so required, such greater proportion) and (iii) the exercise by Agent or the Required Lenders (or, where so required, such greater proportion) of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Secured Parties.

7.3 Use of Discretion.

(a) Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Agent to liability or that is contrary to any Loan Document or applicable Requirement of Law; and

(b) Agent shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Credit Party or its Affiliates that is communicated to or obtained by Agent or any of its Affiliates in any capacity.

(c) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, Agent in accordance with the Loan Documents for the benefit of all the Secured Parties and the L/C Issuer; provided that the foregoing shall not prohibit (i) Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its

capacity as Agent) hereunder and under the other Loan Documents, (ii) each of the L/C Issuer and the Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swingline Lender, as the case may be) hereunder and under the other Loan Documents, (iii) any Lender from exercising setoff rights in accordance with Section 8.11 or (iv) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Credit Party under any bankruptcy or other debtor relief law; and provided further that if at any time there is no Person acting as Agent hereunder and under the other Loan Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to Agent pursuant to Section 6.2 and (B) in addition to the matters set forth in clauses (ii), (iii) and (iv) of the preceding proviso and subject to Section 8.11, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

7.4 Delegation of Rights and Duties. The Agent may, upon any term or condition it specifies, delegate or exercise any of its rights, powers and remedies under, and delegate or perform any of its duties or any other action with respect to, any Loan Document by or through any trustee, co-agent, employee, attorney-in-fact and any other Person (including any Secured Party). Any such Person shall benefit from this Article VII to the extent provided by Agent.

7.5 Reliance and Liability.

(a) The Agent may, without incurring any liability hereunder, (i) treat the payee of any Note as its holder until such Note has been assigned in accordance with Section 8.9, (ii) rely on the Register to the extent set forth in Section 1.4, (iii) consult with any of its Related Persons and, whether or not selected by it, any other advisors, accountants and other experts (including advisors to, and accountants and experts engaged by, any Credit Party) and (iv) rely and act upon any document and information (including those transmitted by Electronic Transmission) and any telephone message or conversation, in each case believed by it to be genuine and transmitted, signed or otherwise authenticated by the appropriate parties.

(b) None of Agent and its Related Persons shall be liable for any action taken or omitted to be taken by any of them under or in connection with any Loan Document, and each Secured Party, each Holding Company, each Borrower and each other Credit Party hereby waive and shall not assert (and each of the Holding Companies and the Borrowers shall cause each other Credit Party to waive and agree not to assert) any right, claim or cause of action based thereon, except to the extent of liabilities resulting primarily from the gross negligence or willful misconduct of Agent or, as the case may be, such Related Person (each as determined in a final, non-appealable judgment by a court of competent jurisdiction) in connection with the duties expressly set forth herein. Without limiting the foregoing, Agent:

(i) shall not be responsible or otherwise incur liability for any action or omission taken in reliance upon the instructions of the Required Lenders or for the actions or omissions of any of its Related Persons selected with reasonable care (other than employees, officers and directors of Agent, when acting on behalf of Agent);

(ii) shall not be responsible to any Lender, L/C Issuer or other Person for the due execution, legality, validity, enforceability, effectiveness, genuineness,

sufficiency or value of, or the attachment, perfection or priority of any Lien created or purported to be created under or in connection with, any Loan Document;

(iii) makes no warranty or representation, and shall not be responsible, to any Lender, L/C Issuer or other Person for any statement, document, information, representation or warranty made or furnished by or on behalf of any Credit Party or any Related Person of any Credit Party in connection with any Loan Document or any transaction contemplated therein or any other document or information with respect to any Credit Party, whether or not transmitted or (except for documents expressly required under any Loan Document to be transmitted to the Lenders) omitted to be transmitted by Agent, including as to completeness, accuracy, scope or adequacy thereof, or for the scope, nature or results of any due diligence performed by Agent in connection with the Loan Documents; and

(iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any provision of any Loan Document, whether any condition set forth in any Loan Document is satisfied or waived, as to the financial condition of any Credit Party or as to the existence or continuation or possible occurrence or continuation of any Default or Event of Default and shall not be deemed to have notice or knowledge of such occurrence or continuation unless it has received a notice from the Borrower Representative, any Lender or L/C Issuer describing such Default or Event of Default clearly labeled "notice of default" (in which case Agent shall promptly give notice of such receipt to all Lenders);

and, for each of the items set forth in clauses (i) through (iv) above, each Lender, L/C Issuer, each Holding Company and each Borrower hereby waives and agrees not to assert (and each Holding Company and each Borrower shall cause each other Credit Party to waive and agree not to assert) any right, claim or cause of action it might have against Agent based thereon.

(c) Each Lender and L/C Issuer (i) acknowledges that it has performed and will continue to perform its own diligence and has made and will continue to make its own independent investigation of the operations, financial conditions and affairs of the Credit Parties and (ii) agrees that it shall not rely on any audit or other report provided by Agent or its Related Persons (an "Agent Report"). Each Lender and L/C Issuer further acknowledges that any Agent Report (i) is provided to the Lenders and L/C Issuers solely as a courtesy, without consideration, and based upon the understanding that such Lender or L/C Issuer will not rely on such Agent Report, (ii) was prepared by Agent or its Related Persons based upon information provided by the Credit Parties solely for Agent's own internal use, (iii) may not be complete and may not reflect all information and findings obtained by Agent or its Related Persons regarding the operations and condition of the Credit Parties. Neither Agent nor any of its Related Persons makes any representations or warranties of any kind with respect to (i) any existing or proposed financing, (ii) the accuracy or completeness of the information contained in any Agent Report or in any related documentation, (iii) the scope or adequacy of Agent's and its Related Persons' due diligence, or the presence or absence of any errors or omissions contained in any Agent Report or in any related documentation, and (iv) any work performed by Agent or Agent's Related Persons in connection with or using any Agent Report or any related documentation.

(d) Neither Agent nor any of its Related Persons shall have any duties or obligations in connection with or as a result of any Lender or L/C Issuer receiving a copy of any Agent Report. Without limiting the generality of the foregoing, neither Agent nor any of its Related Persons shall have any responsibility for the accuracy or completeness of any Agent Report, or the appropriateness of any Agent Report for any Lender's or L/C Issuer's purposes, and shall have no duty or responsibility to correct or update any Agent Report or disclose to any Lender or L/C Issuer any other information not embodied in any Agent Report, including any supplemental information obtained after the date of any Agent Report. Each Lender and L/C Issuer releases, and agrees that it will not assert, any claim against Agent or its Related Persons that in any way relates to any Agent Report or arises out of any Lender or L/C Issuer having access to any Agent Report or any discussion of its contents, and agrees to indemnify and hold harmless Agent and its Related Persons from all claims, liabilities and expenses relating to a breach by any Lender or L/C Issuer arising out of such Lender's or L/C Issuer's access to any Agent Report or any discussion of its contents.

7.6 Agent Individually. The Agent and its Affiliates may make loans and other extensions of credit to, acquire Stock and Stock Equivalents of, engage in any kind of business with, any Credit Party or Affiliate thereof as though it were not acting as Agent and may receive separate fees and other payments therefor. To the extent Agent or any of its Affiliates makes any Loan or otherwise becomes a Lender hereunder, it shall have and may exercise the same rights and powers hereunder and shall be subject to the same obligations and liabilities as any other Lender and the terms "Lender," "Revolving Lender", "Required Lenders", "Required Supermajority Lenders" and any similar terms shall, except where otherwise expressly provided in any Loan Document, include Agent or such Affiliate, as the case may be, in its individual capacity as Lender, Revolving Lender or as one of the Required Lenders or Required Supermajority Lenders, respectively.

7.7 Lender Credit Decision.

(a) Each Lender and each L/C Issuer acknowledges that it shall, independently and without reliance upon Agent, any Lender or L/C Issuer or any of their Related Persons or upon any document (including any offering and disclosure materials in connection with the syndication of the Loans) solely or in part because such document was transmitted by Agent or any of its Related Persons, conduct its own independent investigation of the financial condition and affairs of each Credit Party and make and continue to make its own credit decisions in connection with entering into, and taking or not taking any action under, any Loan Document or with respect to any transaction contemplated in any Loan Document, in each case based on such documents and information as it shall deem appropriate. Except for documents expressly required by any Loan Document to be transmitted by Agent to the Lenders or L/C Issuers, Agent shall not have any duty or responsibility to provide any Lender or L/C Issuer with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Credit Party or any Affiliate of any Credit Party that may come in to the possession of Agent or any of its Related Persons.

(b) If any Lender or L/C Issuer has elected to abstain from receiving MNPI concerning the Credit Parties or their Affiliates, such Lender or L/C Issuer acknowledges that, notwithstanding such election, Agent and/or the Credit Parties will, from time to time, make

available syndicate-information (which may contain MNPI) as required by the terms of, or in the course of administering the Loans to the credit contact(s) identified for receipt of such information on the Lender's administrative questionnaire who are able to receive and use all syndicate-level information (which may contain MNPI) in accordance with such Lender's compliance policies and contractual obligations and applicable law, including federal and state securities laws; provided that if such contact is not so identified in such questionnaire, the relevant Lender or L/C Issuer hereby agrees to promptly (and in any event within one (1) Business Day) provide such a contact to Agent and the Credit Parties upon request therefor by Agent or the Credit Parties. Notwithstanding such Lender's or L/C Issuer's election to abstain from receiving MNPI, such Lender or L/C Issuer acknowledges that if such Lender or L/C Issuer chooses to communicate with Agent, it assumes the risk of receiving MNPI concerning the Credit Parties or their Affiliates.

7.8 Expenses; Indemnities.

(a) Each Lender agrees to reimburse Agent and each of its Related Persons (to the extent not reimbursed by any Credit Party) promptly upon demand, severally and ratably, for any costs and expenses (including fees, charges and disbursements of financial, legal and other advisors and Other Taxes paid in the name of, or on behalf of, any Credit Party) that may be incurred by Agent or any of its Related Persons in connection with the preparation, syndication, execution, delivery, administration, modification, consent, waiver or enforcement of, or the taking of any other action (whether through negotiations, through any work-out, bankruptcy, restructuring or other legal or other proceeding (including preparation for and/or response to any subpoena or request for document production relating thereto) or otherwise) in respect of, or legal advice with respect to its rights or responsibilities under, any Loan Document.

(b) Each Lender further agrees to indemnify Agent and each of its Related Persons (to the extent not reimbursed by any Credit Party), severally and ratably, from and against Liabilities (including taxes, interests and penalties imposed for not properly withholding or backup withholding on payments made to on or for the account of any Lender) that may be imposed on, incurred by or asserted against Agent or any of its Related Persons in any matter relating to or arising out of, in connection with or as a result of any Loan Document or any other act, event or transaction related, contemplated in or attendant to any such document, or, in each case, any action taken or omitted to be taken by Agent or any of its Related Persons under or with respect to any of the foregoing; provided, however, that no Lender shall be liable to Agent or any of its Related Persons to the extent such liability has resulted primarily from the gross negligence or willful misconduct of Agent or, as the case may be, such Related Person, as determined by a court of competent jurisdiction in a final non-appealable judgment or order.

(c) To the extent required by any applicable law, Agent may withhold from any payment to any Lender under a Loan Document an amount equal to any applicable withholding tax. If the Internal Revenue Service, the CRA or any other Governmental Authority asserts a claim that Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate certification form was not delivered, was not properly executed, or fails to establish an exemption from, or reduction of, withholding tax with respect to a particular type of payment, or because such Lender failed to notify Agent or any other Person of a change in circumstances which rendered the exemption from, or reduction of, withholding

tax ineffective, or for any other reason), or Agent reasonably determines that it was required to withhold taxes from a prior payment but failed to do so, such Lender shall promptly indemnify Agent fully for all amounts paid, directly or indirectly, by Agent as tax or otherwise, including penalties and interest, and together with all expenses incurred by Agent, including legal expenses, allocated internal costs and out-of-pocket expenses. Agent may offset against any payment to any Lender under a Loan Document, any applicable withholding tax that was required to be withheld from any prior payment to such Lender but which was not so withheld, as well as any other amounts for which Agent is entitled to indemnification from such Lender under this Section 7.8(c).

7.9 Resignation of Agent or L/C Issuer.

(a) The Agent may resign at any time by delivering notice of such resignation to the Lenders and the Borrower Representative, effective on the date set forth in such notice or, if no such date is set forth therein, on the date such notice is delivered. If Agent delivers any such notice, the Required Lenders shall have the right to appoint a successor Agent; provided that the failure of the Required Lenders to appoint a successor Agent shall not nullify, delay or otherwise affect in any way the effectiveness of the retiring Agent's notice of resignation. Each appointment under this clause (a) shall be subject to the prior consent of the Borrowers, which may not be unreasonably withheld but shall not be required during the continuance of an Event of Default.

(b) Effective immediately upon its resignation, (i) the retiring Agent shall be discharged from its duties and obligations under the Loan Documents, (ii) the Lenders shall assume and perform all of the duties of Agent until a successor Agent shall have accepted a valid appointment hereunder, (iii) the retiring Agent and its Related Persons shall no longer have the benefit of any provision of any Loan Document other than with respect to any actions taken or omitted to be taken while such retiring Agent was, or because such Agent had been, validly acting as Agent under the Loan Documents and (iv) subject to its rights under Section 7.3, the retiring Agent shall take such action as may be reasonably necessary to assign to the successor Agent its rights as Agent under the Loan Documents. Effective immediately upon its acceptance of a valid appointment as Agent, a successor Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Agent under the Loan Documents.

(c) Any L/C Issuer may resign at any time by delivering notice of such resignation to Agent, effective on the date set forth in such notice or, if no such date is set forth therein, on the date such notice is delivered. Upon such resignation, the L/C Issuer shall remain an L/C Issuer and shall retain its rights and obligations in its capacity as such (other than any obligation to Issue Letters of Credit but including the right to receive fees or to have Lenders participate in any L/C Reimbursement Obligation thereof) with respect to Letters of Credit issued by such L/C Issuer prior to the date of such resignation and shall otherwise be discharged from all other duties and obligations under the Loan Documents.

7.10 Release of Collateral or Guarantors. Each Lender and L/C Issuer hereby consents to the release and hereby directs Agent to release (or, in the case of clause (b)(ii) below, release or subordinate) the following:

(a) any Subsidiary of a Borrower from its guaranty of any Obligation under the Loan Documents if all of the Stock and Stock Equivalents of such Subsidiary owned by any Credit Party are sold or transferred in a transaction permitted under the Loan Documents (including pursuant to a waiver or consent given in accordance with Section 8.1), to the extent that, after giving effect to such transaction, such Subsidiary would not be required to guaranty any Obligations pursuant to Section 4.13; and

(b) any Lien held by Agent for the benefit of the Secured Parties against (i) any Collateral that is sold, transferred, conveyed or otherwise disposed of by a Credit Party in a transaction permitted by the Loan Documents (including pursuant to a waiver or consent given in accordance with Section 8.1), other than sales, transfers, conveyances or other dispositions to other Credit Parties, to the extent all Liens required to be granted in such Collateral pursuant to Section 4.13 after giving effect to such transaction have been granted, (ii) any property subject to a Lien permitted hereunder in reliance upon Section 5.1(h) and (iii) all of the Collateral and all Credit Parties, upon (A) termination of the Revolving Loan Commitments, (B) payment and satisfaction in full of all Loans, all L/C Reimbursement Obligations and all other Obligations under the Loan Documents and all Obligations arising under Secured Bank Product Agreements that Agent has theretofore been notified in writing by the holder of such Obligation are then due and payable (it being understood that such notice shall not be required if the holder thereof is Antares Finance or any of its Affiliates), (C) payment and satisfaction in full of all Prior Lender Obligations, (D) deposit of cash collateral with respect to all contingent Obligations (or, in the case of any Letter of Credit Obligation, receipt by Agent of a back-up letter of credit) in amounts and on terms and conditions and with parties reasonably satisfactory to Agent and each Indemnitee that is, or may be, owed such Obligations and (E) to the extent requested by Agent, receipt by Agent and the Secured Parties of liability releases from the Credit Parties each in form and substance reasonably acceptable to Agent.

(c) SPV Holdco from its guarantee of any Obligation under the Loan Documents upon the exhaustion of the OMERS LC due to a draw or draws on the OMERS LC following an LC Draw Event.

Each Lender and L/C Issuer hereby directs Agent, and Agent hereby agrees, upon receipt of reasonable advance notice from the Borrower Representative, to execute and deliver or file such documents and to perform other actions reasonably necessary to release the guaranties and Liens when and as directed in this Section 7.10.

7.11 Additional Secured Parties. The benefit of the provisions of the Loan Documents directly relating to the Collateral or the OMERS LC, or any Lien granted thereunder shall extend to and be available to any Secured Party that is not a Lender or L/C Issuer party hereto as long as, by accepting such benefits, such Secured Party agrees, as among Agent and all other Secured Parties, that such Secured Party is bound by (and, if requested by Agent, shall confirm such agreement in a writing in form and substance acceptable to Agent) this Article VII, Section 8.3, Section 8.9, Section 8.10, Section 8.11, Section 8.17, Section 8.24 and Section 9.1 and the decisions and actions of Agent and the Required Lenders (or, where expressly required by the terms of this Agreement, a greater proportion of the Lenders or other parties hereto as required herein) to the same extent a Lender is bound; provided, however, that, notwithstanding the foregoing, (a) such Secured Party shall be bound by Section 7.8 only to the extent of Liabilities,

costs and expenses with respect to or otherwise relating to the Collateral or the OMERS LC, held for the benefit of such Secured Party, in which case the obligations of such Secured Party thereunder shall not be limited by any concept of pro rata share or similar concept, (b) each of Agent, the Lenders and the L/C Issuers party hereto shall be entitled to act at its sole discretion, without regard to the interest of such Secured Party, regardless of whether any Obligation to such Secured Party thereafter remains outstanding, is deprived of the benefit of the Collateral or the OMERS LC, becomes unsecured or is otherwise affected or put in jeopardy thereby, and without any duty or liability to such Secured Party or any such Obligation and (c) except as otherwise set forth herein, such Secured Party shall not have any right to be notified of, consent to, direct, require or be heard with respect to, any action taken or omitted in respect of the Collateral or the OMERS LC, or under any Loan Document.

7.12 Titles. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, no Syndication Agent, Documentation Agent, Bookrunner or Lead Arranger shall have any duties or responsibilities, nor shall any Syndication Agent, Documentation Agent, Bookrunner or Lead Arranger have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any Syndication Agent, Documentation Agent, Bookrunner or Lead Arranger.

ARTICLE VIII. - MISCELLANEOUS

8.1 Amendments and Waivers.

(a) No amendment, modification or waiver of any provision of this Agreement or any other Loan Document (other than the Fee Letter which may be amended, modified or waived in accordance with its terms), and no consent with respect to any departure by any Credit Party therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent with the consent of the Required Lenders), the Borrowers and acknowledged by Agent, and then such waiver shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Lenders directly affected thereby (or by Agent with the consent of all the Lenders directly affected thereby), in addition to the Required Lenders (or by Agent with the consent of the Required Lenders), the Borrowers and acknowledged by Agent, do any of the following:

(i) increase or extend the Revolving Loan Commitment of any Lender (or reinstate any Revolving Loan Commitment terminated pursuant to Section 6.2(a));

(ii) postpone or delay any date fixed for, or waive, any scheduled installment of principal or any payment of interest, fees or other amounts due to the Lenders (or any of them) or L/C Issuer hereunder or under any other Loan Document (other than prepayments pursuant to Sections 1.8(c) and (d));

(iii) reduce the principal of, or the rate of interest specified herein or the amount of interest payable in cash specified herein on any Loan, or of any fees or

other amounts payable hereunder or under any other Loan Document, including L/C Reimbursement Obligations;

(iv) amend or modify Sections 1.10(c) or (d) or Section 8.11(b);

(v) except as provided by this Sections 8.1, change the percentage of the Revolving Loan Commitments or of the aggregate unpaid principal amount of the Loans, in each case, which shall be required for the Lenders or any of them to take any action hereunder;

(vi) amend this Section 8.1 or the definition of Required Supermajority Lenders or Required Lenders or any provision providing for consent or other action by all Lenders; or

(vii) discharge any Credit Party from its respective payment Obligations under the Loan Documents, subordinate or release all or substantially all of the Collateral, or subordinate the Obligations hereunder to any other Indebtedness, in each case, except in connection with a Sale Transaction or Permitted Store Closing Sales or as otherwise may be provided in this Agreement or the other Loan Documents;

it being agreed that all Lenders shall be deemed to be directly affected by an amendment or waiver of the type described in the preceding clauses (iv) through (vii).

(b) No amendment, waiver or consent shall, unless in writing and signed by Agent, the Swingline Lender or the L/C Issuer, as the case may be, in addition to the Required Lenders or all Lenders directly affected thereby, as the case may be (or by Agent with the consent of the Required Lenders or all the Lenders directly affected thereby, as the case may be), affect the rights or duties of Agent, the Swingline Lender or the L/C Issuer, as applicable, under this Agreement or any other Loan Document. No amendment, modification or waiver of this Agreement or any Loan Document altering the ratable treatment of Obligations arising under Secured Bank Product Agreements or Secured Bank Product Provider becoming unsecured (other than releases of Liens permitted in accordance with the terms hereof), in each case in a manner adverse to any Secured Bank Product Provider, shall be effective without the written consent of such Secured Bank Product Provider or, in the case of a Secured Bank Product Agreement provided or arranged by Antares Finance or an Affiliate of Antares Finance.

(c) No amendment or waiver shall, unless signed by the Required Supermajority Lenders (or by Agent with the consent of Required Supermajority Lenders) in addition to the Required Lenders (or by Agent with the consent of the Required Lenders): amend or modify the definitions of Eligible Credit Card Accounts, Eligible Wholesale Accounts, Eligible Inventory, Eligible Domestic In Transit Inventory, Revolving Credit Borrowing Base or Availability Block or increase the advance rates in the definition of Revolving Credit Borrowing Base, in a manner which would make more credit available to the Borrowers (it being understood and agreed that the foregoing shall not limit, restrict or impair the rights of Agent under Section 1.13 including with respect to the elimination of Reserves).

(d) Notwithstanding anything set forth herein to the contrary, a Non-Funding Lender shall not have any voting, elective or consent rights under or with respect to any Loan

Document or constitute a "Lender" or a "Revolving Lender" (or be, or have its Loans and Revolving Loan Commitments, included in the determination of "Required Lenders", "Required Supermajority Lenders", or "Lenders directly affected" pursuant to this Section 8.1) for any voting or consent rights under or with respect to any Loan Document, except that a Non-Funding Lender shall be treated as an "affected Lender" for purposes of Section 8.1(a)(i) and 8.1(a)(iii) solely with respect to a change in such Non-Funding Lender's Revolving Loan Commitments, a reduction of the principal amount owed to such Non-Funding Lender or, unless such Non-Funding Lender is treated the same as the other Lenders holding Loans of the same type, a reduction in the interest rates applicable to the Loans held by such Non-Funding Lender. Moreover, for the purposes of determining Required Lenders and Required Supermajority Lenders, the Loans and Revolving Loan Commitments held by Non-Funding Lenders shall be excluded from the total Loans and Revolving Loan Commitments outstanding.

(e) Notwithstanding anything to the contrary contained in this Section 8.1, Agent may amend Schedule 1.1(a) and Schedule 1.1(b) to reflect assignments entered in pursuant to Section 8.9.

8.2 Notices.

(a) Addresses. All notices, demands, requests, directions and other communications required or expressly authorized to be made by this Agreement shall, whether or not specified to be in writing but unless otherwise expressly specified to be given by any other means, be given in writing and (i) addressed to:

(A) If to any Credit Party, to:

c/o Golfsmith International Holdings, Inc.
11000 North IH 35
Austin, Texas 78753-3195
Attention: Brian Cejka, Chief Restructuring Officer
E-Mail: Bcejka@alvarezandmarsal.com
Facsimile: 877.471.1414

with a copy to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153-0119
Attention: Michael F. Walsh
E-Mail: Michael.Walsh@weil.com
Facsimile: 212.310.8007

with a copy to:

Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400

Toronto, Ontario M5H2S7
Attention: Robert J. Chadwick and Melaney Wagner
E-Mail: R.Chadwick@goodmans.ca and M.Wagner@goodmans.ca
Facsimile: 416.979.1234

(B) If to Agent or the Swingline Lender:

Antares Capital LP
11175 Cicero Drive, Suite 625
Alpharetta, Georgia 30022
Attention: Jonathan Balch
E-Mail: Jonathan.Balch@antares.com
Facsimile: 678.624.7903

with a copy to:

Morgan, Lewis & Bockius LLP
One Federal Street
Boston, Massachusetts 02110
Attention: Sandra J. Vrejan
E-Mail: Sandra.Vrejan@morganlewis.com
Facsimile: 617.341.7701

(ii) posted to SyndTrak® (to the extent such system is available and set up by or at the direction of Agent prior to posting) in an appropriate location by uploading such notice, demand, request, direction or other communication to www.syndtrak.com, faxing it to SyndTrak® with an appropriate bar-code fax coversheet or using such other means of posting to SyndTrak® as may be available and reasonably acceptable to Agent prior to such posting, (iii) posted to any other E-System set up by or at the direction of Agent or (iv) addressed to such other address as shall be notified in writing (A) in the case of the Borrowers, Agent and the Swingline Lender, to the other parties hereto and (B) in the case of all other parties, to the Borrower Representative and Agent. Transmission by electronic mail (including E-Fax, even if transmitted to the fax numbers set forth above) shall not be sufficient or effective to transmit any such notice under this clause (a) unless such transmission is an available means to post to any E-System.

(b) Effectiveness. All communications described in clause (a) above and all other notices, demands, requests and other communications made in connection with this Agreement shall be effective and be deemed to have been received (i) if delivered by hand, upon personal delivery, (ii) if delivered by overnight courier service, 1 Business Day after delivery to such courier service, (iii) if delivered by mail, when deposited in the mail, (iv) if delivered by facsimile (other than to post to an E-System pursuant to clause (a)(ii) or (a)(iii) above), upon sender's receipt of confirmation of proper transmission, and (v) if delivered by posting to any E-System, on the later of the date of such posting and the date access to such posting is given to the recipient thereof in accordance with the standard procedures applicable to such E-System; provided, however, that no communications to Agent pursuant to Article I shall be effective until received by Agent. The posting, completion and/or submission by any Credit Party of any communication pursuant to an E-System shall constitute a representation and warranty by the

Credit Parties that any representation, warranty, certification or other similar statement required by the Loan Documents to be provided, given or made by a Credit Party in connection with any such communication is true, correct and complete except as expressly noted in such communication or E-System.

(c) Each Lender shall notify Agent in writing of any changes in the address to which notices to such Lender should be directed, of addresses of its Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as Agent shall reasonably request.

8.3 Electronic Transmissions.

(a) Authorization. Subject to the provisions of Section 8.2(a), each of Agent, Lenders, each Credit Party and each of their Related Persons, is authorized (but not required) to transmit, post or otherwise make or communicate, in its sole discretion, Electronic Transmissions in connection with any Loan Document and the transactions contemplated therein. Each Credit Party and each Secured Party hereto acknowledges and agrees that the use of Electronic Transmissions is not necessarily secure and that there are risks associated with such use, including risks of interception, disclosure and abuse and each indicates it assumes and accepts such risks by hereby authorizing the transmission of Electronic Transmissions.

(b) Signatures. Subject to the provisions of Section 8.2(a), (i)(A) no posting to any E-System shall be denied legal effect merely because it is made electronically, (B) each E Signature on any such posting shall be deemed sufficient to satisfy any requirement for a “signature” and (C) each such posting shall be deemed sufficient to satisfy any requirement for a “writing,” in each case including pursuant to any Loan Document, any applicable provision of any UCC, the federal Uniform Electronic Transactions Act, the Electronic Signatures in Global and National Commerce Act, the PPSA, the *Electronic Commerce Act, 2000* (Ontario) and any substantive or procedural Requirement of Law governing such subject matter, (ii) each such posting that is not readily capable of bearing either a signature or a reproduction of a signature may be signed, and shall be deemed signed, by attaching to, or logically associating with such posting, an E-Signature, upon which each Secured Party and each Credit Party may rely and assume the authenticity thereof, (iii) each such posting containing a signature, a reproduction of a signature or an E-Signature shall, for all intents and purposes, have the same effect and weight as a signed paper original and (iv) each party hereto or beneficiary hereto agrees not to contest the validity or enforceability of any posting on any E-System or E-Signature on any such posting under the provisions of any applicable Requirement of Law requiring certain documents to be in writing or signed; provided, however, that nothing herein shall limit such party’s or beneficiary’s right to contest whether any posting to any E-System or E-Signature has been altered after transmission.

(c) Separate Agreements. All uses of an E-System shall be governed by and subject to, in addition to Section 8.2 and this Section 8.3, separate terms and conditions posted or referenced in such E-System and related Contractual Obligations executed by Agent and Credit Parties in connection with the use of such E-System.

(d) LIMITATION OF LIABILITY. ALL E-SYSTEMS AND ELECTRONIC TRANSMISSIONS SHALL BE PROVIDED "AS IS" AND "AS AVAILABLE." NONE OF AGENT, ANY LENDER OR ANY OF THEIR RELATED PERSONS WARRANTS THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY E-SYSTEMS OR ELECTRONIC TRANSMISSION AND DISCLAIMS ALL LIABILITY FOR ERRORS OR OMISSIONS THEREIN. NO WARRANTY OF ANY KIND IS MADE BY AGENT, ANY LENDER OR ANY OF THEIR RELATED PERSONS IN CONNECTION WITH ANY E SYSTEMS OR ELECTRONIC COMMUNICATION, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD-PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS. Each Borrower, each other Credit Party executing this Agreement and each Secured Party agrees that Agent has no responsibility for maintaining or providing any equipment, software, services or any testing required in connection with any Electronic Transmission or otherwise required for any E-System.

8.4 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No course of dealing between any Credit Party, any Affiliate of any Credit Party, Agent or any Lender shall be effective to amend, modify or discharge any obligation or provision of this Agreement or any of the other Loan Documents.

8.5 Costs and Expenses. Any action taken by any Credit Party under or with respect to any Loan Document, even if required under any Loan Document or at the request of Agent or Required Lenders, shall be at the expense of such Credit Party, and neither Agent nor any other Secured Party shall be required under any Loan Document to reimburse any Credit Party or any Subsidiary of any Credit Party therefor except as expressly provided therein. Each Borrower shall reimburse (i) Agent for all fees, costs and expenses (including the reasonable fees and expenses of all of Agent's counsel, advisors, consultants and auditors (including financial advisors and sales consultants)), (ii) Lenders for all reasonable and actual out of pocket costs and expenses (other than Attorneys Costs), and (iii) Agent (and, with respect to clauses (b), (c) and (d) below, one counsel for all Lenders (other than Agent)) for all reasonable and documented fees, costs and expenses, including the reasonable fees, costs and expenses of counsel or other advisors (including sales consultants and advisors, environmental and management consultants and appraisers), incurred in connection with the negotiation, preparation and administration of the Loan Documents, the Interim Order, the Final Order and the Initial Order and incurred in connection with:

(a) any amendment, modification or waiver of, consent with respect to, or termination of, any of the Loan Documents or advice in connection with the syndication and administration of the Loans made pursuant hereto or its rights hereunder or thereunder;

(b) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Agent, any Lender, any Borrower or any other Person and whether as a party, witness or otherwise) in any way relating to the Collateral, any of the Loan Documents or any other agreement to be executed or delivered in connection herewith or therewith, including any

litigation, contest, dispute, suit, case, proceeding or action, and any appeal or review thereof, in connection with a case or proceeding commenced by or against any Borrower or any other Person that may be obligated to Agent by virtue of the Loan Documents; including any such litigation, contest, dispute, suit, proceeding or action arising in connection with any work-out or restructuring of the Loans during the pendency of one or more Events of Default; provided that no Person shall be entitled to reimbursement under this clause (b) in respect of any litigation, contest, dispute, suit, proceeding or action to the extent any of the foregoing results from such Person's gross negligence or willful misconduct (as determined by a final non-appealable judgment);

(c) any attempt to enforce or prosecute any rights or remedies of Agent against any or all of the Credit Parties or any other Person that may be obligated to Agent or any Lender by virtue of any of the Loan Documents, including any such attempt to enforce any such remedies in the course of any work-out or restructuring of the Loans during the pendency of one or more Events of Default;

(d) any work-out or restructuring of the Loans during the pendency of one or more Events of Default;

(e) the obtaining of approval of the Loan Documents by any Insolvency Court;

(f) the preparation and review of pleadings, documents and reports related to the Insolvency Cases and any Successor Cases, attendance at meetings, court hearings or conferences related to the Insolvency Cases and any Successor Cases, and general monitoring of the Insolvency Cases and any Successor Cases;

(g) efforts to (i) monitor the Loans or any of the other Obligations, (ii) evaluate, observe or assess any of the Credit Parties or their respective affairs, and (iii) verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Collateral;

(h) any lien searches or request for information listing financing statements or liens filed or searches conducted to confirm receipt and due filing of financing statements and security interests in all or a portion of the Collateral; and

(i) including, as to each of clauses (a) through (h) above, all reasonable attorneys' and other professional and service providers' fees arising from such services and other advice, assistance or other representation, including those in connection with any appellate proceedings, and all expenses, costs, charges and other fees incurred by such counsel and others in connection with or relating to any of the events or actions described in this Section 8.5, all of which shall be payable, on demand, by Borrowers to Agent. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: fees, costs and expenses of accountants, sales consultants, financial advisors, environmental advisors, appraisers, investment bankers, management and other consultants and paralegals; court costs and expenses; photocopying and duplication expenses; court reporter fees, costs and expenses; air express

charges; and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal or other advisory services.

8.6 Indemnity.

(a) Each Credit Party agrees to indemnify, hold harmless and defend Agent, each Lender, each L/C Issuer and each of their respective Related Persons (each such Person being an "Indemnitee") from and against all Liabilities (including brokerage commissions, fees and other compensation) that may be imposed on, incurred by or asserted against any such Indemnitee in any matter relating to or arising out of, in connection with or as a result of (i) any Loan Document, any Related Agreement, any Obligation (or the repayment thereof), any Letter of Credit, the OMERS LC, the use or intended use of the proceeds of any Loan or the use of any Letter of Credit or any securities filing of, or with respect to, any Credit Party, (ii) any commitment letter, proposal letter or term sheet with any Person or any Contractual Obligation, arrangement or understanding with any broker, finder or consultant, in each case entered into by or on behalf of any Credit Party or any Affiliate of any of them in connection with any of the foregoing and any Contractual Obligation entered into in connection with any E-Systems or other Electronic Transmissions, (iii) any actual or prospective investigation, litigation or other proceeding, whether or not brought by any such Indemnitee or any of its Related Persons, any holders of securities or creditors (and including reasonable and documented attorneys' fees in any case), whether or not any such Indemnitee, Related Person, holder or creditor is a party thereto, and whether or not based on any securities or commercial law or regulation or any other Requirement of Law or theory thereof, including common law, equity, contract, tort or otherwise or (iv) any other act, event or transaction related, contemplated in or attendant to any of the foregoing (collectively, the "Indemnified Matters"); provided, however, that no Credit Party shall have any liability under this Section 8.6 to any Indemnitee with respect to any Indemnified Matter, and no Indemnitee shall have any liability with respect to any Indemnified Matter other than (to the extent otherwise liable), to the extent such liability has resulted from the gross negligence, bad faith or willful misconduct of such Indemnitee or breach by such Indemnitee of its obligations hereunder, as determined by a court of competent jurisdiction in a final non-appealable judgment or order. Furthermore, each of each Borrower and each other Credit Party executing this Agreement waives and agrees not to assert against any Indemnitee, and shall cause each other Credit Party to waive and not assert against any Indemnitee, any right of contribution with respect to any Liabilities that may be imposed on, incurred by or asserted against any Related Person.

(b) Without limiting the foregoing, "Indemnified Matters" includes all Environmental Liabilities, including those arising from, or otherwise involving, any Property of any Credit Party or any Related Person of any Credit Party or any actual, alleged or prospective damage to Property or natural resources or harm or injury alleged to have resulted from any Release of Hazardous Materials on, upon or into such Property or natural resource or any Property on or contiguous to any Real Estate of any Credit Party or any Related Person or any Credit Party, whether or not, with respect to any such Environmental Liabilities, any Indemnitee is a mortgagee pursuant to any leasehold mortgage, a mortgagee in possession, the successor-in-interest to any Credit Party or any Related Person of any Credit Party or the owner, lessee or operator of any Property of any Related Person through any foreclosure action, in each case except to the extent such Environmental Liabilities (i) are incurred solely following foreclosure

by Agent or following Agent or any Lender having become the successor-in-interest to any Credit Party or any Related Person of any Credit Party and (ii) are attributable solely to acts of such Indemnitee.

(c) This Section 8.6 shall not apply with respect to Taxes other than Taxes that represent losses, damages, claims and similar amounts arising from any non-Tax claim.

8.7 Marshaling; Payments Set Aside. No Secured Party shall be under any obligation to marshal any Property in favor of any Credit Party or any other Person or against or in payment of any Obligation. To the extent that any Secured Party receives a payment from a Borrower, from any other Credit Party, from the proceeds of the Collateral or the OMERS LC, from the exercise of its rights of setoff, any enforcement action or otherwise, and such payment is subsequently, in whole or in part, invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party, then to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not occurred.

8.8 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided that any assignment by any Lender shall be subject to the provisions of Section 8.9 hereof, and provided further that no Borrower may assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Agent and each Lender.

8.9 Assignments and Participations; Binding Effect.

(a) This Agreement shall become effective when it shall have been executed by each Holding Company, the Borrowers, the other Credit Parties signatory hereto and Agent and when Agent shall have been notified by each Lender and the initial L/C Issuer that such Lender or L/C Issuer has executed it. Thereafter, it shall be binding upon and inure to the benefit of, but only to the benefit of, the Holding Companies, the Borrowers, the other Credit Parties hereto (in each case except for Article VII), Agent, each Lender and L/C Issuer party hereto and, to the extent provided in Section 7.11, each other Secured Party and, in each case, their respective successors and permitted assigns. Except as expressly provided in any Loan Document (including in Section 7.9), none of the Holding Companies, any Borrower, any other Credit Party, any L/C Issuer or Agent shall have the right to assign any rights or obligations hereunder or any interest herein.

(b) Each Lender may sell, transfer, negotiate or assign (a "Sale") all or a portion of its rights and obligations hereunder (including all or a portion of its Revolving Loan Commitments and its rights and obligations with respect to Loans and Letters of Credit) to (i) any existing Lender (other than a Non-Funding Lender or Impacted Lender), (ii) any Affiliate or Approved Fund of any existing Lender (other than a Non-Funding Lender or Impacted Lender), or (iii) any other Person acceptable (which acceptance shall not be unreasonably withheld or delayed) to Agent and, with respect to Sales of Revolving Loan Commitments, each L/C Issuer; provided, however, that (w) no Lender shall assign its obligation hereunder to fund Revolving Loans denominated in Dollars without a ratable assignment of its obligation hereunder to fund

Revolving Loans in Canadian Dollars and no Lender shall assign its obligation hereunder to fund Revolving Loans denominated in Canadian Dollars without a ratable assignment of its obligation hereunder to fund Revolving Loans in Dollars, (x) for each Loan, the aggregate outstanding principal amount (determined as of the effective date of the applicable Assignment) of the Loans, Revolving Loan Commitments and Letter of Credit Obligations subject to any such Sale shall be in a minimum amount of $1,000,000, unless such Sale is made to an existing Lender or an Affiliate or Approved Fund of any existing Lender, is of the assignor's (together with its Affiliates and Approved Funds) entire interest in such Facility or is made with the prior consent of the Borrower Representative, (y) interest accrued prior to and through the date of any such Sale may not be assigned, and (z) such Sales by Lenders who are Non-Funding Lenders due to clause (a) of the definition of Non-Funding Lenders shall be subject to Agent's prior written consent in all instances, unless in connection with such Sale, such Non-Funding Lender cures, or causes the cure of, its Non-Funding Lender status as contemplated in Section 1.11(e)(v). Agent's refusal to accept a Sale to a Credit Party, an Affiliate of a Credit Party, a holder of High Yield Debt or Subordinated Indebtedness or an Affiliate of such a holder, or to a Person that would be a Non-Funding or an Impacted Lender, or the imposition of conditions or limitations (including limitations on voting) upon Sales to such Persons, shall not be deemed to be unreasonable.

(c) The parties to each Sale made in reliance on Section 8.9(b) (other than those described in Section 8.9(e) or 8.9(f)) shall execute and deliver to Agent an Assignment via an electronic settlement system designated by Agent (or, if previously agreed with Agent, via a manual execution and delivery of the Assignment) evidencing such Sale, together with any existing Note subject to such Sale (or any affidavit of loss therefor acceptable to Agent), any tax forms required to be delivered pursuant to Section 9.1 and payment of an assignment fee in the amount of $3,500 to Agent, unless waived or reduced by Agent; provided that (1) if a Sale by a Lender is made to an Affiliate or an Approved Fund of such assigning Lender, then no assignment fee shall be due in connection with such Sale, and (2) if a Sale by a Lender is made to an assignee that is not an Affiliate or Approved Fund of such assignor Lender, and concurrently to one or more Affiliates or Approved Funds of such Assignee, then only one assignment fee of $3,500 shall be due in connection with such Sale. Upon receipt of all the foregoing, and conditioned upon such receipt and, if such Assignment is made in accordance with Section 8.9(b)(iii), upon Agent (and the Borrower Representative, if applicable) consenting to such Assignment (if required), from and after the effective date specified in such Assignment, Agent shall record or cause to be recorded in the Register the information contained in such Assignment.

(d) Subject to the recording of an Assignment by Agent in the Register pursuant to Section 1.4(b), (i) the assignee thereunder shall become a party hereto and, to the extent that rights and obligations under the Loan Documents have been assigned to such assignee pursuant to such Assignment, shall have the rights and obligations of a Lender, (ii) any applicable Note shall be transferred to such assignee through such entry and (iii) the assignor thereunder shall, to the extent that rights and obligations under this Agreement have been assigned by it pursuant to such Assignment, relinquish its rights (except for those surviving the termination of the Revolving Loan Commitments and the payment in full of the Obligations) and be released from its obligations under the Loan Documents, other than those relating to events or circumstances occurring prior to such Assignment (and, in the case of an Assignment covering

all or the remaining portion of an assigning Lender's rights and obligations under the Loan Documents, such Lender shall cease to be a party hereto).

(e) In addition to the other rights provided in this Section 8.9, each Lender may grant a security interest in, or otherwise assign as collateral, any of its rights under this Agreement, whether now owned or hereafter acquired (including rights to payments of principal or interest on the Loans), to (A) any federal reserve bank (pursuant to Regulation A of the Federal Reserve Board), without notice to Agent or (B) any holder of, or trustee for the benefit of the holders of, such Lender's Indebtedness or equity securities; provided, however, that no such holder or trustee, whether because of such grant or assignment or any foreclosure thereon (unless such foreclosure is made through an assignment in accordance with Section 8.9(b)), shall be entitled to any rights of such Lender hereunder and no such Lender shall be relieved of any of its obligations hereunder.

(f) In addition to the other rights provided in this Section 8.9, each Lender may, (x) with notice to Agent, grant to an SPV the option to make all or any part of any Loan that such Lender would otherwise be required to make hereunder (and the exercise of such option by such SPV and the making of Loans pursuant thereto shall satisfy the obligation of such Lender to make such Loans hereunder) and such SPV may assign to such Lender the right to receive payment with respect to any Obligation and (y) without notice to or consent from Agent or the Borrowers, sell participations to one or more Persons in or to all or a portion of its rights and obligations under the Loan Documents (including all its rights and obligations with respect to the Revolving Loans and Letters of Credit); provided, however, that, whether as a result of any term of any Loan Document or of such grant or participation, (i) no such SPV or participant shall have a commitment, or be deemed to have made an offer to commit, to make Loans hereunder, and, except as provided in the applicable option agreement, none shall be liable for any obligation of such Lender hereunder, (ii) such Lender's rights and obligations, and the rights and obligations of the Credit Parties and the Secured Parties towards such Lender, under any Loan Document shall remain unchanged and each other party hereto shall continue to deal solely with such Lender, which shall remain the holder of the Obligations in the Register, except that (A) each such participant and SPV shall be entitled to the benefit of Article IX, but, with respect to Section 9.1, only to the extent such participant or SPV delivers the tax forms it would be required to deliver if it were a Lender to comply with Section 9.1 (but for the avoidance of doubt, this reference to obligations includes only those obligations which are appropriate for the participant or SPV to comply with the context of the relevant provision) and then, in each case, and then only to the extent of any amount to which such Lender would be entitled in the absence of any such grant or participation and (B) each such SPV may receive other payments that would otherwise be made to such Lender with respect to Loans funded by such SPV to the extent provided in the applicable option agreement and set forth in a notice provided to Agent by such SPV and such Lender, provided, however, that in no case (including pursuant to clause (A) or (B) above) shall an SPV or participant have the right to enforce any of the terms of any Loan Document, and (iii) the consent of such SPV or participant shall not be required (either directly, as a restraint on such Lender's ability to consent hereunder or otherwise) for any amendments, waivers or consents with respect to any Loan Document or to exercise or refrain from exercising any powers or rights such Lender may have under or in respect of the Loan Documents (including the right to enforce or direct enforcement of the Obligations), except for those described in clauses (ii) and (iii) of Section 8.1(a) with respect to amounts, or dates fixed for

payment of amounts, to which such participant or SPV would otherwise be entitled and, in the case of participants, except for those described in clause (vi) of Section 8.1(a). No party hereto shall institute (and each Borrower and each Holding Company shall cause each other Credit Party not to institute) against any SPV grantee of an option pursuant to this clause (f) any bankruptcy, reorganization, insolvency, liquidation or similar proceeding, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper of such SPV; provided, however, that each Lender having designated an SPV as such agrees to indemnify each Indemnitee against any Liability that may be incurred by, or asserted against, such Indemnitee as a result of failing to institute such proceeding (including a failure to get reimbursed by such SPV for any such Liability). The agreement in the preceding sentence shall survive the termination of the Revolving Loan Commitments and the payment in full of the Obligations. Each Lender having sold a participation or having made a grant of an option to an SPV pursuant to this clause (f) shall, acting as a non-fiduciary agent of the Borrowers, maintain a register with respect to such participations or such SPV grants, on which it records the name and address of each participant or SPV and the principal amounts of and any interest on such participant's participations or the interest underlying such SPV's grant, as the case may be (each, a "Participant Register"). Each Lender shall make a copy of such Participant Register available for review by the Borrowers or Agent from time to time as the Borrowers or Agent may reasonably request.

8.10 Non-Public Information; Confidentiality.

(a) Non-Public Information. Agent, each Lender and each L/C Issuer acknowledges and agrees that it may receive material non-public information ("MNPI") hereunder concerning the Credit Parties and their Affiliates and agrees to use such information in compliance with all relevant policies, procedures and applicable Requirements of Laws (including United States federal and state securities laws and regulations, and Canadian federal, provincial and territorial security laws and regulations).

(b) Confidential Information. Each Lender, each L/C Issuer and Agent agrees to use all reasonable efforts to maintain, in accordance with its customary practices, the confidentiality of information obtained by it pursuant to any Loan Document and designated in writing by any Credit Party as confidential for a period of two (2) years following the date on which this Agreement terminates in accordance with the terms hereof, except that such information may be disclosed (i) with the Borrower's consent, (ii) to Related Persons of such Lender, L/C Issuer or Agent, as the case may be, or to any Person that any L/C Issuer causes to Issue Letters of Credit hereunder, that are advised of the confidential nature of such information and are instructed to keep such information confidential in accordance with the terms hereof, (iii) to the extent such information presently is or hereafter becomes (A) publicly available other than as a result of a breach of this Section 8.10 or (B) available to such Lender, L/C Issuer or Agent or any of their Related Persons, as the case may be, from a source (other than any Credit Party) not known by them to be subject to disclosure restrictions, (iv) to the extent disclosure is required by applicable Requirements of Law or other legal process or requested or demanded by any Governmental Authority, (in which case, Agent shall use commercially reasonable efforts to notify the Borrowers to the extent lawfully permitted to do so), (v) to the extent necessary or customary for inclusion in league table measurements, (vi) (A) to the National Association of Insurance Commissioners, the Insurance Bureau of Canada or any similar organization, any

examiner or any nationally recognized rating agency or (B) otherwise to the extent consisting of general portfolio information that does not identify Credit Parties, (vii) to current or prospective assignees, SPVs (including the investors or prospective investors therein) or participants and to their respective Related Persons, in each case to the extent such assignees, investors, participants, counterparties or Related Persons agree to be bound by provisions substantially similar to the provisions of this Section 8.10 (and such Person may disclose information to their respective Related Persons in accordance with clause (ii) above), (viii) to any other party hereto, and (ix) in connection with the exercise or enforcement of any right or remedy under any Loan Document, in connection with any litigation or other proceeding to which such Lender, L/C Issuer or Agent or any of their Related Persons is a party or bound, or to the extent necessary to respond to public statements or disclosures by Credit Parties or their Related Persons referring to a Lender, L/C Issuer or Agent or any of their Related Persons. In the event of any conflict between the terms of this Section 8.10 and those of any other Contractual Obligation entered into with any Credit Party (whether or not a Loan Document), the terms of this Section 8.10 shall govern.

(c) Tombstones. Each Credit Party's consent (not to be unreasonably withheld or delayed) shall be required prior to the publication by Agent or any Lender of advertising material relating to the financing transactions contemplated by this Agreement using Borrower's or any other Credit Party's name, product photographs, logo or trademark. Agent or such Lender shall provide a draft of any advertising material to Borrower for review and comment prior to the publication thereof.

(d) Press Release and Related Matters. No Credit Party shall, and no Credit Party shall permit any of its Affiliates to, issue any press release or other public disclosure (other than any document filed with any Governmental Authority relating to a public offering of securities of any Credit Party) using the name, logo or otherwise referring to Antares or of any of its Affiliates, the Loan Documents or any transaction contemplated therein to which Antares is party without the prior consent of Antares, not to be unreasonably withheld or delayed, except to the extent required to do so under applicable Requirements of Law and then, only after consulting with Antares.

(e) Distribution of Materials to Lenders and L/C Issuers. Subject to the provisions of Section 8.10(f), the Credit Parties acknowledge and agree that the Loan Documents and all reports, notices, communications and other information or materials provided or delivered by, or on behalf of, the Credit Parties hereunder (collectively, the "Borrower Materials") may be disseminated by, or on behalf of, Agent, and made available, to the Lenders and the L/C Issuers by posting such Borrower Materials on an E-System. The Credit Parties authorize Agent to download copies of their logos from its website and post copies thereof on an E-System.

(f) Material Non-Public Information. The Credit Parties hereby agree that if either they, any parent company or any Subsidiary of the Credit Parties has publicly traded equity or debt securities in the United States or Canada, they shall (and shall cause such parent company or Subsidiary, as the case may be, to) (i) identify in writing, and (ii) to the extent reasonably practicable, clearly and conspicuously mark such Borrower Materials that contain only information that is publicly available or that is not material for purposes of either United States federal and state securities laws or Canadian federal, provincial and territorial securities laws, as "PUBLIC". The Credit Parties agree that by identifying such Borrower Materials as

"PUBLIC" or publicly filing such Borrower Materials with any securities commission, then Agent, the Lenders and the L/C Issuers shall be entitled to treat such Borrower Materials as not containing any MNPI for purposes of United States federal and state securities laws or Canadian federal, provincial and territorial securities laws. The Credit Parties further represent, warrant, acknowledge and agree that the following documents and materials shall be deemed to be PUBLIC, whether or not so marked, and do not contain any MNPI: (A) the Loan Documents, including the schedules and exhibits attached thereto, and (B) administrative materials of a customary nature prepared by the Credit Parties or Agent (including, Notices of Borrowing, Notices of Conversion/Continuation, L/C Requests, Swingline requests and any similar requests or notices posted on or through an E-System). Before distribution of any Borrower Materials, the Credit Parties agree to execute and deliver to Agent a letter authorizing distribution of the evaluation materials to prospective Lenders and their employees willing to receive MNPI, and a separate letter authorizing distribution of evaluation materials that do not contain MNPI and represent that no MNPI is contained therein.

8.11 Set-off; Sharing of Payments.

(a) Right of Setoff. Each of Agent, each Lender, each L/C Issuer and each Affiliate (including each branch office thereof) of any of them is hereby authorized (notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court or the Canadian Court), without notice or demand (each of which is hereby waived by each Credit Party), at any time and from time to time during the continuance of any Event of Default and to the fullest extent permitted by applicable Requirements of Law, to set off and apply any and all deposits (whether general or special, time or demand, provisional or final) at any time held and other Indebtedness, claims or other obligations at any time owing by Agent, such Lender, such L/C Issuer or any of their respective Affiliates to or for the credit or the account of the Borrowers or any other Credit Party against any Obligation of any Credit Party now or hereafter existing, whether or not any demand was made under any Loan Document with respect to such Obligation and even though such Obligation may be unmatured. No Lender or L/C Issuer shall exercise any such right of setoff without the prior consent of Agent or Required Lenders. Each of Agent, each Lender and each L/C Issuer agrees promptly to notify the Borrower Representative and Agent after any such setoff and application made by such Lender or its Affiliates; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights under this Section 8.11 are in addition to any other rights and remedies (including other rights of setoff) that Agent, the Lenders, the L/C Issuer, their Affiliates and the other Secured Parties, may have.

(b) Sharing of Payments, Etc. If any Lender, directly or through an Affiliate or branch office thereof, obtains any payment of any Obligation of any Credit Party (whether voluntary, involuntary or through the exercise of any right of setoff or the receipt of any Collateral or "proceeds" (as defined under the applicable UCC or PPSA) of Collateral) other than pursuant to Section 8.9 and Article IX and such payment exceeds the amount such Lender would have been entitled to receive if all payments had gone to, and been distributed by, Agent in accordance with the provisions of the Loan Documents, such Lender shall purchase for cash from other Lenders such participations in their Obligations as necessary for such Lender to share such excess payment with such Lenders to ensure such payment is applied as though it had been received by Agent and applied in accordance with this Agreement (or, if such application would

then be at the discretion of the Borrowers, applied to repay the Obligations in accordance herewith); provided, however, that (a) if such payment is rescinded or otherwise recovered from such Lender or L/C Issuer in whole or in part, such purchase shall be rescinded and the purchase price therefor shall be returned to such Lender or L/C Issuer without interest and (b) such Lender shall, to the fullest extent permitted by applicable Requirements of Law, be able to exercise all its rights of payment (including the right of setoff) with respect to such participation as fully as if such Lender were the direct creditor of the applicable Credit Party in the amount of such participation. If a Non-Funding Lender receives any such payment as described in the previous sentence, such Lender shall turn over such payments to Agent in an amount that would satisfy the cash collateral requirements set forth in Section 1.11(e).

8.12 Counterparts; Facsimile Signature. This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Agreement or any other Loan Document, or other agreement, document or instrument, by facsimile transmission or Electronic Transmission shall be as effective as delivery of a manually executed counterpart hereof.

8.13 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

8.14 Captions. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

8.15 Independence of Provisions. The parties hereto acknowledge that this Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters, and that such limitations, tests and measurements are cumulative and must each be performed, except as expressly stated to the contrary in this Agreement.

8.16 Interpretation. This Agreement is the result of negotiations among and has been reviewed by counsel to the Credit Parties, Agent, each Lender and other parties hereto, and is the product of all parties hereto. Accordingly, this Agreement and the other Loan Documents shall not be construed against the Lenders or Agent merely because of Agent's or Lenders' involvement in the preparation of such documents and agreements.

8.17 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Credit Parties, the Lenders, the L/C Issuer, Agent and, subject to the provisions of Section 7.11 hereof, each other Secured Party, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents. Neither Agent nor any Lender shall have any obligation to any Person not a party to this Agreement or the other Loan Documents.

8.18 **<u>GOVERNING LAW</u>. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THE LOAN DOCUMENTS AND THE OBLIGATIONS SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA (INCLUDING THE BANKRUPTCY CODE). EACH CREDIT PARTY HEREBY CONSENTS AND AGREES THAT (I) THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE CREDIT PARTIES ORGANIZED IN THE UNITED STATES, AGENT AND LENDERS AND (II) THE CANADIAN COURT SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE CREDIT PARTIES ORGANIZED IN CANADA, AGENT AND LENDERS, IN EACH CASE, PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; <u>PROVIDED</u> THAT AGENT, LENDERS AND THE CREDIT PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THE BANKRUPTCY COURT OR THE CANADIAN COURT MAY HAVE TO BE HEARD BY A COURT OTHER THAN THE BANKRUPTCY COURT OR THE CANADIAN COURT; <u>PROVIDED</u>, <u>FURTHER</u>, THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF AGENT. EACH CREDIT PARTY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH CREDIT PARTY HEREBY WAIVES ANY OBJECTION THAT SUCH CREDIT PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH CREDIT PARTY HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH CREDIT PARTY AT THE ADDRESS SET FORTH IN SECTION 8.2 AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH CREDIT PARTY'S ACTUAL RECEIPT THEREOF OR 3 DAYS AFTER DEPOSIT IN THE UNITED STATES MAILS, PROPER POSTAGE PREPAID**.

8.19 **<u>WAIVER OF JURY TRIAL</u>. THE PARTIES HERETO, TO THE EXTENT PERMITTED BY LAW, WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING ARISING OUT OF, IN CONNECTION WITH OR RELATING TO, THIS AGREEMENT, THE OTHER LOAN DOCUMENTS AND ANY OTHER TRANSACTION CONTEMPLATED HEREBY AND THEREBY. THIS**

WAIVER APPLIES TO ANY ACTION, SUIT OR PROCEEDING WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.

8.20 Entire Agreement; Release; Survival.

(a) THE LOAN DOCUMENTS EMBODY THE ENTIRE AGREEMENT OF THE PARTIES AND SUPERSEDE ALL PRIOR AGREEMENTS AND UNDERSTANDINGS RELATING TO THE SUBJECT MATTER THEREOF AND ANY PRIOR LETTER OF INTEREST, COMMITMENT LETTER, CONFIDENTIALITY AND SIMILAR AGREEMENTS INVOLVING ANY CREDIT PARTY AND ANY LENDER OR ANY L/C ISSUER OR ANY OF THEIR RESPECTIVE AFFILIATES RELATING TO A FINANCING OF SUBSTANTIALLY SIMILAR FORM, PURPOSE OR EFFECT OTHER THAN THE FEE LETTER. IN THE EVENT OF ANY CONFLICT BETWEEN THE TERMS OF THIS AGREEMENT AND ANY OTHER LOAN DOCUMENT, THE TERMS OF THIS AGREEMENT SHALL GOVERN (UNLESS SUCH TERMS OF SUCH OTHER LOAN DOCUMENTS ARE NECESSARY TO COMPLY WITH APPLICABLE REQUIREMENTS OF LAW, IN WHICH CASE SUCH TERMS SHALL GOVERN TO THE EXTENT NECESSARY TO COMPLY THEREWITH). IF ANY PROVISION IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT CONFLICTS WITH ANY PROVISION IN ANY APPLICABLE ORDER, THE PROVISIONS IN THE APPLICABLE ORDER SHALL GOVERN AND CONTROL.

(b) Execution of this Agreement by the Credit Parties constitutes a full, complete and irrevocable release of any and all claims which each Credit Party may have at law or in equity in respect of all prior discussions and understandings, oral or written, relating to the subject matter of this Agreement and the other Loan Documents. In no event shall any Indemnitee be liable on any theory of liability for any special, indirect, consequential or punitive damages (including any loss of profits, business or anticipated savings). Each of each Borrower and each other Credit Party signatory hereto hereby waives, releases and agrees (and shall cause each other Credit Party to waive, release and agree) not to sue upon any such claim for any special, indirect, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(c) (i) Any indemnification or other protection provided to any Indemnitee pursuant to Article VII (The Agent), Section 8.5 (Costs and Expenses), Section 8.6 (Indemnity), this Section 8.20, and Article IX (Taxes, Yield Protection and Illegality) of this Agreement, (ii) solely for the two (2) year time period specified therein, the provisions of Section 8.10 of this Agreement and (iii) the provisions of Section 8.1 of the Guaranty and Security Agreement, in each case, shall (x) survive the termination of the Revolving Loan Commitments and the payment in full of all other Obligations and (y) with respect to clause (i) hereof, inure to the benefit of any Person that at any time held a right thereunder (as an Indemnitee or otherwise) and, thereafter, its successors and permitted assigns.

8.21 Patriot Act; Anti-Money Laundering Legislation.

(a) Each Credit Party acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the Patriot Act, and other applicable

anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders and Agent may be required to obtain, verify and record information regarding each Credit Party, its respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Credit Party, and the transactions contemplated hereby. Borrower Representative shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or Agent, or any prospective assign or participant of a Lender or Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If Agent has ascertained the identity of the Credit Parties or any authorized signatories of the Credit Parties for the purposes of applicable AML Legislation, then Agent:

(i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and Agent within the meaning of applicable AML Legislation; and

(ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that Agent has no obligation to ascertain the identity of the Credit Parties or any authorized signatories of the Credit Parties on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Credit Parties or any such authorized signatory in doing so.

8.22 Replacement of Lender. Within forty-five (45) days after: (i) receipt by the Borrower Representative of written notice and demand from any Lender (an "Affected Lender") for payment of additional costs as provided in Sections 9.1, 9.3 and/or 9.6; or (ii) any failure by any Lender (other than Agent or an Approved Fund of Agent) to consent to a requested amendment, waiver or modification to any Loan Document in which Required Lenders have already consented to such amendment, waiver or modification but the consent of each Lender (or each Lender directly affected thereby, as applicable) is required with respect thereto, the Borrower Representative may, at its option, notify Agent and such Affected Lender (or such non-consenting Lender) of the Borrower Representative's intention to obtain, at the Borrowers' expense, a replacement Lender ("Replacement Lender") for such Affected Lender (or such non-consenting Lender), which Replacement Lender shall be reasonably satisfactory to Agent. In the event the Borrower Representative obtains a Replacement Lender within forty-five (45) days following notice of its intention to do so, the Affected Lender (or such non-consenting Lender) shall sell and assign its Loans and Revolving Loan Commitments to such Replacement Lender, at par, provided that the Borrowers have reimbursed such Affected Lender for its increased costs for which it is entitled to reimbursement under this Agreement through the date of such sale and assignment. In the event that a replaced Lender does not execute an Assignment pursuant to Section 8.9 within five (5) Business Days after receipt by such replaced Lender of notice of replacement pursuant to this Section 8.22 and presentation to such replaced Lender of an Assignment evidencing an assignment pursuant to this Section 8.22, the Borrower Representative shall be entitled (but not obligated) to execute such an Assignment on behalf of

such replaced Lender, and any such Assignment so executed by the Borrower Representative, the Replacement Lender and Agent, shall be effective for purposes of this Section 8.22 and Section 8.9. Notwithstanding the foregoing, with respect to a Lender that is a Non-Funding Lender or an Impacted Lender, Agent or Borrower Representative may, but shall not be obligated to, obtain a Replacement Lender and execute an Assignment on behalf of such Non-Funding Lender or Impacted Lender at any time with three (3) Business' Days prior notice to such Lender or an Impacted Lender (unless notice is not practicable under the circumstances) and cause such Lender's Loans and Revolving Loan Commitments to be sold and assigned, in whole or in part, at par. Upon any such assignment and payment and compliance with the other provisions of Section 8.9, such replaced Lender shall no longer constitute a "Lender" for purposes hereof; provided, any rights of such replaced Lender to indemnification hereunder shall survive.

8.23 Joint and Several. The obligations of the Credit Parties hereunder and under the other Loan Documents are joint and several. Without limiting the generality of the foregoing, reference is hereby made to Article II of the Guaranty and Security Agreement, to which the obligations of Borrower and the other Credit Parties are subject.

8.24 Lender-Creditor Relationship. The relationship between Agent, each Lender and the L/C Issuer, on the one hand, and the Credit Parties, on the other hand, is solely that of lender and debtor. No Secured Party has any fiduciary relationship or duty to any Credit Party arising out of or in connection with, and there is no agency, tenancy or joint venture relationship between the Secured Parties and the Credit Parties by virtue of, any Loan Document or any transaction contemplated therein.

8.25 Actions in Concert. Notwithstanding anything contained herein to the contrary, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights against any Credit Party arising out of this Agreement or any other Loan Document (including exercising any rights of setoff) without first obtaining the prior written consent of Agent or Required Lenders, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement and the other Loan Documents shall be taken in concert and at the direction or with the consent of Agent or Required Lenders, except as set forth in Section 7.9.

8.26 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Solely to the extent any Lender or L/C Issuer that is an EEA Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or L/C Issuer that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

ARTICLE IX. - TAXES, YIELD PROTECTION AND ILLEGALITY

9.1 Taxes.

(a) Except as otherwise provided in this Section 9.1, each payment by any Credit Party under any Loan Document shall be made free and clear of all present or future taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto (and without deduction for any of them) (collectively "Taxes", and excluding the taxes set forth in clauses (i) through (iv) below, the "Indemnified Taxes") other than for (i) Taxes imposed on, or measured by gross or net income, net assets, capital or net worth (including any Tax in the nature of a branch profits tax under Section 884(a) of the Code), branch interest Taxes and franchise Taxes imposed in lieu of net income Taxes, in each case imposed on any Secured Party by any jurisdiction (or any political subdivision thereof) under the laws of which it is organized, in which it has its principal office or in the case of a Lender its lending office, or in which it has or had a present or former connection (other than such connection arising solely from any Secured Party having executed, delivered or performed its obligations or received a payment under, or enforced, any Loan Document), (ii) Taxes that are directly attributable to the failure (other than as a result of a change in any Requirement of Law) by Agent or any Lender to deliver the documentation required to be delivered pursuant to Section 9.1(f), (iii) in the case of a Non-U.S. Lender Party, any United States federal withholding taxes imposed on amounts payable to such Non-U.S. Lender Party under FATCA, and (iv) any Canadian federal withholding Taxes imposed on the payment as a result of having been paid to a recipient that, at the time of making such payment, is a person with which a Credit Party does not deal at arm's length for the purposes of the ITA.

(b) If any Indemnified Taxes shall be required by law to be deducted from or in respect of any amount payable under any Loan Document to any Secured Party (i) such amount shall be increased as necessary to ensure that, after all required deductions for Indemnified Taxes are made (including deductions applicable to any increases to any amount under this Section 9.1), such Secured Party receives the amount it would have received had no such deductions been made, (ii) the relevant Credit Party shall make such deductions, (iii) the relevant Credit Party shall timely pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable Requirements of Law and (iv) within thirty (30)

days after such payment is made, the relevant Credit Party shall deliver to Agent an original or certified copy of a receipt evidencing such payment; provided, however, that no such increase shall be made with respect to, and no Credit Party shall be required to indemnify any Secured Party pursuant to Section 9.1(d) for, U.S. withholding taxes to the extent that the obligation to withhold amounts existed on the date that such Person became a "Secured Party" under this Agreement in the capacity under which such Person makes a claim under this Section 9.1(b), except in each case to the extent such Person is a direct or indirect assignee (other than pursuant to Section 8.22) of any other Secured Party that was entitled, at the time the assignment to such Person became effective, to receive additional amounts under this Section 9.1(b).

(c) In addition, the Borrowers agree to pay, and authorize Agent to pay in their name, any stamp, documentary, excise or property tax, charges or similar levies imposed by any applicable Requirement of Law or Governmental Authority and all Liabilities with respect thereto (including by reason of any delay in payment thereof), in each case arising from the preparation, administration, execution, delivery or registration of, or otherwise with respect to, any Loan Document or any transaction contemplated therein (collectively, "Other Taxes"). The Swingline Lender may, without any need for notice, demand or consent from the Borrowers or the Borrower Representative, by making funds available to Agent in the amount equal to any such payment, make a Swing Loan to the Borrowers in such amount, the proceeds of which shall be used by Agent in whole to make such payment. Within thirty (30) days after the date of any payment of Indemnified Taxes or Other Taxes by any Credit Party, the Borrowers shall furnish to Agent, at its address referred to in Section 8.2, the original or a certified copy of a receipt evidencing payment thereof.

(d) The Borrowers shall reimburse and indemnify, within thirty (30) days after receipt of demand therefor (with copy to Agent), each Secured Party for all Indemnified Taxes and Other Taxes with respect to any payment under any Loan Document (including any Indemnified Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 9.1) paid by such Secured Party and any Liabilities arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted (but excluding any penalties or interest attributable to the gross negligence or willful misconduct of such Secured Party or Agent). A Secured Party (or Agent on behalf of such Secured Party) claiming any compensation under this Section 9.1(d), shall deliver to the Borrower Representative, with a copy to Agent, a certificate setting forth, in reasonable detail, the basis and calculation, if applicable, of such compensation and the amounts to be paid thereunder, which shall be conclusive, binding and final for all purposes, absent manifest error. In determining such amount, Agent and such Secured Party may use any reasonable averaging and attribution methods.

(e) Any Lender claiming any additional amounts payable pursuant to this Section 9.1 shall use its reasonable efforts (consistent with its internal policies and Requirements of Law) to change the jurisdiction of its Lending Office if such a change would reduce any such additional amounts (or any similar amount that may thereafter accrue) and would not, in the reasonable determination of such Lender, be otherwise disadvantageous to such Lender.

(f) Each of Agent, each Lender, each L/C Issuer, each SPV and each participant that is entitled to an exemption from or reduction of withholding Tax with respect to

payments made under any Loan Document shall deliver to Agent and the Borrower Representative, at the time or times reasonably requested by Agent or the Borrower Representative, such properly completed and executed documentation reasonably requested by Agent or Borrower Representative as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Agent or Borrower Representative, shall deliver such other documentation prescribed by applicable law or reasonably requested by Agent and the Borrower Representative as will enable the Borrowers or Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation shall not be required if in Agent's, Lender's, L/C Issuer's, SPV or participant's reasonable judgment such completion, execution or submission would subject such person to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Person. Without limiting the generality of the foregoing: (i) Each Non-U.S. Lender Party that, at any of the following times, is entitled to an exemption from United States withholding tax or, after a change in any Requirement of Law, is subject to such withholding tax at a reduced rate under an applicable tax treaty, shall (w) on or prior to the date such Non-U.S. Lender Party becomes a "Non-U.S. Lender Party" hereunder, (x) on or prior to the date on which any such form or certification expires or becomes obsolete, (y) after the occurrence of any event requiring a change in the most recent form or certification previously delivered by it pursuant to this clause (i) and (z) from time to time if requested by the Borrower Representative or Agent (or, in the case of a participant or SPV, the relevant Lender), provide Agent and the Borrower Representative (or, in the case of a participant or SPV, the relevant Lender) with two completed originals of each of the following, as applicable: (A) Forms W-8ECI (claiming exemption from U.S. withholding tax because the income is effectively connected with a U.S. trade or business), W-8BEN or W-8BEN-E (claiming exemption from, or a reduction of, U.S. withholding tax under an income tax treaty) and/or W-8IMY or any successor forms, (B) in the case of a Non-U.S. Lender Party claiming exemption under Sections 871(h) or 881(c) of the Code, Form W-8BEN or W-8BEN-E (claiming exemption from U.S. withholding tax under the portfolio interest exemption) or any successor form and a certificate in form and substance acceptable to Agent that such Non-U.S. Lender Party is not (1) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (2) a "10 percent shareholder" of the Borrowers within the meaning of Section 871(h)(3) or 881(c)(3)(B) of the Code or (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code or (C) any other applicable document prescribed by the IRS certifying as to the entitlement of such Non-U.S. Lender Party to such exemption from United States withholding tax or reduced rate with respect to all payments to be made to such Non-U.S. Lender Party under the Loan Documents. Unless the Borrower Representative and Agent have received forms or other documents satisfactory to them indicating that payments under any Loan Document to or for a Non-U.S. Lender Party are not subject to United States withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Credit Parties and Agent shall withhold amounts required to be withheld by applicable Requirements of Law from such payments at the applicable statutory rate.

(ii) Each U.S. Lender Party shall (A) on or prior to the date such U.S. Lender Party becomes a "U.S. Lender Party" hereunder, (B) on or prior to the date on which any such form or certification expires or becomes obsolete, (C) after the occurrence of any event requiring a change in the most recent form or certification

previously delivered by it pursuant to this Section 9.1(f) and (D) from time to time if requested by the Borrower Representative or Agent (or, in the case of a participant or SPV, the relevant Lender), provide Agent and the Borrower Representative (or, in the case of a participant or SPV, the relevant Lender) with two completed originals of Form W-9 (certifying that such U.S. Lender Party is entitled to an exemption from U.S. backup withholding tax) or any successor form, if such form is required under applicable law to establish an exemption from withholding.

(iii) Each Lender having sold a participation in any of its Obligations or identified an SPV as such to Agent shall collect from such participant or SPV the documents described in this Section 9.1(f) and provide them to Agent.

(iv) If a payment made to a Non-U.S. Lender Party would be subject to United States federal withholding tax imposed by FATCA if such Non-U.S. Lender Party fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Non-U.S. Lender Party shall deliver to Agent and the Borrower Representative any documentation under any Requirement of Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) or reasonably requested by Agent or the Borrower Representative sufficient for Agent or the Borrower Representative to comply with their obligations under FATCA and to determine that such Non-U.S. Lender Party has complied with such Non-U.S. Lender Party's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(g) If a Borrower pays any additional amount pursuant to this Section 9.1 with respect to a Lender, prior to the date specified in clause (a) of the definition of the Revolving Termination Date, such Lender shall use reasonable efforts to obtain a refund of tax credit against its tax liabilities on account of such payment. In the event that such Lender receives such a refund or credit, such Lender shall pay to such Borrower an amount that such Lender reasonably determines is equal to the net tax benefit obtained by such Lender as a result of such payment by such Borrower. In the event that no refund or credit is obtained with respect to such Borrower's payments to such Lender pursuant to this Section 9.1, then such Lender shall upon request provide a certification that such Lender has not received a refund or credit for such payments.

9.2 Illegality. If after the date hereof any Lender shall determine that the introduction of any Requirement of Law, or any change in any Requirement of Law or in the interpretation or administration thereof, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to make LIBOR Loans, then, on notice thereof by such Lender to the Borrowers through Agent, the obligation of that Lender to make LIBOR Loans shall be suspended until such Lender shall have notified Agent and the Borrower Representative that the circumstances giving rise to such determination no longer exists.

(a) Subject to Section 9.2(c), if any Lender shall determine that it is unlawful to maintain any LIBOR Loan or BA Rate Loan, the Borrowers shall prepay in full all LIBOR

Loans or BA Rate Loans, as applicable, of such Lender then outstanding, together with interest accrued thereon, either on the last day of the Interest Period or BA Period, as applicable, thereof if such Lender may lawfully continue to maintain such LIBOR Loans or BA Period, as applicable, to such day, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Loans, together with any amounts required to be paid in connection therewith pursuant to Section 9.4.

(b) If the obligation of any Lender to make or maintain LIBOR Loans or BA Period, as applicable, has been terminated, the Borrower Representative may elect, by giving notice to such Lender through Agent that all Loans which would otherwise be made by any such Lender as (i) LIBOR Loans shall be instead Base Rate Loans and (ii) BA Rate Loans shall be instead Canadian Prime Rate Loans.

(c) Before giving any notice to Agent pursuant to this Section 9.2, the affected Lender shall designate a different Lending Office with respect to its LIBOR Loans if such designation will avoid the need for giving such notice or making such demand and will not, in the judgment of the Lender, be illegal or otherwise disadvantageous to the Lender.

9.3 Increased Costs and Reduction of Return.

(a) If any Lender or L/C Issuer shall determine that, due to either (i) the introduction of, or any change in, or in the interpretation of, any law or regulation or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), in the case of either clause (i) or (ii) subsequent to the date hereof, there shall be any increase in the cost to such Lender or L/C Issuer of agreeing to make or making, funding or maintaining any LIBOR Loans or of Issuing or maintaining any Letter of Credit, then the Borrowers shall be liable for, and shall from time to time, within thirty (30) days of demand therefor by such Lender or L/C Issuer (with a copy of such demand to Agent), pay to Agent for the account of such Lender or L/C Issuer, additional amounts as are sufficient to compensate such Lender or L/C Issuer for such increased costs; provided, that the Borrowers shall not be required to compensate any Lender or L/C Issuer pursuant to this Section for any increased costs incurred more than 180 days prior to the date that such Lender or L/C Issuer notifies the Borrower Representative, in writing of the increased costs and of such Lender's or L/C Issuer's intention to claim compensation thereof; provided, further, that if the circumstance giving rise to such increased costs is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. The foregoing provisions of this Section 9.3 shall not apply in the case of Taxes, which shall instead be governed by Section 9.1.

(b) If any Lender or L/C Issuer shall have determined that:

(i) the introduction of any Capital Adequacy Regulation;

(ii) any change in any Capital Adequacy Regulation;

(iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof; or

(iv) compliance by such Lender or L/C Issuer (or its Lending Office) or any entity controlling the Lender or L/C Issuer, with any Capital Adequacy Regulation;

affects the amount of capital required or expected to be maintained by such Lender or L/C Issuer or any entity controlling such Lender or L/C Issuer and (taking into consideration such Lender's or such entities' policies with respect to capital adequacy and such Lender's or L/C Issuer's desired return on capital) determines that the amount of such capital is increased as a consequence of its Revolving Loan Commitment(s), loans, credits or obligations under this Agreement, then, within thirty (30) days of demand of such Lender or L/C Issuer (with a copy to Agent), the Borrowers shall pay to such Lender or L/C Issuer, from time to time as specified by such Lender or L/C Issuer, additional amounts sufficient to compensate such Lender or L/C Issuer (or the entity controlling the Lender or L/C Issuer) for such increase; provided, that the Borrowers shall not be required to compensate any Lender or L/C Issuer pursuant to this Section for any amounts incurred more than 180 days prior to the date that such Lender or L/C Issuer notifies the Borrower Representative, in writing of the amounts and of such Lender's or L/C Issuer's intention to claim compensation thereof; provided, further, that if the event giving rise to such increase is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

(c) Notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a change in a Requirement of Law under subsection (a) above and/or a change in a Capital Adequacy Regulation under subsection (b) above, as applicable, regardless of the date enacted, adopted or issued.

9.4 Funding Losses. The Borrowers agree to reimburse each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur as a consequence of:

(a) the failure of the Borrowers to make any payment or mandatory prepayment of principal of any LIBOR Loan or BA Rate Loan (in each case, including payments made after any acceleration thereof);

(b) the failure of the Borrowers to borrow, continue or convert a Loan after the Borrower Representative has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Borrowers to make any prepayment after the Borrowers have given a notice in accordance with Section 1.7;

(d) the prepayment (including pursuant to Section 1.8) of a LIBOR Loan or a BA Rate Loan on a day which is not the last day of the Interest Period or the BA Period, as applicable, with respect thereto; or

(e) the conversion pursuant to Section 1.6 of any (i) LIBOR Loan to a Base Rate Loan on a day that is not the last day of the applicable Interest Period or (ii) BA Rate Loan to a Canadian Prime Rate Loan on a day that is not the last day of the applicable BA Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its LIBOR Loans hereunder or from fees payable to terminate the deposits from which such funds were obtained. Solely for purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 9.4 and under Section 9.3(a): each LIBOR Loan made by a Lender (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR used in determining the interest rate for such LIBOR Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Loan is in fact so funded.

9.5 Inability to Determine Rates. If Agent shall have determined in good faith that for any reason adequate and reasonable means do not exist for ascertaining the LIBOR for any requested Interest Period with respect to a proposed LIBOR Loan or that the LIBOR applicable pursuant to Section 1.3(a) for any requested Interest Period with respect to a proposed LIBOR Loan does not adequately and fairly reflect the cost to the Lenders of funding such Loan, Agent will forthwith give notice of such determination to the Borrower Representative and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBOR Loans hereunder shall be suspended until Agent revokes such notice in writing. Upon receipt of such notice, the Borrower Representative may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower Representative does not revoke such notice, the Lenders shall make, convert or continue the Loans, as proposed by the Borrower Representative, in the amount specified in the applicable notice submitted by the Borrower Representative, but such Loans shall be made, converted or continued as Base Rate Loans.

9.6 Reserves on LIBOR Loans. The Borrowers shall pay to each Lender, as long as such Lender shall be required under regulations of the Federal Reserve Board to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional costs on the unpaid principal amount of each LIBOR Loan equal to actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent demonstrable error), payable on each date on which interest is payable on such Loan provided the Borrower Representative shall have received at least fifteen (15) days' prior written notice (with a copy to Agent) of such additional interest from the Lender. If a Lender fails to give notice fifteen (15) days prior to the relevant Interest Payment Date, such additional interest shall be payable fifteen (15) days from receipt of such notice.

9.7 Certificates of Lenders. Any Lender claiming reimbursement or compensation pursuant to this Article IX shall deliver to the Borrower Representative (with a copy to Agent) a certificate setting forth in reasonable detail the amount payable to such Lender hereunder and such certificate shall be conclusive and binding on the Borrowers in the absence of manifest error.

9.8 Parties Including Trustees; Insolvency Court Proceedings. This Agreement, the other Loan Documents, and all Liens and other rights and privileges created hereby or pursuant hereto or to any other Loan Document shall be binding upon each Credit Party, the estates of the Credit Parties, and any trustee, other estate representative or any successor in interest of the Credit Parties in the Insolvency Cases or any Successor Cases, and shall not be subject to Section

365 of the Bankruptcy Code. This Agreement and the other Loan Documents shall be binding upon, and inure to the benefit of, the successors of Agent and Lenders and their respective assigns, transferees and endorsees. The Liens created by this Agreement and the other Loan Documents shall be and remain valid and perfected in the event of the substantive consolidation or conversion of the Insolvency Cases or any other bankruptcy case of any Credit Party to a Successor Case or in the event of dismissal of the Insolvency Cases or the release of any Collateral from the jurisdiction of the Insolvency Court for any reason, without the necessity that Agent files financing statements or otherwise perfect its Liens under applicable law. No Credit Party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of Agent and Lenders. Any such purported assignment, transfer, hypothecation or other conveyance by any Credit Party without the prior express written consent of Agents and Lenders shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Credit Party, Agent and Lenders with respect to the transactions contemplated hereby and no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other Loan Documents.

9.9 Survival. The agreements and obligations of the Borrowers in the Article IX shall survive the payment of all other Obligations.

ARTICLE X. - DEFINITIONS

10.1 Defined Terms. As used herein, the following terms have the meanings set forth below:

"Account" means, as at any date of determination, all "accounts" (as such term is defined in the UCC or the PPSA) and all "claims" (for purposes of the *Civil Code of Quebec*) of the Credit Parties and their Subsidiaries, including the unpaid portion of the obligation of a customer of any Credit Party or any its Subsidiaries in respect of Inventory purchased by and shipped to such customer and/or the rendition of services by any Credit Party or any its Subsidiaries, as stated on the respective invoice of any Credit Party or any its Subsidiaries, net of any credits, rebates or offsets owed to such customer.

"Account Debtor" means the customer of any Credit Party or any of its Subsidiaries who is obligated on or under an Account.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of the Stock and Stock Equivalents of any Person or otherwise causing any Person to become a Subsidiary of a Borrower, or (c) a merger, an amalgamation or consolidation or any other combination with another Person.

"Actual Cash Receipts" means the sum of all receipts received by the Credit Parties during the relevant Period of determination, as determined in a manner consistent with the Approved Budget.

"Actual Disbursement Amount" means the sum of all disbursements, expenses and payments made by the Credit Parties during the relevant Period of determination, as determined in a manner consistent with the Approved Budget.

"Actual Net Cash Flow" shall mean the sum of (i) Actual Cash Receipts for the relevant Period of determination, *minus* (ii) the Actual Disbursement Amount for the relevant Period of determination.

"Adequate Protection Liens" has the meaning assigned to the term "Adequate Protection Liens" in the Interim Order (or the Final Order, when applicable).

"Adequate Protection Superpriority Claims" has the meaning assigned to the term "Adequate Protection Superpriority Claims" in the Interim Order (or the Final Order, when applicable).

"Affected Lender" shall have the meaning set forth in Section 8.22.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract or otherwise. Without limitation, solely for the purposes of determining whether a Person is an Affiliate of a Credit Party, any director, executive officer or beneficial owner of ten percent (10%) or more of the Stock (either directly or through ownership of Stock Equivalents) of a Person shall for the purposes of this Agreement, be deemed to control the other Person. Notwithstanding the foregoing, neither Agent nor any Lender shall be deemed an "Affiliate" of any Credit Party or of any Subsidiary of any Credit Party solely by reason of the provisions of the Loan Documents.

"Agent" means Antares Capital LP in its capacity as administrative agent for the Lenders hereunder, and any successor administrative agent.

"Agent Report" shall have the meaning set forth in Section 7.5(c).

"Agent's Advisors" shall have the meaning set forth in Section 4.17.

"Aggregate Canadian Dollar Revolving Exposure" means, at any time, the aggregate Canadian Dollar Revolving Exposure of all the Lenders at such time.

"Aggregate Excess Funding Amount" shall have the meaning set forth in Section 1.11(e)(iv).

"Aggregate Revolving Exposure" means, at any time, the aggregate Revolving Exposure of all the Lenders at such time.

"Aggregate Revolving Loan Commitment" means the combined Revolving Loan Commitments of the Lenders, which shall initially be in an amount the U.S. Dollar Equivalent of

which is $135,000,000 as such amount may be reduced from time to time pursuant to this Agreement.

"Agreement" shall have the meaning set forth in the Preamble.

"AML Legislation" shall have the meaning set forth in Section 8.21(a).

"Antares" shall have the meaning set forth in the Preamble.

"Antares Finance" shall have the meaning set forth in the Preamble.

"Antares Lender" means Antares Finance and any Affiliate of Antares Finance that becomes a Lender or (other than Agent in its capacity as such) other Secured Party.

"Applicable Margin" means, with respect to Revolving Loans, Swing Loans and Letters of Credit, the applicable LIBOR margin, BA Rate margin, Base Rate margin, Canadian Prime Rate margin, or Letter of Credit margin set forth below:

LIBOR Margin and BA Rate Margin	Base Rate Margin and Canadian Prime Rate Margin	Letter of Credit Margin
2.25%	1.25%	2.25%

Notwithstanding anything herein to the contrary, (i) Swing Loans may not be LIBOR Loans or BA Rate Loans, (ii) only Loans denominated in Canadian Dollars may be BA Rate Loans or Canadian Prime Rate Loans and (iii) only Loans denominated in Dollars may be LIBOR Loans or Base Rate Loans.

"Approved Budget" means the budget prepared by the Borrowers and initially furnished to Agent on the Closing Date and which is approved by, and in form and substance satisfactory to, Agent in its reasonable discretion, as the same may be updated, modified or supplemented from time to time as provided in Section 4.18, which shall include a weekly cash budget, including information on a line item basis as to (w) projected cash receipts, (x) projected disbursements (including ordinary course operating expenses, bankruptcy-related expenses (including professional fees), capital expenditures, asset sales and fees and expenses of Agents and Lenders (including counsel therefor) and any other fees and expenses relating to the Loan Documents), (y) net cash flow, and (z) total available liquidity (consisting of Maximum Borrowing Availability).

"Approved Budget Variance Report" shall mean a weekly report provided by the Borrower Representative to Agent (i) showing by line item Actual Cash Receipts and Actual Disbursement Amounts, and a calculation of Actual Net Cash Flow and total available liquidity for the last day of the Prior Week, the Cumulative Four Week Period and the Cumulative Period, noting therein all variances, on a line-item and cumulative basis, from the amounts set forth for such period in the Approved Budget, and shall include explanations for all material variances, and (ii) certified by a Responsible Officer of the Borrowers.

"Approved Fund" means, with respect to any Lender, any Person (other than a natural Person) that (a) (i) is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business or (ii) temporarily warehouses loans for any Lender or any Person described in clause (i) above and (b) is advised or managed by (i) such Lender, (ii) any Affiliate of such Lender or (iii) any Person (other than an individual) or any Affiliate of any Person (other than an individual) that administers or manages such Lender.

"Approved Liquidation Agreement" shall mean an agreement (including all schedules, exhibits, annexes and other appendices thereto) between a Credit Party and an Approved Liquidator for the liquidation on an equity basis (other than in the case of the Permitted Store Closing Sale, which may be on a fee basis) of the Inventory and furniture, fixtures and equipment of a Store to be closed, such agreement to be in form and substance reasonably satisfactory to Agent.

"Approved Liquidator" shall mean a nationally recognized liquidator of recognized standing approved by Agent.

"Approved Purchase Agreement" shall mean an agreement (including all schedules, exhibits, annexes and other appendices thereto) between a Credit Party and a buyer for a GC Sale, such agreement to be in form and substance and on terms reasonably satisfactory to Agent.

"Approved Real Estate Appraisal" means for each of the Eligible Real Estate properties, the most recently dated appraisal of such Eligible Real Estate obtained in accordance with the terms of Section 4.9(b).

"Assignment" means an assignment agreement entered into by a Lender, as assignor, and any Person, as assignee, pursuant to the terms and provisions of Section 8.9 (with the consent of any party whose consent is required by Section 8.9), accepted by Agent, in substantially the form of Exhibit 10.1(a) or any other form approved by Agent.

"Attorney Costs" means and includes all reasonable and documented fees and disbursements of any law firm or other external counsel.

"Automatic Stay" means the automatic stay imposed under section 362 of the Bankruptcy Code.

"Availability Block" means, at any time, an amount equal to 10% of the sum of clauses (b) through (f) of the definition of Revolving Credit Borrowing Base (and giving effect to the proviso in such definition) at such time.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"BA Period" means with respect to any BA Rate Loan, the period commencing on the Business Day such Loan is disbursed or continued or on the Conversion Date on which a Canadian Prime Rate Loan is converted to the BA Rate Loan and ending on the date one, two, three or six months (or, if commercially or otherwise available to each affected Lender, nine or twelve months) as selected by the Borrower Representative in its Notice of Borrowing or Notice of Conversion/Continuation; provided that:

(a) if any BA Period pertaining to a BA Rate Loan would otherwise end on a day which is not a Business Day, that BA Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such BA Period into another calendar month, in which event such BA Period shall end on the immediately preceding Business Day;

(b) any BA Period pertaining to a BA Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such BA Period) shall end on the last Business Day of the calendar month at the end of such BA Period; and

(c) no BA Period for any Revolving Loan shall extend beyond the Revolving Termination Date.

"BA Rate" means, in respect of any BA Period applicable to a BA Rate Loan, the rate per annum determined by Agent by reference to the average rate quoted on the Reuters Monitor Screen (Page CDOR, or such other Page as may replace such Page on such Screen on the purpose of displaying Canadian interbank bid rates for Canadian Dollar bankers' acceptances) applicable to Canadian Dollars bankers' acceptances with a term comparable to such BA Period as of 10:00 a.m. (Toronto time) two (2) Business Days before the first day of such BA Period. If for any reason the Reuters Monitor Screen rates are unavailable the BA Rate shall be determined from such financial report service or other information, BA Rate means the rate of interest determined by Agent that is equal to the arithmetic mean (rounded upwards to the nearest basis point) of the rates quoted by The Bank of Nova Scotia, Royal Bank of Canada and Canadian Imperial Bank of Commerce in respect of Canadian Dollar bankers' acceptances with a term comparable to such BA Period. No adjustment shall be made to account for the difference between the number of days in a year on which the rates referred to in this definition are based and the number of days in a year on the basis of which interest is calculated in the Agreement. If the BA Rate is less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"BA Rate Loan" means a Loan that bears interest based on the BA Rate.

"Bank Product" shall mean any of the following products, services or facilities: (a) cash management services consisting of automated clearing house transactions, controlled disbursement services, treasury, depository, overdraft and electronic funds transfer services, foreign exchange facilities, currency exchange transactions or agreements and options with respect thereto, credit card processing services, credit or debit cards, purchase cards and any indemnity given in connection with any of the foregoing, (b) leasing or equipment financing facilities, and (c) other extensions of credit approved by Agent; provided, however, that, except

for Bank Products that have been provided or arranged by Antares Finance or an Affiliate of Antares Finance, for any of the foregoing to be included for purposes of a distribution under Section 1.10(d) and for the purposes of the definition of "Obligations", the applicable bank product provider and the applicable Credit Party or Subsidiary must have provided written notice to Agent of (i) the existence of such Bank Product, (ii) the maximum dollar amount of obligations arising thereunder ("Bank Product Amount"), and (iii) the methodology to be used by such parties in determining the Bank Product Amount owing from time to time.

"Bank Product Agreement" means any agreement governing or evidencing any Bank Product.

"Bankruptcy Code" means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.), as amended and in effect from time to time and the regulations issued from time to time thereunder.

"Bankruptcy Court" has the meaning set forth in the Recitals to this Agreement.

"Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as the same may from time to time be in effect and applicable to the Chapter 11 Cases.

"Base Rate" means, at any time, a rate per annum equal to the highest of (a) the rate last quoted by The Wall Street Journal (or another national publication selected by Agent) as the U.S. "Prime Rate," (b) the sum of 0.50% per annum and the Federal Funds Rate, and (c) the sum of (x) LIBOR calculated for each such day based on an Interest Period of one month determined two (2) Business Days prior to such day, plus (y) the excess of the Applicable Margin for LIBOR Loans over the Applicable Margin for Base Rate Loans, in each instance, as of such day. Any change in the Base Rate due to a change in any of the foregoing shall be effective on the effective date of such change in the "bank prime loan" rate, the Federal Funds Rate or LIBOR for an Interest Period of one month.

"Base Rate Loan" means a Loan that bears interest based on the Base Rate.

"Benefit Plan" means any employee benefit plan as defined in Section 3(3) of ERISA (whether governed by the laws of the United States or otherwise) to which any Credit Party incurs or otherwise has any obligation or liability, contingent or otherwise.

"BIA" means the Bankruptcy and Insolvency Act R.S.C., 1985, c. B-3.

"Borrower" and "Borrowers" shall have the meaning set forth in the Preamble.

"Borrower Representative" shall have the meaning set forth in Section 1.12.

"Borrowing" means a borrowing hereunder consisting of Loans made to or for the benefit of the Borrowers on the same day by the Lenders pursuant to Article I.

"Borrowing Base Certificate" means a certificate of the Borrower Representative, on behalf of each Credit Party, in substantially the form of Exhibit 10.1(b) hereto, duly completed as

of a relevant date required in accordance with this Agreement or such other date acceptable to Agent in its sole discretion.

"Budgeted Cash Receipts" means the sum of the line items contained in the Approved Budget under the headings "Receipts" during the relevant Period of determination.

"Budgeted Disbursement Amount" means the sum of the line items contained in the Approved Budget under the heading "Total Cash Disbursements" during the relevant Period of determination.

"Budgeted Net Cash Flow" means the sum of the line item contained in the Approved Budget under the heading "Net Cash Flow Before ABL" during the relevant Period of determination.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York or Toronto, Canada are authorized or required by law to close and, if the applicable Business Day relates to any LIBOR Loan, a day on which dealings are carried on in the London interbank market.

"Canadian Benefit Plans" means any plan, fund, program, or policy, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, providing material employee benefits, including medical, hospital care, dental, sickness, accident, disability, life insurance, pension, retirement or savings benefits, under which any Credit Party has any liability with respect to any employee or former employee, but excluding any Canadian Pension Plans and excluding the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively.

"Canadian Carve-Out" means the sum of all reasonable legal fees and costs of counsel for the Canadian Debtors, fees and costs of the Monitor in the CCAA Proceedings, reasonable legal fees and costs of counsel for the Monitor in the CCAA Proceedings, reasonable fees and costs of the Restructuring Advisor for advisory services and the services of Brian E. Cejka as chief restructuring officer of GT Canada and Golfsmith, and the work fee of the Investment Banker secured by the "Administration Charge" under the Initial Order up to the Canadian Carve-Out Amount, as the Canadian Carve-Out may be modified by the Canadian Court, but solely to the extent the same are incurred in accordance with the Approved Budget and are reflected as estimated professional fees and disbursements in the most recent Borrowing Base Certificate delivered to Agent by the Borrowers. The Canadian Carve-Out shall at all times be calculated without duplication of the U.S. Carve-Out.

"Canadian Carve-Out Amount" means an amount equal to Cdn$1,600,000.00.

"Canadian Court" has the meaning set forth in the Recitals to the Agreement.

"Canadian Debtor" and "Canadian Debtors" shall have the meaning set forth in the Recitals to this Agreement.

"Canadian Dollars" or "Cdn$" means lawful currency of Canada.

"Canadian Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in Canadian Dollars, such amount, and (b) with respect to any amount denominated in any other currency, the equivalent amount thereof in Canadian Dollars as determined by Agent in accordance with Section 10.4.

"Canadian Dollar Revolving Sublimit" means an amount, at any time, equal to the lesser of (a) the Canadian Dollar Equivalent of the Revolving Credit Borrowing Base at such time and (b) the Canadian Dollar Equivalent of $60,000,000 at such time. The Canadian Dollar Revolving Sublimit is part of, and not in addition to, the Aggregate Revolving Loan Commitment.

"Canadian Dollar Revolving Sublimit Percentage" means the percentage equivalent of the Canadian Revolving Credit Sublimit, divided by the Aggregate Revolving Loan Commitments.

"Canadian Dollar Revolving Exposure" means, with respect to any Lender at any time, the sum of (a) the outstanding principal amount of such Lender's Revolving Loans denominated in Canadian Dollars plus (b) the aggregate outstanding Letter of Credit Obligations of such Lender with respect to Letters of Credit denominated in Canadian Dollars plus (c) the Canadian Dollar Equivalent of an amount equal to its Revolving Loan Commitment Percentage of the aggregate principal amount of Overadvances and Swing Loans, in each case, denominated in Canadian Dollars outstanding at such time plus (d) the aggregate amount of Prior Lender Obligations denominated in Canadian Dollars outstanding at such time.

"Canadian GC Sale" means a sale of all or substantially all of the assets of the Canadian Debtors located in Canada as a going concern pursuant to Section 36 of the CCAA, which sale constitutes a portion of the GC Sale.

"Canadian L/C Sublimit" has the meaning set forth in Section 1.1(c)(i)(A).

"Canadian Pension Plans" means a pension plan required to be registered under Canadian federal or provincial law that is maintained or contributed to by a Credit Party for its employees or former employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively.

"Canadian Prime Rate" means, for any day, a rate per annum equal to the highest of (a) the annual rate of interest last quoted in the "Report on Business" section of The Globe and Mail as being "Canadian prime", "chartered bank prime rate" or words of similar description or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by Agent) and (b) the BA Rate existing on such day in respect of a BA Period of 30 days plus 1.00% per annum. Any change in any interest rate provided for in the Agreement based upon the Canadian Prime Rate shall take effect at the time of such change in the Canadian Prime Rate. No adjustments shall be made to account for the difference between the number of days in a year on which the rates referred to in this definition are based and the number of days in a year on the basis of which interest is calculated in the Agreement.

"Canadian Prime Rate Loan" means a Loan that bears interest based on the Canadian Prime Rate.

"Canadian Purchase Agreement" means that certain Purchase Agreement, dated as of September 14, 2016, among GT Canada and GT Partnership, as sellers, and Fairfax Financial Holdings Limited, as in effect on the Closing Date.

"Canadian Swingline Sublimit" has the meaning set forth in Section 1.1(d)(i).

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy or liquidity of any Lender or of any corporation controlling a Lender.

"Capital Expenditures" shall mean, for any period, an amount equal to the aggregate of all expenditures and other obligations of the Credit Parties during such period determined on a consolidated basis required to be capitalized in accordance with GAAP.

"Capital Lease" means, with respect to any Person, any leasing or similar arrangement which, in accordance with GAAP, is required to be classified and accounted for as a capital lease on the balance sheet of such Person.

"Capital Lease Obligations" means any and all monetary obligations of any Credit Party or any Subsidiary of any Credit Party under any Capital Leases.

"Cash Collateral" shall have the meaning set forth in Section 363(a) of the Bankruptcy Code.

"Cash Equivalents" means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the Canadian or U.S. federal government or (ii) issued by any agency of the Canadian or U.S. federal government the obligations of which are fully backed by the full faith and credit of the Canadian federal government or the U.S. federal government, as applicable, (b) any readily-marketable direct obligations issued by any other agency of the Canadian or U.S. federal government, any province, territory or state thereof or any political subdivision of any such province, territory or state or any public instrumentality thereof, in each case having a rating of at least "A-1" from S&P or at least "P-1" from Moody's, (c) any commercial paper rated at least "A-1" by S&P or "P-1" by Moody's and issued by any Person organized under the laws of Canada or any province or territory thereof or any state of the United States, (d) any Dollar-denominated time deposit, insured certificate of deposit, overnight bank deposit or bankers' acceptance issued or accepted by (i) any Lender or (ii) any commercial bank that is (A) organized under the laws of Canada, the United States, any state thereof or the District of Columbia and (B) having combined capital, surplus and undivided profits in excess of $250,000,000, and (e) shares of any Canadian or United States money market fund that (i) has substantially all of its assets invested continuously in the types of investments referred to in clauses (a), (b), (c) or (d) above with maturities as set forth in the proviso below, (ii) has net assets in excess of $500,000,000 and (iii) has obtained from either S&P or Moody's the highest rating obtainable for money market funds in Canada or the United States; provided, however, that the maturities of all obligations specified in any of clauses (a), (b), (c) or (d) above shall not exceed 365 days.

"Cash Management Order" shall mean the order of the Bankruptcy Court entered in the Chapter 11 Cases after the "first day" hearings, together with all extensions, modifications and amendments thereto, in form and substance satisfactory to Agent, which among other matters authorizes the Debtors to maintain their existing cash management and treasury arrangements (as set forth in the Pre-Petition Credit Agreement) or such other arrangements as shall be acceptable to Agent in all material respects.

"CCAA" shall have the meaning set forth in the Recitals to this Agreement.

"CCAA Orders" means, collectively, the Initial Order and all other orders issued or to be issued by the Canadian Court in connection with the CCAA Proceedings.

"CCAA Proceedings" shall have the meaning set forth in the Recitals to this Agreement.

"Change of Control" means the occurrence of any of the following: (a) OMERS and OCP Trust shall cease to have the power, directly or indirectly, to vote or direct the voting of the issued and outstanding stock of either GT Canada Holdco or GT USA Holdco having more than fifty percent (50%) of the ordinary voting power for the election of the board of directors of GT Canada Holdco or GT USA Holdco, respectively, (b) OMERS shall cease to own, directly or indirectly, the issued and outstanding stock of any of the Holding Companies having more than fifty percent (50%) of the economic interest in GT Canada Holdco or GT USA Holdco, respectively, (c) GT Canada Holdco ceases to own and control, directly or indirectly, all of the economic and voting rights associated with all of the outstanding stock of GT Canada or (d) GT USA Holdco ceases to own and control, directly or indirectly, all of the economic and voting rights associated with all of the outstanding stock of Golfsmith or GT USA.

"Chapter 11 Cases" shall have the meaning set forth in the Recitals to this Agreement.

"Closing Date" means the first date each of the conditions precedent in Section 2.1 have been satisfied or waived in accordance with Section 8.1.

"Closing Checklist" means the closing checklist substantially in the form of Exhibit 2.1 as attached hereto.

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

"Collateral" means, at any time of determination, all Property and interests in Property and proceeds thereof now owned or hereafter acquired by any Credit Party and any of their respective Subsidiaries and any other Person who has granted a Lien to Agent, in or upon which a Lien exists in favor of any Lender or Agent for the benefit of Agent, Lenders and other Secured Parties, whether under this Agreement, any Loan Document or under any other documents executed by any such Persons and delivered to Agent, and including all collateral described in the Interim Order, the Initial Order and the Final Order, as applicable.

"Collateral Documents" means, collectively, the Guaranty and Security Agreement, the Mortgages, each Control Agreement, the Quebec Collateral Documents, each Lien Waiver, the Interim Order, the Final Order, the Initial Order and all other security agreements, pledge agreements, patent and trademark security agreements, guarantees and other similar agreements,

and all amendments, restatements, reaffirmations, joinders, modifications or supplements thereof or thereto, by or between any one or more of any Credit Party, any of their respective Subsidiaries or any other Person pledging or granting a lien on Collateral or guaranteeing the payment and performance of the Obligations, and any Lender or Agent for the benefit of Agent, the Lenders and other Secured Parties now or hereafter delivered to the Lenders or Agent pursuant to or in connection with the transactions contemplated hereby, and all financing statements (or comparable documents now or hereafter filed in accordance with the UCC or the PPSA or comparable law) against any such Person as debtor in favor of any Lender or Agent for the benefit of Agent, the Lenders and the other Secured Parties, as secured party, as any of the foregoing may be amended, restated and/or modified from time to time.

"Compliance Certificate" shall have the meaning set forth in Section 4.2(b).

"Concentration Account" means, collectively, (i) the Control Account, Account No. 2716 held at Wells Fargo Bank, National Association, (ii) the Control Account, Account No. 0158 held at The Toronto-Dominion Bank, or (iii) such other Control Account(s) that may be specified by Agent in writing.

"Contingent Obligation" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person: (i) with respect to any Indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (ii) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (iii) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (iv) for the obligations of another Person through any agreement to purchase, repurchase or otherwise acquire such obligation or any Property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another Person. The amount of any Contingent Obligation (subject to any express limitation set forth therein) shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed or supported. For the avoidance of doubt, contingent obligations of a Person resulting merely from pending litigation or other causes of action which are owed to another Person potentially injured as the result of a cause of action forming the basis for such litigation or claim shall not constitute Contingent Obligations.

"Contractual Obligations" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its Property is bound.

"Control Account" means any deposit account, lockbox account, securities account, commodity account or similar account owned by any Credit Party.

"Control Agreement" means a deposit account, lockbox account, securities account, commodities account control agreement or other similar control agreement by and among, inter alia, the applicable Credit Party, Agent and the depository, securities intermediary or commodities intermediary, and each in form and substance reasonably satisfactory in all respects to Agent and in any event providing to Agent "control" of such deposit account, securities or commodities account within the meaning of the PPSA or Articles 8 and 9 of the UCC.

"Conversion Date" means any date on which the Borrowers convert (i) a Canadian Prime Rate Loan to a BA Rate Loan or a BA Rate Loan to a Canadian Prime Rate Loan or (ii) a Base Rate Loan to a LIBOR Loan or a LIBOR Rate Loan to a Base Rate Loan.

"Copyrights" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in copyrights and all mask works and copyright rights in databases and designs, whether or not registered or published, all registrations thereof and all applications in connection therewith.

"CRA" means the Canada Revenue Agency.

"Credit Card Agreements" shall mean all agreements or notices, each in form and substance reasonably satisfactory to Agent, now or hereafter entered into by Borrowers with any credit card issuer or any credit card processor, as the same may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced; provided, that any such credit card agreement or notice shall provide, among other things, that each such credit card processor shall transfer all proceeds due with respect to credit card charges for sales (net of expenses and chargebacks of the credit card issuer or processor) by Borrowers received by it (or other amounts payable by such credit card processor) into a designated concentration account on a daily basis, or on such other basis as the Agent may agree in writing in the exercise of its reasonable credit judgment.

"Credit Card Receivables" shall mean all present and future rights of Borrowers to payment from (a) any major credit card issuer or major credit card processor arising from sales of goods or rendition of services to customers who have purchased such goods or services using a credit or debit card and (b) any major credit card issuer or major credit card processor in connection with the sale or transfer of Accounts arising pursuant to the sale of goods or rendition of services to customers who have purchased such goods or services using a credit card or a debit card, including, but not limited to, all amounts at any time due or to become due from any major credit card issuer or major credit card processor pursuant to a Credit Card Agreements or otherwise.

"Credit Parties" means (a) each Holding Company, (b) each Borrower and (c) each other Person (i) which executes a guaranty of the Obligations or (ii) which grants a Lien on all or substantially all of its assets to secure payment of the Obligations, but shall not include SPV Holdco.

"Cumulative Four Week Period" shall mean the four-week period up to and through the Saturday of the most recent week then ended, or if a four-week period has not then elapsed from

the Petition Date, such shorter period since the Petition Date through the Saturday of the most recent week then ended.

"Cumulative Period" means the period from the Petition Date through the most recent week ended.

"D&O Charge" has the meaning assigned to the term "Priority Directors' Charge" in the Initial Order up to the D&O Charge Amount.

"D&O Charge Amount" means an amount equal to Cdn$3,700,000.

"Default" means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

"Designated Borrower" means collectively, GT Canada, GT USA and Golfsmith.

"DIP Indemnity Account" means an amount equal to $500,000 for the purpose of securing contingent indemnification obligations and other contingent claims arising under this Agreement, the other Loan Documents or otherwise in respect of the Obligations in the event the Agent and the Lenders have not received releases and discharges of claims and liabilities, in form and substance reasonably satisfactory to the Agent and the Lenders, at the time of payment in full in cash of all Obligations other than contingent obligations relating thereto.

"Disposition" means (a) the sale, lease, conveyance or other disposition of Property, and (b) the sale or transfer by a Credit Party or any Subsidiary of a Credit Party of any Stock or Stock Equivalent issued by any Subsidiary of a Credit Party and held by such transferor Person.

"Disqualified Stock" means any Stock or Stock Equivalent which, by its terms (or by the terms of any security or other Stock or Stock Equivalent into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, (b) is convertible in or exchangeable for (i) debt securities or Indebtedness or (ii) any Stock or Stock equivalent referred to in clause (a) above or (c) contains any repurchase obligations or (d) requires the payment of dividends or distributions.

"Dollars", "dollars" and "$" each mean lawful money of the United States of America.

"Domestic Subsidiary" means any Subsidiary incorporated, organized or otherwise formed under the laws of (a) the United States, any state thereof, the District of Columbia or any other political subdivision thereof or (b) Canada or any province thereof.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established

in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"E-Fax" means any system used to receive or transmit faxes electronically.

"E-Signature" means the process of attaching to or logically associating with an Electronic Transmission an electronic symbol, encryption, digital signature or process (including the name or an abbreviation of the name of the party transmitting the Electronic Transmission) with the intent to sign, authenticate or accept such Electronic Transmission.

"E-System" means any electronic system approved by Agent, including Intralinks® and ClearPar® and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by Agent, any of its Related Persons or any other Person, providing for access to data protected by passcodes or other security system.

"Electronic Transmission" means each document, instruction, authorization, file, information and any other communication transmitted, posted or otherwise made or communicated by e-mail or E-Fax, or otherwise to or from an E-System or other equivalent service.

"Eligible Credit Card Accounts" means all of the Credit Card Receivables (net of fees) of the Borrowers that arise in the Ordinary Course of Business, which have been earned by performance, that are not excluded as ineligible by virtue of one or more of the criteria set forth below (such criteria being subject to adjustment as set forth in Section 1.13) and reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to Agent. Eligible Credit Card Accounts shall not include any of the following Credit Card Receivables:

(a) Credit Card Receivables that have been outstanding for more than five (5) Business Days from the date of sale;

(b) Credit Card Receivables with respect to which the Borrowers do not have good, valid and marketable title thereto, free and clear of any Lien (other than those (i) Liens expressly permitted under Sections 5.1(b) and 5.1(i) and (ii) Qualified Liens);

(c) Credit Card Receivables that are not subject to a first priority perfected Lien in favor of Agent on behalf of the Secured Parties (subject in priority only to Qualified Liens);

(d) Credit Card Receivables which are disputed, or with respect to which a claim, counterclaim, offset or chargeback has been asserted, by the related credit card processor (but only to the extent of such dispute, counterclaim, offset or chargeback);

(e) Credit Card Receivables which the credit card processor has the right under certain circumstances to require the Borrowers to repurchase such Accounts from such credit card processor;

(f) Except as otherwise approved by Agent, Credit Card Receivables as to which Agent has not received an acceptable Credit Card Agreement;

(g) Credit Card Receivables which Agent determines, in its reasonable credit judgment, to be unlikely to be collected;

(h) Credit Card Receivables due from major credit card processors which are not located in the United States of America or Canada;

(i) Credit Card Receivables that are not denominated in Dollars or Canadian Dollars; or

(j) Credit Card Receivables that are otherwise determined to be unacceptable by Agent in its reasonable credit judgment.

"Eligible Domestic In Transit Inventory" means finished goods Inventory owned by a Borrower which is in transit to the Borrower's owned or leased location in the contiguous United States from a location of a vendor in the contiguous United States with a freight carrier or shipping company which is not an Affiliate of any Credit Party or the vendor (unless such shipping company or any Affiliate of such shipping company beneficially owns less than twenty-five (25%) of the Stock of such vendor entitled to vote for such vendor's board of directors (or equivalent governing body)) and which Inventory is not excluded as ineligible by virtue of one or more of the criteria set forth below (such criteria being subject to adjustment as set forth in Section 1.13) and reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to Agent. Eligible Domestic In Transit Inventory shall not include any of the following Inventory:

(a) (i) Inventory that has not been identified in a contract of sale between a vendor and the Borrower, (ii) Inventory in respect of which, pursuant to the terms of sale of such Inventory, title and risk of loss have not expressly passed from such vendor to the Borrower, or (iii) Inventory in respect of which such vendor has or maintains rights to reclaim, divert the shipment of, reroute, repossess, stop delivery of such Inventory (whether under applicable law or pursuant to effective documents of title or otherwise unless (x) Reserves reasonably satisfactory to Agent have been established with respect thereto or (y) a reasonably satisfactory waiver of such rights by vendor has been delivered to Agent);

(b) (i) Inventory not subject to a tangible negotiable bill of lading which identifies the Borrower as the "Shipper" and which is made to the order of the Borrower (or, if otherwise required by Agent, to the order of Agent) and all original counterparts of each such tangible non-negotiable bill of lading are in the possession of Agent or (ii) Inventory not subject to a tangible non-negotiable bill of lading, which identifies the Borrower as the "Shipper" and which is made to the order of Borrower (or, if otherwise required by Agent, to the order of Agent);

(c) Inventory not otherwise deemed to be "Eligible Inventory" (other than failure to comply with clauses (b) and (c) thereof); or

(d) Inventory otherwise determined to be unacceptable to Agent in its reasonable credit judgment.

"Eligible Inventory" means, all of the Inventory owned by a Borrower that are not excluded as ineligible by virtue of one or more of the criteria set forth below (such criteria being subject to adjustment as set forth in Section 1.13) and reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to Agent. Eligible Inventory shall not include any of the following Inventory:

(a) Inventory that is not owned by such Borrower free and clear of all Liens and rights of any other Person (including the rights of a purchaser that has made progress payments and the rights of a surety that has issued a bond to assure such Borrower's performance with respect to that Inventory, and the rights of suppliers under Section 81.1 of the BIA), except for (x) those Liens expressly permitted under Sections 5.1(b) and 5.1(i) and (y) Qualified Liens;

(b) Inventory that (i) is not located on premises owned, leased or rented by such Borrower and disclosed to Agent other than as set forth in clause (c) below, (ii) is stored at a Specified Leased Location unless (x) a reasonably satisfactory Lien Waiver has been delivered to Agent, or (y) Reserves reasonably satisfactory to Agent up to three months' rent and all past due rent for such location have been established with respect thereto, (iii) is stored at a distribution center, warehouse, shipping center, plant, factory or other similar location leased by a Credit Party whether in the United States or Canada (which for the avoidance of doubt excludes retail stores) unless a reasonably satisfactory Lien Waiver has been delivered to Agent (or with respect to such locations in Canada existing on the Closing Date, Reserves reasonably satisfactory to Agent up to three months' rent for such location have been established with respect thereto), (iv) is stored with a bailee, warehouseman or other third party unless a reasonably satisfactory, acknowledged Lien Waiver has been received by Agent or Reserves reasonably satisfactory to Agent up to three months' rent or storage charges (as applicable) for such location have been established with respect thereto, (v) is located at an owned location subject to a Lien in favor of a Person other than Agent (other than those Liens expressly permitted under Section 5.1(i) and Qualified Liens), unless a reasonably satisfactory mortgagee waiver has been delivered to Agent, or (vi) is located at any site if the aggregate book value of Inventory at any such location is less than $100,000;

(c) Inventory that is placed on consignment or is in transit, except for (x) Inventory in transit from (i) an owned or leased location of the Borrowers in the United States to another owned or leased location of the Borrowers in the United States or (ii) a location of the Borrowers in Canada to another location of the Borrowers in Canada, in each case, as to which Agent's Liens have been perfected at origin and destination and (y) Eligible Domestic In Transit Inventory;

(d) Inventory that is covered by a negotiable document of title, unless such original document has been delivered to Agent with all necessary endorsements, free and clear of

all Liens except those in favor of Agent and Lenders (other than those Liens expressly permitted under Section 5.1(i) and Qualified Liens);

(e) Inventory that is used (other than trade-ins and returns described in clause (g) below) excess, obsolete, unsaleable, shopworn, seconds, samples, damaged, unfit for sale, imperfects, or designed or held for destruction;

(f) Inventory that consists of display items or packing or shipping materials, manufacturing supplies, raw materials, parts, subassemblies, work-in-process, tooling, replacement parts (excluding from the foregoing, however, readily saleable golf club components) or other unfinished Inventory;

(g) Inventory that consists of goods which have been returned by the buyer (other than trade-ins which are undamaged and fit for immediate sale in the Ordinary Course of Business and other than returns that have been restocked and can be resold as new);

(h) Inventory that is not of a type held for sale in the ordinary course of such Borrower's business;

(i) Inventory that is not subject to a first priority lien in favor of Agent on behalf of itself and Lenders (subject in priority only to Qualified Liens);

(j) Inventory as to which any of the representations or warranties pertaining to it set forth in the Loan Documents is untrue;

(k) Inventory that consists of any costs associated with "freight-in" charges;

(l) Inventory that that consists of Hazardous Materials or goods that can be transported or sold only with licenses that are not readily available;

(m) Inventory that is not covered by casualty insurance reasonably acceptable to Agent;

(n) Inventory (i) subject to any licensing, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party for the sale or disposition of that Inventory (which consent has not been obtained), (ii) subject to the payment of any monies to any third party upon such sale or disposition unless Reserves reasonably satisfactory to Agent have been established with respect thereto in accordance with Section 1.13 or (iii) which may not be sold without violation or infringement of the intellectual property rights of third parties;

(o) Inventory located outside the United States or Canada;

(p) Inventory subject to a promotional offer of the supplier thereof that would reduce the sale price other than to the extent Agent has imposed a Reserve in its reasonable credit judgment; or

(q) Inventory that is otherwise unacceptable to Agent in its reasonable credit judgment.

"Eligible Letter of Credit" means, at any time during the LC Eligibility Period, the OMERS LC, solely to the extent an OMERS LC Event has not occurred.

"Eligible Real Estate" means all of the Real Estate of the Borrowers that is not excluded as ineligible by virtue of one or more of the criteria set forth below (such criteria being subject to adjustment as set forth in Section 1.13) and is reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to Agent. None of the following shall be deemed to be Eligible Real Estate:

(a) Real Estate in which a Borrower does not own a fee interest;

(b) Real Estate that is not subject to a first priority perfected Lien in favor of Agent on behalf of the Secured Parties (or in favor of such other trustee as may be required or desired under local law) (subject in priority only to Qualified Liens) free and clear of all other Liens (other than those (i) Liens expressly permitted under Sections 5.1(g) and 5.1(i) and (ii) Qualified Liens);

(c) to the extent reasonably requested by Agent, the applicable Borrower shall not have delivered to Agent title insurance policies, current as-built surveys, zoning letters or an opinion of local counsel with respect to compliance with zoning matters and certificates of occupancy or such other evidence of the absence of outstanding notices of violations and other building code regulation issues as Agent shall otherwise require, in each case reasonably satisfactory in form and substance to Agent;

(d) Real Estate that is unacceptable to Agent in its reasonable credit judgment, whether for environmental reasons, insurance or otherwise; or

(e) except as may be agreed to by Agent in its sole discretion, Real Estate that is not owned by any Borrower on the Closing Date.

"Eligible Wholesale Accounts" means all of the Accounts (net of fees) of the Borrowers arising in the Ordinary Course of Business from the sale of the Borrowers' Inventory at wholesale to Persons who intend to resell such Inventory, which have been earned by performance, that are not excluded as ineligible by virtue of one or more of the criteria set forth below (such criteria being subject to adjustment as set forth in Section 1.13) and are reflected in the most recent Borrowing Base Certificate delivered by the Borrower Representative to Agent. Eligible Wholesale Accounts shall not include any of the following Accounts:

(a) Any Account that does not arise from the sale of Inventory or the performance of services by such Borrower in the Ordinary Course of Business;

(b) Any Account (i) upon which such Borrower's right to receive payment is not absolute or is contingent upon the fulfillment of any condition whatsoever or (ii) as to which such Borrower is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process, or (iii) if the Account represents a progress billing consisting of

an invoice for goods sold or used or services rendered pursuant to a contract under which the Account Debtor's obligation to pay that invoice is subject to such Borrower's completion of further performance under such contract or is subject to the equitable lien of a surety bond issuer;

(c) Any Account to the extent that any credit or any defense, counterclaim, setoff or dispute is asserted as to such Account;

(d) Any Account that is not a true and correct statement of bona fide indebtedness incurred in the amount of the Account for merchandise sold to or services rendered and accepted by the applicable Account Debtor;

(e) Any Account with respect to which an invoice, reasonably acceptable to Agent in form and substance, has not been sent to the applicable Account Debtor;

(f) Any Account that (i) is not owned by such Borrower or (ii) is subject to any right, claim, security interest or other interest of any other Person, other than those (x) Liens expressly permitted under Sections 5.1(b) and 5.1(i) and (y) Qualified Liens;

(g) Any Account that arises from a sale to any director, officer, other employee or Affiliate of any Credit Party, or to any entity that has any common officer with any Credit Party;

(h) Any Account that is the obligation of an Account Debtor that is the United States government or a political subdivision thereof, or any state, county or municipality or department, agency or instrumentality thereof unless Agent, in its sole discretion, has agreed to the contrary in writing and such Borrower, if necessary or desirable, has complied with respect to such obligation with the Federal Assignment of Claims Act of 1940, or any applicable state, county or municipal law restricting the assignment thereof with respect to such obligation;

(i) Any Account that is the obligation of an Account Debtor located in a country other than the United States or Canada unless payment thereof is assured by a letter of credit assigned and delivered to Agent, satisfactory to Agent as to form, amount and issuer;

(j) Any Account to the extent such Borrower or any Subsidiary thereof is liable for goods sold or services rendered by the applicable Account Debtor to such Borrower or any Subsidiary thereof but only to the extent of the potential offset;

(k) Any Account that arises with respect to goods that are delivered on a bill-and-hold, credit hold, cash-on-delivery basis or placed on consignment, guaranteed sale or other terms by reason of which the payment by the Account Debtor is or may be conditional;

(l) Any Account that is in default; provided that, without limiting the generality of the foregoing, an Account shall be deemed in default upon the occurrence of any of the following:

(i) the Account is not paid within the earlier of: 60 days following its due date or 90 days following its original invoice date; or

(ii) the Account Debtor obligated upon such Account suspends business, makes a general assignment for the benefit of creditors or fails to pay its debts generally as they come due; or

(m) a petition is filed by or against any Account Debtor obligated upon such Account under any bankruptcy law or any other federal, state or foreign (including any provincial) receivership, insolvency relief or other law or laws for the relief of debtors;

(n) Any Account that is the obligation of an Account Debtor if 50% or more of the U.S. Dollar Equivalent of all Accounts owing by that Account Debtor are ineligible under the other criteria set forth in this definition;

(o) Any Account as to which Agent's Lien thereon, on behalf of itself and the other Secured Parties, is not a first priority perfected Lien (subject in priority only to Qualified Liens);

(p) Any Account as to which any of the representations or warranties in the Loan Documents are untrue;

(q) Any Account to the extent such Account is evidenced by a judgment, Instrument or Chattel Paper;

(r) Any Account to the extent such Account exceeds any credit limit established by Agent, in its reasonable credit judgment;

(s) Any Account to the extent that such Account, together with all other Accounts owing to such Account Debtor and its Affiliates as of any date of determination exceed 10% of all Eligible Wholesale Accounts of all Borrowers;

(t) Any Account that is payable in any currency other than Dollars or Canadian Dollars;

(u) Any Account that is a Credit Card Receivable, regardless of whether any such Account is an Eligible Credit Card Account; or

(v) Any Account that is otherwise unacceptable to Agent in its reasonable credit judgment.

"Environmental Laws" means all present and future Requirements of Law and Permits imposing liability or standards of conduct for or relating to the regulation and protection of human health and safety as it relates to exposure to Hazardous Materials, the environment and natural resources, and including public notification requirements and environmental transfer of ownership, notification or approval statutes.

"Environmental Liabilities" means all Liabilities (including costs of Remedial Actions, natural resource damages and costs and expenses of investigation and feasibility studies) that may be imposed on, incurred by or asserted against any Credit Party or any Subsidiary of any Credit Party as a result of, or related to, any claim, suit, action, investigation, proceeding or

demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law or otherwise, arising under any Environmental Law or in connection with any environmental, health or safety condition or with any Release and resulting from the ownership, lease, sublease or other operation or occupation of property by any Credit Party or any Subsidiary of any Credit Party, whether on, prior or after the date hereof.

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

"ERISA Affiliate" means, collectively, any Credit Party and any Person under common control or treated as a single employer with, any Credit Party, within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"ERISA Event" means any of the following: (a) a reportable event described in Section 4043(b) of ERISA (or, unless the 30-day notice requirement has been duly waived under the applicable regulations, Section 4043(c) of ERISA) with respect to a Title IV Plan; (b) the withdrawal of any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan; (d) with respect to any Multiemployer Plan, the filing of a notice of reorganization, insolvency or termination (or treatment of a plan amendment as termination) under Section 4041A of ERISA; (e) the filing of a notice of intent to terminate a Title IV Plan (or treatment of a plan amendment as termination) under Section 4041 of ERISA; (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC; (g) the failure to make any required contribution to any Title IV Plan or Multiemployer Plan when due; (h) the imposition of a lien under Section 412 of the Code or Section 302 or 4068 of ERISA on any property (or rights to property, whether real or personal) of any ERISA Affiliate; (i) the failure of a Benefit Plan or any trust thereunder intended to qualify for tax exempt status under Section 401 or 501 of the Code or other Requirements of Law to qualify thereunder; and (j) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of any liability upon any ERISA Affiliate under Title IV of ERISA other than for PBGC premiums due but not delinquent.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" shall have the meaning set forth in Section 6.1.

"Event of Loss" means, with respect to any Property, any of the following: (a) any loss, destruction or damage of such Property; (b) any pending or impending institution of any proceedings for the condemnation or seizure of such Property or for the exercise of any right of eminent domain; or (c) any actual condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, of such Property, or confiscation of such Property or the requisition of the use of such Property.

"Excess Availability" means, at any time, the amount by which (a) the Maximum Borrowing Availability at such time exceeds (b) the Aggregate Revolving Exposure at such time.

"Excess Canadian Availability" means, at any time (a) the amount by which the Canadian Dollar Revolving Sublimit at such time exceeds (b) the Aggregate Canadian Dollar Revolving Exposure at such time.

"Excluded Accounts" means any (a) deposit account or securities account specially and exclusively used in the Ordinary Course of Business for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any Credit Party's officers, directors and employees, which accounts are funded only in the Ordinary Course of Business and not in excess of any amounts necessary to fulfill such obligations that are then due and payable or to become due and payable within five (5) business days following such funding, (b) trust or fiduciary accounts, (c) deposit accounts, securities accounts and commodities accounts denominated in Canadian Dollars with Canadian banks or financial institutions having a balance of less than $250,000 at any time in the aggregate for all such accounts or (d) deposit accounts, securities accounts and commodities accounts denominated in Dollars with U.S. banks or financial institutions having a balance of less than $250,000 at any time in the aggregate for all such accounts.

"Excluded Subsidiary" shall mean any direct or indirect subsidiary of GT USA Holdco that is (a) a Foreign Subsidiary, (b) organized in the United States, treated as a disregarded entity for U.S. Federal income tax purposes and all of the assets (other than a de minimis amount) of which consists of Stock or Stock Equivalent of one or more direct or indirect Foreign Subsidiaries or (c) organized in the United States and a subsidiary of a Foreign Subsidiary.

"Existing Letters of Credit" shall have the meaning set forth in Section 1.1(c)(ix).

"FATCA" means Sections 1471, 1472, 1473 and 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), current or future United States Treasury Regulations promulgated thereunder and published guidance with respect thereto, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any applicable intergovernmental agreements with respect thereto.

"Federal Flood Insurance" means Federally backed Flood Insurance available under the National Flood Insurance Program to owners of real property improvements located in Special Flood Hazard Areas in a community participating in the National Flood Insurance Program.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent in a commercially reasonable manner.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"Fee Letter" shall have the meaning set forth in Section 1.9(a).

"FEMA" means the Federal Emergency Management Agency, a component of the U.S. Department of Homeland Security that administers the National Flood Insurance Program.

"Final Order" means collectively, the order of the Bankruptcy Court entered in the Chapter 11 Cases after a final hearing under Bankruptcy Rule 4001(c)(2) or such other procedures as approved by the Bankruptcy Court which order shall be satisfactory in form and substance to Agent, and from which no appeal or motion to reconsider has been timely filed, or if timely filed, such appeal or motion to reconsider has been dismissed or denied with no further appeal and the time for filing such appeal has passed unless Agent waives such requirement), together with all extensions, modifications and amendments thereto, in form and substance satisfactory to Agent, which, among other matters but not by way of limitation, authorizes the Credit Parties to obtain credit, incur (or guaranty) Indebtedness, and grant Liens under this Agreement and the other Loan Documents, as the case may be, and provides for the super priority of Agent's and the Lenders' claims.

"FIRREA" means the Financial Institutions Reform, Recovery and Enforcement Act of 1989, as amended.

"Fiscal Month" means any of the monthly accounting periods of Golfsmith Holdco, GT Canada, GT USA, GT Partnership, Golfsmith and their respective Subsidiaries, as applicable.

"Fiscal Quarter" means any of the quarterly accounting periods of Golfsmith Holdco, GT Canada, GT USA, GT Partnership, Golfsmith and their respective Subsidiaries, as applicable, ending on or about March 31, June 30, September 30 and December 31 of each Fiscal Year.

"Fiscal Year" means any of the annual accounting periods of Golfsmith Holdco, GT Canada, GT USA, GT Partnership, Golfsmith and their respective Subsidiaries, as applicable, ending on December 31 of each calendar year.

"Flood Insurance" means, for any improvements upon Real Estate located in a Special Flood Hazard Area, Federal Flood Insurance or private insurance that meets the requirements set forth by FEMA in its Mandatory Purchase of Flood Insurance Guidelines. Flood Insurance shall be in an amount equal to the full, unpaid balance of the Loans and any prior liens on the Real Estate up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Agent in its reasonable discretion, with deductibles not to exceed $50,000.

"Foreign Subsidiary" means, with respect to any Person, a Subsidiary of such Person, which Subsidiary is not a Domestic Subsidiary.

"GAAP" means, subject to Section 10.3 hereof, generally accepted accounting principles in the United States set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), including the FASB Accounting Standards Codification™, which are applicable to the circumstances as of the date of determination. Subject to Section 10.3 hereof, all references to "GAAP" shall be to GAAP applied consistently with the principles used in the preparation of the audited financial statements described in Section 3.11(a); provided that with respect to Credit

Parties and their respective Subsidiaries organized under the laws of Canada or any province or territory thereof, unless GAAP is being applied, "GAAP" shall mean in relation to any Person at any time, (a) until such time as such Person adopts the International Financial Reporting Standards, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants or its successor, applied on a basis consistent with the most recent audited financial statements of such Person (except for changes approved by the auditors of such Person), and (b) after such time as such Person adopts the International Financial Reporting Standards, such International Financial Reporting Standards.

"GC Sale" means a sale, in one or a series of related transactions, of all or substantially all of the assets of each of the Debtors as a going concern, whether under Section 363 of the Bankruptcy Code with respect to the U.S. Debtors or under Section 36 of the CCAA with respect to the Canadian Debtors. The GC Sale shall be conducted pursuant to bidding procedures, sales procedures, approval orders, purchase agreements, agency documents or other agreements, documents or instruments, as applicable, in form and substance and on terms reasonably satisfactory to Agent.

"GS Europe" shall have the meaning set forth in the Preamble.

"GS Incentive" shall have the meaning set forth in the Preamble.

"GS Licensing" shall have the meaning set forth in the Preamble.

"Golfsmith" shall have the meaning set forth in the Preamble.

"Golfsmith 2 GP" shall have the meaning set forth in the Preamble.

"Golfsmith Holdco" means Golfsmith International Holdings LP, a limited partnership formed under the laws of Ontario.

"Golfsmith International" shall have the meaning set forth in the Preamble.

"Golfsmith LP" shall have the meaning set forth in the Preamble.

"Golfsmith NU" shall have the meaning set forth in the Preamble.

"Golfsmith USA" shall have the meaning set forth in the Preamble.

"Governmental Authority" means any nation or government, any state, province, territory or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"GT Canada" shall have the meaning set forth in the Preamble.

"GT Canada Holdco" means Golf Town Canada Holdings Inc., a corporation formed under the laws of Ontario, Canada.

"GT GP II" shall have the meaning set forth in the Preamble.

"GT Holdco" shall have the meaning set forth in the Preamble.

"GT Partnership" shall have the meaning set forth in the Preamble.

"GT USA" shall have the meaning set forth in the Preamble.

"GT USA Holdco" means Golf Town USA Holdings Inc., a Delaware corporation.

"Guarantor" means each Borrower, the Holding Companies, GMAC Holdings, LLC, a Delaware limited liability company ("GMAC"), and each other Subsidiary of the Holding Companies required to execute and deliver a guaranty or guaranty supplement pursuant to Section 4.13.

"Guaranty and Security Agreement" means (a) that certain Guaranty and Security Agreement, dated as of the Closing Date made by certain of the Credit Parties in favor of Agent, for the benefit of the Secured Parties, as the same has been and hereafter may be amended, restated and/or modified from time to time, and (b) that certain Guarantee and Security Agreement, dated as of the Closing Date made by certain of the Credit Parties in favor of Agent, for the benefit of the Secured Parties, as the same has been and hereafter may be amended, restated and/or modified from time to time.

"Hazardous Materials" means any substance, material or waste that is classified, regulated or otherwise characterized under any Environmental Law as hazardous, toxic, a contaminant or a pollutant or by other words of similar meaning or regulatory effect, including but not limited to any "hazardous waste", any "hazardous substance", any petroleum or any fraction thereof, asbestos, asbestos containing material, polychlorinated biphenyls, mold, and radioactive substances or any other substance that is toxic, ignitable, reactive, corrosive, caustic, or dangerous.

"High Yield Debt" means the High Yield Notes and any other Indebtedness or other obligations of any Credit Party or any Subsidiary of any Credit Party pursuant to the High Yield Debt Documents.

"High Yield Debt Documents" means the High Yield Indenture, the High Yield Notes, the offering memorandum related thereto, the purchase agreement related thereto, the High Yield Security Documents, the guarantees in respect thereof and other documents, instruments or agreements entered into in connection therewith.

"High Yield Indenture" means that certain Indenture dated as of July 24, 2012 by and among GT Canada and Golfsmith, as the issuers, the other Credit Parties, as the guarantors, the High Yield Trustee and the High Yield Purchasers.

"High Yield Intercreditor Agreement" means that certain Intercreditor Agreement dated as of July 24, 2012, by and among Agent, the Credit Parties and the High Yield Trustee.

"High Yield Notes" means those certain 10.5% Senior Secured Notes Due 2018 issued by GT Canada and Golfsmith on the Closing Date, in the original aggregate principal amount equal to Cdn$125,000,000, together with all notes issued from time to time in exchange or substitution therefor.

"High Yield Purchasers" means the holders, from time to time, of High Yield Notes or any other High Yield Debt.

"High Yield Security Documents" means the "Security Documents" as defined in the High Yield Indenture, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms and conditions of the High Yield Intercreditor Agreement.

"High Yield Trustee" means, collectively, BNY Trust Company of Canada and The Bank of New York Mellon, as trustee, BNY Trust Company of Canada, as Canadian collateral agent, and The Bank of New York Mellon, as U.S. collateral agent under the Indenture and each of their successors and assigns in such capacity.

"Holdco Debt" means the Holdco Note and any other Indebtedness of GT Canada pursuant to the Holdco Debt Documents.

"Holdco Debt Documents" means the Holdco Note and each other loan document entered into in connection therewith, in each case, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms and conditions hereof.

"Holdco Lenders" means Golfsmith Holdco and such other holders, from time to time, of Holdco Note or any other Holdco Debt.

"Holdco Note" means that certain Amended and Restated Subordinated Promissory Grid Note issued by GT Canada on July 24, 2012 in favor of the Holdco Lenders, in the aggregate principal amount of Cdn$99,000,000 outstanding on July 24, 2012.

"Holdco Subordination Agreement" means that certain Subordination Agreement dated as of the Closing Date by and among the Agent, GT Canada and the Holdco Lenders.

"Holding Companies" means, collectively, GT Canada Holdco and GT USA Holdco.

"Impacted Lender" means any Lender that fails to provide Agent, within three (3) Business Days following Agent's written request, satisfactory assurance that such Lender will not become a Non-Funding Lender, or any Lender that has a Person that directly or indirectly controls such Lender and such Person (a) becomes subject to a voluntary or involuntary case under the Bankruptcy Code or any similar bankruptcy laws, (b) has appointed a custodian, conservator, receiver or similar official for such Person or any substantial part of such Person's assets, or (c) makes a general assignment for the benefit of creditors, is liquidated, or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent or bankrupt, and for each of clauses (a) through (c), Agent has determined that such Lender is reasonably likely to become a Non-Funding Lender. For purposes of this definition, control of a Person shall have the same meaning as in the second sentence of the definition of Affiliate.

"Indebtedness" of any Person means, without duplication: (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of Property or services (including, to the extent owed, earnout obligations, purchase price adjustments, deferred payments and other contingent obligations payable in cash with respect to any deferred payment arising in connection with acquisitions but excluding trade payables entered into in the Ordinary Course of Business); (c) the face amount of all letters of credit or banker's acceptances issued for the account of such Person and without duplication, all drafts drawn thereunder, and all reimbursement or payment obligations with respect to, letters of credit, surety bonds and other similar instruments issued by such Person whether or not matured; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of Property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to Property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such Property); (f) all Capital Lease Obligations; (g) the principal balance outstanding under any synthetic lease, off-balance sheet loan or similar off balance sheet financing product; (h) all obligations, whether or not contingent, to purchase, redeem, retire, defease or otherwise acquire for value any of its own Stock or Stock Equivalents (or any Stock or Stock Equivalent of a direct or indirect parent entity thereof) prior to the date that is 180 days after the Revolving Termination Date, valued at, in the case of redeemable preferred Stock, the greater of the voluntary liquidation preference and the involuntary liquidation preference of such Stock plus accrued and unpaid dividends; (i) all indebtedness referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in Property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness; and (j) all Contingent Obligations described in clause (i) of the definition thereof in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (i) above.

"Indemnified Matters" shall have the meaning set forth in Section 8.6(a).

"Indemnified Taxes" shall have the meaning set forth in Section 9.1(a).

"Initial Order" means, collectively, the initial order of the Canadian Court issued in the CCAA Proceedings of the Canadian Debtors, which order shall be satisfactory in form and substance to the Agent and Lenders, and from which no appeal has been timely filed, or if timely filed, such appeal has been dismissed or denied unless the Agent and the Lenders waive such requirement), together with all extensions, modifications and amendments thereto, in form and substance satisfactory to the Agent and Lenders, which, among other matters but not by way of limitation, authorizes the Canadian Debtors to obtain credit, incur (or guarantee) Indebtedness, and grant Liens under this Agreement and the other Loan Documents, as the case may be, and provides for the super-priority charge to Agent, for the benefit of the Secured Parties, on the Collateral to secure the Obligations, subject to the "Administration Charge" and any other charges as set forth in the Initial Order.

"Insolvency Cases" means, collectively, the Chapter 11 Cases and the CCAA Proceedings.

"Insolvency Court" means as applicable and as the context may require, either the. Bankruptcy Court or the Canadian Court and collectively, the Bankruptcy Court and the Canadian Court.

"Insolvency Laws" means any of the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), the Bankruptcy Code, each as now and hereafter in effect, any successors to such statutes and any other applicable insolvency or other similar law of any jurisdiction, including any law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

"Insolvency Proceeding" means (a) any case, action or proceeding (including the filing of any notice of intention in respect thereof) before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, suspension of general operations or similar arrangement, or (b) any general assignment for the benefit of creditors, composition, marshaling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case in clauses (a) and (b) above, undertaken under any Insolvency Laws, U.S. Federal, state or foreign law, any corporate laws or any other applicable law.

"Insolvency Stays" means, collectively, the Automatic Stay and the Stay of Proceedings.

"Intellectual Property" means all rights, title and interests in or relating to intellectual property and industrial property arising under any Requirement of Law and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Trademarks, Internet Domain Names, Trade Secrets and IP Licenses.

"Interest Payment Date" means, (a) with respect to any LIBOR Loan (other than a LIBOR Loan having an Interest Period of six (6) months or more) the last day of each Interest Period applicable to such Loan, (b) with respect to any LIBOR Loan having an Interest Period of six (6) months or more, the last day of each three (3) month interval and, without duplication, the last day of such Interest Period, (c) with respect to Base Rate Loans (including Swing Loans denominated in Dollars) the first day of each calendar month, (d) with respect to any BA Rate Loan (other than a BA Rate Loan having an Interest Period of six (6) months or more) the last day of each BA Period applicable to such Loan, (e) with respect to any BA Rate Loan having an BA Period of six (6) months or more, the last day of each three (3) month interval and, without duplication, the last day of such BA Period, and (f) with respect to Canadian Prime Rate Loans (including Swing Loans denominated in Canadian Dollars) the first day of each month.

"Interest Period" means, with respect to any LIBOR Loan, the period commencing on the Business Day such Loan is disbursed or continued or on the Conversion Date on which a Base Rate Loan is converted to the LIBOR Loan and ending on the date one, two, three or six months (or, if commercially or otherwise available to each affected Lender, nine or twelve months) thereafter (or, if in accordance with Section 1.6(a), one (1) week thereafter), as selected by the Borrower Representative in its Notice of Borrowing or Notice of Conversion/Continuation; provided that:

(a) if any Interest Period pertaining to a LIBOR Loan would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the immediately preceding Business Day;

(b) any Interest Period pertaining to a LIBOR Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period for any Revolving Loan shall extend beyond the Revolving Termination Date.

"Internet Domain Name" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to internet domain names.

"Interim Order" means, collectively, the order of the Bankruptcy Court entered in the Chapter 11 Cases after an interim hearing (assuming satisfaction of the standards prescribed in Section 364 of the Bankruptcy Code and Bankruptcy Rule 4001 and other applicable law), together with all extension, modifications, and amendments thereto, in form and substance satisfactory to Agent, which, among other matters but not by way of limitation, authorizes, on an interim basis, the Credit Parties to execute and perform under the terms of this Agreement and the other Loan Documents.

"Inventory" means all of the "inventory" (as such term is defined in the UCC or the PPSA) of the Credit Parties and their Subsidiaries, including, but not limited to, all merchandise, raw materials, parts, supplies, work in process and finished goods intended for sale, together with all the containers, packing, packaging, shipping and similar materials related thereto, and including such inventory as is temporarily out of a Credit Party or such Subsidiary's custody or possession, including inventory on the premises of others and items in transit.

"Investment Banker" means an investment banker reasonably acceptable to the Agent. For the avoidance of doubt, Jefferies LLC shall be a reasonably acceptable Investment Banker.

"Investments" shall have the meaning set forth in Section 5.4.

"IP Ancillary Rights" means, with respect to any Intellectual Property, as applicable, all foreign counterparts to, and, as applicable, all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and Liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof.

"IP License" means all Contractual Obligations (and all related IP Ancillary Rights), whether written or oral, granting any right, title and interest in or relating to any Intellectual Property.

"IRS" means the Internal Revenue Service of the United States and any successor thereto.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Issue" means, with respect to any Letter of Credit, to issue, extend the expiration date of, renew (including by failure to object to any automatic renewal on the last day such objection is permitted), increase the face amount of, or reduce or eliminate any scheduled decrease in the face amount of, such Letter of Credit, or to cause any Person to do any of the foregoing. The terms "Issued" and "Issuance" have correlative meanings.

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

"Joint Venture" means, any joint venture in which any Credit Party or any of its Subsidiaries hold equity interests that represent less than 100% of the ordinary voting power and aggregate equity value represented by the issued and outstanding equity interests in such joint venture.

"Judgment Conversion Date" shall have the meaning set forth in Section 10.5(a).

"Judgment Currency" shall have the meaning set forth in Section 10.5(a).

"LC Draw Event" means (a) the occurrence of November 30, 2016, (b) a sale of all or substantially all of the Collateral has been consummated and the initial payment of the purchase price relating to such sale, plus all amounts required to be paid on account of such sale prior to November 30, 2016 pursuant to the definitive documentation evidencing such sale, is not sufficient to repay in full in cash all of the Obligations and the Prior Lender Obligations, as determined by the Agent on the date of the initial payment, (c) any Event of Default has occurred and is continuing, or (d) an OMERS LC Event has occurred.

"LC Eligibility Period" means the period commencing on the First Amendment Effective Date and ending upon the exhaustion of the OMERS LC due to a draw or draws on the OMERS LC following an LC Draw Event.

"L/C Issuer" means any Lender or an Affiliate thereof or a bank or other legally authorized Person reasonably acceptable to Agent, in each case, in such Person's capacity as an issuer of Letters of Credit hereunder.

"L/C Reimbursement Agreement" shall have the meaning set forth in Section 1.1(c)(i)(C).

"L/C Reimbursement Date" shall have the meaning set forth in Section 1.1(c)(v).

"L/C Reimbursement Obligation" means, for any Letter of Credit, the obligation of the Borrowers to the L/C Issuer thereof or to Agent, as and when matured, to pay all amounts drawn under such Letter of Credit in the currency in which such Letter of Credit was issued.

"L/C Request" shall have the meaning set forth in Section 1.1(c)(ii).

"L/C Sublimit" has the meaning set forth in Section 1.1(c)(i)(A).

"Lead Arranger" means Antares.

"Lease Reserve Commencement Date" means the date that is fourteen (14) weeks prior to the Lease Rejection Date.

"Lease Rejection Date" means the last day of the 120-day lease rejection/assumption period, as such period may be extended or shortened by the Bankruptcy Court.

"Lease Reserve" means a reserve, in an amount established by Agent in its reasonable credit judgment, in respect of (i) Inventory held at any leased Store locations intended to be closed with respect to which the lease therefor is or is intended to be terminated by the applicable Credit Party (other than any location subject the Permitted Store Closing Sale unless such location is subject of a lease rejection motion or with respect to which notice has been given under the CCAA or there has been filed a motion with any Insolvency Court to compel the assumption or rejection of the lease), (ii) Inventory at leased Store locations located in the United States with respect to which the lease has not been assumed commencing on the Lease Reserve Commencement Date, or with respect to any specific location, the date that is fourteen (14) weeks prior to the expiration of such period of time as shall have been consented to for rejection/assumption of such lease by the landlord for such location and approved by the Bankruptcy Court, or (iii) Inventory held at leased Store locations with respect to which notice has been given under the CCAA or as to which there has been filed a motion with any Insolvency Court to compel the assumption or rejection of the lease, in each case in an amount determined by the Agent in its sole discretion.

"Lender" shall have the meaning set forth in the Preamble.

"Lending Office" means, with respect to any Lender, the office or offices of such Lender specified as its "Lending Office" beneath its name on the applicable signature page hereto, or such other office or offices of such Lender as it may from time to time notify the Borrower Representative and Agent.

"Letter of Credit" means the U.S. Dollar Equivalent of documentary or standby letters of credit issued for the account of the Borrowers by L/C Issuers, and bankers' acceptances issued by a Borrower, for which Agent and Lenders have incurred Letter of Credit Obligations.

"Letter of Credit Fee" shall have the meaning set forth in Section 1.9(c).

"Letter of Credit Obligations" means all outstanding obligations incurred by Agent and Lenders at the request of the Borrowers or the Borrower Representative, whether direct or indirect, contingent or otherwise, due or not due, in connection with the issuance of Letters of Credit by L/C Issuers or the purchase of a participation as set forth in Section 1.1(c) with respect to any Letter of Credit. The amount of such Letter of Credit Obligations shall equal the maximum amount that may be payable by Agent and Lenders thereupon or pursuant thereto.

"Liabilities" means all claims, actions, suits, judgments, damages, losses, liability, obligations, legally binding responsibilities, fines, penalties, sanctions, costs, fees, taxes, commissions, charges, disbursements and expenses, in each case of any kind or nature (including interest accrued thereon or as a result thereto and fees, charges and disbursements of financial, legal and other advisors and consultants), whether joint or several, whether or not indirect, contingent, consequential, actual, punitive, treble or otherwise.

"LIBOR" means, for each Interest Period, the offered rate per annum for deposits of Dollars for the applicable Interest Period that appears on Reuters Screen LIBOR01 Page as of 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period. If no such offered rate exists, such rate will be the rate of interest per annum, as reasonably determined by Agent (rounded upwards, if necessary, to the nearest 1/100 of 1%) at which deposits of Dollars in immediately available funds are offered at 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such Interest Period by major financial institutions reasonably satisfactory to Agent in the London interbank market for such Interest Period for the applicable principal amount on such date of determination. If the LIBOR is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"LIBOR Loan" means a Loan that bears interest based on LIBOR.

"Lien" means, with respect to any asset, a mortgage, deed of trust, pledge, hypothecation, assignment (collateral or otherwise), charge or deposit arrangement, encumbrance, easement, lien (statutory or otherwise), security interest or other security arrangement and any other preference, priority or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a Capital Lease, synthetic lease or any other financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the UCC, the PPSA or any comparable law) and any other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease or an agreement to sell.

"Lien Waiver" means an agreement, in form and substance reasonably satisfactory to Agent, by which (a) for any Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent (or its designees) to enter upon the premises and remove the Collateral as permitted hereunder or to use the premises to store or dispose of the Collateral; (b) for any Collateral located on an owned premises subject to a mortgage or deed of trust (other than a mortgage or deed of trust in favor of Agent or the High Yield Trustee to the extent permitted by Section 5.1(i)), the mortgagee or beneficiary, as applicable, waives or subordinates any Lien it may have on the Collateral, and agrees to permit Agent (or its designees) to enter upon the premises and remove the Collateral as permitted hereunder or to use the premises to store or dispose of the Collateral; (c) for any Collateral held by a warehouseman, processor, shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on the Collateral, agrees to hold any documents in its possession relating to the Collateral as agent for Agent, and agrees to deliver the Collateral to Agent upon request; and (d) for any Collateral held by a repairman, mechanic or

bailee, such Person acknowledges Agent's Lien, waives or subordinates any Lien it may have on the Collateral, and agrees to deliver the Collateral Agent upon request.

"Loan" means an extension of credit by a Lender to any Borrower pursuant to Article I hereof, and may, in the case of Dollar denominated Loans be a Base Rate Loan or a LIBOR Loan and in the case of Canadian Dollar denominated Loans be a BA Rate Loan or Canadian Prime Rate Loan.

"Loan Account" shall have the meaning set forth in Section 1.4(a).

"Loan Documents" means this Agreement, the Notes, the Fee Letter, the Collateral Documents, the Approved Budget, the High Yield Intercreditor Agreement, each subordination agreement, each Borrowing Base Certificate, the OMERS LC and all documents delivered to Agent and/or any Lender in connection with any of the foregoing, including the Interim Order, the Final Order and the Initial Order.

"Margin Stock" means "margin stock" as such term is defined in Regulation T, U or X of the Federal Reserve Board.

"Material Adverse Effect" means, other than, in each case, the commencement of the Insolvency Cases or the events resulting in the commencement of the Insolvency Cases: (a) a material adverse effect on the business, assets, operations, financial condition or liabilities (contingent or otherwise) of the Credit Parties and their Subsidiaries taken as a whole; (b) a material impairment of the ability of the Credit Parties' ability, taken as a whole, to pay any of the Obligations in accordance with the terms of the Loan Documents or (c) a material adverse effect upon (i) the legality, validity, binding effect or enforceability of any Loan Document, (ii) the perfection or priority of any lien granted to Agent under the Loan Documents or (iii) the rights and remedies of Agent or any Lender under the Loan Documents. Notwithstanding the foregoing, in no event shall any Material Adverse Effect be deemed to exist as a result of the commencement of the Insolvency Cases to the extent that such events would reasonably be expected to result therefrom.

"Material Environmental Liabilities" means Environmental Liabilities exceeding $325,000 in the aggregate.

"Maximum Borrowing Availability" means, at any time, an amount equal to the lesser of (a) the Aggregate Revolving Loan Commitment then in effect, and (b) the U.S. Dollar Equivalent of the Revolving Credit Borrowing Base at such time.

"Maximum Lawful Rate" shall have the meaning set forth in Section 1.3(d).

"MNPI" shall have the meaning set forth in Section 8.10(a).

"Monitor" means FTI Consulting Canada Inc. in its capacity as court-appointed monitor in the CCAA Proceedings.

"Moody's" means Moody's Investors Service, Inc.

"Mortgage" means each deed of trust, leasehold deed of trust, mortgage, leasehold mortgage, deed to secure debt, leasehold deed to secure debt or other document creating a Lien on Real Estate or any interest in Real Estate executed by a Credit Party in favor of Agent after the Closing Date, in each case, in form and substance reasonably satisfactory to Agent.

"Multiemployer Plan" means any multiemployer plan, as defined in Section 4001(a)(3) of ERISA, as to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

"National Flood Insurance Program" means the program created by the U.S. Congress pursuant to the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as revised by the National Flood Insurance Reform Act of 1994, that mandates the purchase of flood insurance to cover real property improvements located in Special Flood Hazard Areas in participating communities and provides protection to property owners through a Federal insurance program.

"Net Orderly Liquidation Value" means, with respect to any Inventory, the net appraised orderly liquidation value (expressed as a percentage) of such Inventory (net of liquidation expenses, costs of sale, operating expenses and retrieval and related costs), as determined from time to time by Agent in its reasonable credit judgment by reference to the most recent appraisal of the Inventory performed by an appraiser chosen by and reasonably satisfactory to Agent; provided, however, that following the commencement of the Permitted Store Closing Sales, the net appraised orderly liquidation value (expressed as a percentage) then in effect with respect to all Inventory (other than Inventory subject to Permitted Store Closing Sales) may initially be reduced by an amount not to exceed 0.80% and thereafter may be adjusted to reflect the effects of the Permitted Store Closing Sales by an amount determined by Agent in its reasonable credit judgment by reference to the most recent desktop appraisal of Inventory performed by an appraiser chosen by and reasonably satisfactory to Agent.

"Net Proceeds" means proceeds in cash, checks or other cash equivalent financial instruments (including Cash Equivalents) as and when received by the Person making a Disposition, as well as insurance proceeds and expropriation, condemnation and similar awards received on account of an Event of Loss, net of: (a) in the event of a Disposition (i) reasonable commissions and other transaction costs, fees and expenses directly attributable to such Disposition excluding amounts payable to a Borrower or any Affiliate of a Borrower, in each case, arising Post-Petition, (ii) sale, use or other transaction taxes arising Post-Petition and paid or payable as a result thereof, and (iii) amounts required to be applied to repay principal, interest and prepayment premiums and penalties on Indebtedness (other than the Obligations and the Prior Lender Obligations) secured by a Lien on the asset which is the subject of such Disposition senior to the Obligations and the Prior Lender Obligations, if applicable and (b) in the event of an Event of Loss, (i) all money actually applied to repair or reconstruct the damaged Property or Property affected by the condemnation, taking, damage or casualty to the extent such expenditure is permitted by the Approved Budget, (ii) all of the costs and expenses reasonably incurred in connection with the collection of such proceeds, award or other payments, in each case, arising Post-Petition, and (iii) any amounts retained by or paid to parties having rights secured by a Lien on the asset which is the subject of such Event of Loss senior to the Obligations and the Prior Lender Obligations, if applicable.

"Non-Funding Lender" means any Lender that has (a) failed to fund any payments required to be made by it under the Loan Documents within two (2) Business Days after any such payment is due (excluding expense and similar reimbursements that are subject to good faith disputes), (b) given written notice (and Agent has not received a revocation in writing), to any Borrower, Agent, any Lender, or the L/C Issuer or has otherwise publicly announced (and Agent has not received notice of a public retraction) that such Lender believes it will fail to fund payments or purchases of participations required to be funded by it under the Loan Documents or one or more other syndicated credit facilities, (c) failed to fund (and not cured such failure) loans, participations, advances, or reimbursement obligations under one or more other syndicated credit facilities, unless subject to a good faith dispute, (d) any Revolving Lender that has (i) become subject to a voluntary or involuntary case under any Insolvency Laws, (ii) a custodian, conservator, receiver or similar official appointed for it or any substantial part of such Person's assets, or (iii) made a general assignment for the benefit of creditors, been liquidated, or otherwise been adjudicated as, or determined by any Governmental Authority having regulatory authority over such Person or its assets to be, insolvent or bankrupt, and for clause (d), and Agent has determined that such Lender is reasonably likely to fail to fund any payments required to be made by it under the Loan Documents or (e) become the subject of a Bail-In Action . For purposes of this definition, control of a Person shall have the same meaning as in the second sentence of the definition of Affiliate.

"Non-U.S. Lender Party" means each of Agent, each Lender, each L/C Issuer, each SPV and each participant, in each case that is not a United States person under and as defined in Section 7701(a)(30) of the Code.

"Note" means any Revolving Note or Swingline Note, and "Notes" means all such Notes.

"Notice of Borrowing" means a notice given by the Borrower Representative to Agent pursuant to Section 1.5, in substantially the form of Exhibit 10.1(c) hereto.

"Notice of Conversion/Continuation" means a notice given by the Borrower Representative to Agent pursuant to Section 1.6(a) in the form of Exhibit 1.6 hereto.

"Obligations" means all Loans, and other Indebtedness, advances, debts, liabilities, obligations, covenants and duties, including interest and fees accruing on any of the foregoing, during any Insolvency Proceeding with respect to one or more Credit Parties, regardless of whether such interest and fees are disallowed as a claim in that Insolvency Proceeding, in each case, owing by any Credit Party to any Lender, Agent, any L/C Issuer, or any other Person required to be indemnified, that arises under any Loan Document, any Secured Bank Product Agreement, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired.

"Obligation Currency" shall have the meaning set forth in Section 10.5(a).

"OCP Trust" means that certain trust created pursuant to declaration of trust, dated June 11, 2007, the trustee of which is OCP Holdings Corporation.

"OCPI Golf Holding Inc." means OCPI Golf Holding Inc., a corporation organized under the laws of Ontario.

"OFAC" shall have the meaning set forth in Section 2.1(n).

"OMERS" means OMERS Administration Corporation, a non-share capital corporation continued pursuant to the Ontario Municipal Employees Retirement System Act, 2006.

"OMERS Affiliate" means, with respect to OMERS, any Person (other than a natural Person) that (x) is controlled by OMERS or OCP Trust, and (y) does not constitute a portfolio company (or a holding company of a portfolio company) of any of the foregoing. For purposes of this definition "control" means the power to direct or cause the direction of management and policies of a Person, whether by contract or otherwise.

"OMERS LC" means that certain Irrevocable Standby Letter of Credit (No. 5501209), provided by, and duly executed and delivered by, the OMERS LC Issuer in the face amount of $16,533,681.98, for the benefit of the Agent, dated as of November 13, 2015 and with an expiration date that is no earlier than November 12, 2017, and otherwise in form and substance and on terms satisfactory to the Agent (including a provision permitting the Agent to draw on such OMERS LC, in whole or in part, immediately upon the occurrence of an LC Draw Event), as the same may be further amended, restated, supplemented or otherwise modified with the prior written consent of the Agent or replaced or substituted, so long as such replacement or substitute letter of credit has terms substantially similar to the OMERS LC and is from an issuing bank reasonably satisfactory to the Agent.

"OMERS LC Event" means, at any time from and after the First Amendment Effective Date: (a) the OMERS LC Issuer fails to maintain a credit rating of at least "A-" by S&P or "A3" by Moody's; (b) the OMERS LC is disaffirmed, disclaimed, repudiated, rejected, cancelled or otherwise terminated, in whole or in part, or the validity of the OMERS LC is challenged in writing by the OMERS LC Issuer or any successor in interest, a Credit Party, SPV Holdco, Sponsor, a Sponsor Affiliate, the High Yield Trustee, any High Yield Purchaser or any other creditor of any Credit Party or SPV Holdco; (c) the OMERS LC Issuer fails to comply with or perform its obligations under the OMERS LC; (d) the OMERS LC fails or ceases to be in full force and effect; (e) the OMERS LC fails to remain legal, valid, binding and enforceable in accordance with its terms; (f) the OMERS LC fails to remain irrevocable; (g) the OMERS LC is amended or modified without the prior written consent of Agent; (h) the imposition of any Lien on the OMERS LC; or (i) the failure of the OMERS LC Issuer to renew the OMERS LC at least sixty (60) days prior to its expiry; provided, however, that solely to the extent Agent acknowledges in writing having received either (x) a replacement letter of credit from a bank and on terms satisfactory to Agent in all respects or (y) net cash proceeds in an aggregate amount of not less than the then current face amount of the OMERS LC for application to payment of the Obligations and the Prior Lender Obligations in accordance with the terms hereof, then any OMERS LC Event arising solely as a result of clauses (a), (c), (d), (e), (f), (g) or (i) hereof shall be deemed cured.

"OMERS LC Issuer" means the Royal Bank of Canada.

"Orders" means, as applicable and as the context may require, (a)(i) the Interim Order or the Final Order, whichever is then applicable, or (ii) the Initial Order, and (b) collectively, the Interim Order (or the Final Order, whichever is then applicable) and the Initial Order.

"Ordinary Course of Business" means, in respect of any transaction involving any Credit Party or any Subsidiary of any Credit Party, the ordinary course of such Person's business, as conducted by any such Person in accordance with past practices and undertaken by such Person in good faith and not for the purposes of evading any covenant or restriction in any Loan Document.

"Organization Documents" means, (a) for any corporation, the certificate and articles of incorporation, amalgamation or continuation, as applicable, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, (b) for any partnership, the partnership agreement and, if applicable, certificate of limited partnership, (c) for any limited liability company, the operating agreement and articles or certificate of formation or (d) any other document setting forth the manner of election or duties of the officers, directors, managers or other similar persons, or the designation, amount or relative rights, limitations and preference of the Stock of a Person.

"Other Taxes" shall have the meaning set forth in Section 9.1(c).

"Outstanding Items" shall have the meaning set forth in Section 4.15.

"Overadvance" shall have the meaning set forth in Section 1.1(a)(ii).

"Participant Register" shall have the meaning set forth in Section 8.9(f).

"Patents" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to letters patent and applications therefor.

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, P.L. 107-56, as amended.

"PBGC" means the United States Pension Benefit Guaranty Corporation any successor thereto.

"Period" shall mean a Prior Week, a Cumulative Four Week Period or a Cumulative Period, as applicable.

"Permits" means, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other Contractual Obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Permitted Liens" shall have the meaning set forth in Section 5.1.

"Permitted Store Closings Sales" means the closure of twenty (20) Stores listed on Schedule 4.21(a) and any additional Stores approved in writing by the Agent in its reasonable discretion (subject to the performance of a desktop appraisal in form an substance acceptable to Agent) and the liquidation of assets related thereto by an Approved Liquidator pursuant to bidding procedures, an Approved Liquidation Agreement and all other relevant documents executed in connection therewith, each, as applicable, to be in form and substance reasonably satisfactory to Agent.

"Person" means an individual, partnership, corporation, limited liability company, business trust, public benefit corporation, joint stock company, estate, association, firm enterprise, trust, unincorporated association, joint venture, other entity or Governmental Authority.

"Petition Date" shall mean as to the U.S. Debtors, the Canadian Debtors and as the context may require, (a) September 14, 2016, the date of the commencement of the Chapter 11 Cases of the U.S. Debtors and (b) September 14, 2016, the date of the commencement of the CCAA Proceedings of the Canadian Debtors.

"Post-Petition" means the time period commencing immediately upon the filing of the applicable Insolvency Cases.

"PPSA" means the *Personal Property Security Act* (Ontario) and the Regulations thereunder, as from time to time in effect, provided, however, if attachment, perfection or priority of Agent's security interests in any Collateral are governed by the personal property security laws of any jurisdiction other than Ontario, PPSA shall mean those personal property security laws in such other jurisdiction for the purposes of the provisions hereof relating to such attachment, perfection or priority and for the definitions related to such provisions.

"Pre-Petition" means the time period ending immediately prior to the filing of the applicable Insolvency Cases.

"Pre-Petition Credit Agreement" shall have the meaning set forth in the Recitals to this Agreement.

"Pre-Petition Indebtedness" means all Indebtedness of any of the Credit Parties outstanding on the Petition Date immediately prior to the filing of the Insolvency Cases other than Indebtedness under the Pre-Petition Credit Agreement and the other Pre-Petition Loan Documents.

"Pre-Petition Indemnity Account" means an amount equal to $500,000 for the purpose of securing contingent indemnification obligations and other contingent claims arising under the Pre-Petition Credit Agreement, the other Pre-Petition Loan Documents or otherwise in respect of the Prior Lender Obligations in the event the Prior Agent and the Prior Lenders have not received releases and discharges of claims and liabilities, in form and substance reasonably satisfactory to the Prior Agent and the Prior Lenders, at the time of payment in full in cash of all Prior Lender Obligations other than contingent obligations relating thereto.

"Pre-Petition Loan Documents" shall mean the "Loan Documents" as such term is defined in the Pre-Petition Credit Agreement.

"Prior Agent" shall mean Antares, as the administrative agent under the Pre-Petition Credit Agreement.

"Prior Claims" means all Liens created by applicable law (in contrast with Liens voluntarily granted) which rank or are capable of ranking prior or pari passu with Agent's security interests (or interests similar thereto under applicable law) against all or part of the Collateral, including for amounts owing for employee source deductions, goods and services taxes, sales taxes, harmonized sales taxes, municipal taxes, workers' compensation, Quebec corporate taxes, pension fund obligations, *Wage Earner Protection Program Act* obligations and overdue rents.

"Prior Lenders" means the lenders under the Pre-Petition Credit Agreement.

"Prior Lender Obligations" means all "Obligations" under, and as defined in, the Pre-Petition Credit Agreement of any Credit Party and any of their Subsidiaries to the Secured Parties (under, and as defined in, the Pre-Petition Loan Documents) pursuant to the Pre-Petition Credit Agreement, the other Pre-Petition Loan Documents and all instruments and documents executed pursuant thereto or in connection therewith. For purposes of calculating Revolving Exposure, Prior Lender Obligations shall not include letter of credit obligations under the Pre-Petition Credit Agreement for so long as such letter of credit obligations have been cash collateralized pursuant to Section 1.1(c)(ix).

"Prior Week" shall mean, as of any date of determination, the immediately preceding week ended on a Saturday and commencing on the prior Sunday.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

"Protective Advance" shall have the meaning set forth in Section 1.1(a)(iii).

"Qualified Liens" means those Liens expressly permitted by Sections 5.1(c), 5.1(d) (solely as such relate to (a) statutory landlord's liens on Inventory located on such leased premises of the Borrowers or (b) possessory liens of a carrier or warehouseman or similar possessory liens upon Inventory in the possession of such carrier or warehouseman securing only the freight charges or storage charges for the transportation or storage of such Inventory of the Borrowers) and 5.1(f).

"Quebec Collateral Documents" means the Debentures, Debenture Pledge Agreements and Deeds of Hypothec executed by each Credit Party which has its domicile (within the meaning of the Civil Code of Quebec) or chief executive office or any of its personal property located in the Province of Quebec.

"Real Estate" means any real property owned, leased, subleased or otherwise operated or occupied by any Credit Party or any Subsidiary of any Credit Party.

"Register" shall have the meaning set forth in Section 1.4(b).

"Related Persons" means, with respect to any Person, each Affiliate of such Person, each such Person's successors or assigns, and each director, member, manager, equity holder, officer, employee, agent, trustee, representative, attorney, accountant, collateral auditor, appraiser and each insurance, environmental, legal, financial and other advisor (including those retained in connection with the satisfaction or attempted satisfaction of any condition set forth in Article II) and other consultants and agents of or to such Person or any of its Affiliates.

"Releases" means any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material into or through the environment.

"Remedial Action" means all actions required to (a) clean up, remove, treat or in any other way address any Hazardous Material in the indoor or outdoor environment, (b) prevent or minimize any Release so that a Hazardous Material does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment or (c) perform pre remedial studies and investigations and post-remedial monitoring and care with respect to any Hazardous Material.

"Remedies Notice Period" shall have the meaning assigned to such term in the Interim Order or the Final Order, as applicable.

"Replacement Lender" shall have the meaning set forth in Section 8.22.

"Required Lenders" means at any time (a) if there are two (2) or fewer Revolving Lenders, all Revolving Lenders and (b) if there are three (3) or more Revolving Lenders, (x) at least two (2) Revolving Lenders then holding more than fifty percent (50%) of the Aggregate Revolving Loan Commitments of all Revolving Lenders, or (y) if the Aggregate Revolving Loan Commitments have terminated, at least two (2) Lenders then having more than fifty percent (50%) of the sum of the aggregate outstanding amount of Revolving Loans, outstanding Letter of Credit Obligations, amounts of participations in Swing Loans and the principal amount of unparticipated portions of Swing Loans. Additionally, solely for this definition, a Revolving Lender and its Affiliates shall collectively constitute (1) Revolving Lender.

"Required Supermajority Lenders" means at any time (a) if there are two (2) or fewer Revolving Lenders, all Revolving Lenders and (b) if there are three (3) or more Revolving Lenders, (x) at least two (2) Revolving Lenders then holding eighty percent (80%) or more of the Aggregate Revolving Loan Commitments of all Revolving Lenders, or (y) if the Aggregate Revolving Loan Commitments have terminated, at least two (2) Lenders then having eighty percent (80%) or more of the sum of the aggregate outstanding amount of Revolving Loans, outstanding Letter of Credit Obligations, amounts of participations in Swing Loans and the principal amount of unparticipated portions of Swing Loans. Additionally, solely for this definition, a Revolving Lender and its Affiliates shall collectively constitute (1) Revolving Lender.

"Requirement of Law" means, as to any Person, any law (statutory or common), ordinance, treaty, rule, regulation, judgments, writs, injunctions, decrees (including

administration or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements, requests order, policy, other legal requirement or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon such Person or any of its Property or to which such Person or any of its Property is subject.

"Reserves" means reserves (including reserves on account of Prior Claims) against the Revolving Credit Borrowing Base established by the Agent from time to time in accordance with Section 1.13, including (a) reserves established by the Agent from time to time against Eligible Credit Card Accounts, Eligible Wholesale Accounts, Eligible Inventory, Eligible Domestic In Transit Inventory and Eligible Real Estate, (b) the Lease Reserves, (c) a reserve or reserves in the full amount of the U.S. Carve-Out, the Canadian Carve-Out, the D&O Charge and in the maximum amount of any other court-ordered charges or other liabilities that Agent determines in its reasonable judgment rank senior in priority or may rank senior in priority to the Lien securing the Obligations as established by the Agent on the Closing Date and thereafter modified, as and to the extent Agent determines to do so, (d) subject to the Agent's right to modify such Reserves in its reasonable credit judgment based on circumstances, conditions, events or contingencies arising after the Closing Date or that were unknown to the Agent prior to the Closing Date, Reserves associated with (x) gift cards shall be equal to 40% of Borrowers' book value thereof and (y) customer deposits shall be equal to 50% of Borrowers' book value thereof and (e) reserves established by Agent from time to time relating to Eligible Inventory subject to Permitted Store Closing Sales by reference to the most recent desktop appraisal of Inventory performed by an appraiser chosen by and reasonably satisfactory to Agent. Without limiting the generality of the foregoing, reserves established to ensure the payment of accrued interest expenses or Indebtedness shall be deemed to be a reasonable exercise of Agent's credit judgment.

"Responsible Officer" means the chief executive officer, president, chief financial officer, chief restructuring officer or treasurer of a Borrower or Borrower Representative, as applicable, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants or delivery of financial information, including any Borrowing Base Certificates, Compliance Certificates, Approved Budgets or Approved Budget Variance Reports, the chief financial officer or treasurer of a Borrower or Borrower Representative, as applicable, or any other officer having substantially the same authority and responsibility.

"Restricted Payments" shall have the meaning set forth in Section 5.11.

"Restructuring Advisor" means a financial advisor reasonably acceptable to the Agent. For the avoidance of doubt, Alvarez & Marsal Canada ULC and Alvarez & Marsal North America LLC shall be a reasonably acceptable Restructuring Advisor.

"Revolving Credit Borrowing Base" means, as of any date of determination by Agent, from time to time, an amount equal to the sum of the U.S. Dollar Equivalent of:

(a) 100% of the stated amount of the Eligible Letter of Credit; plus

(b) up to 95% of the book value of Eligible Credit Card Accounts at such time; plus

(c) up to 95% of the book value of Eligible Wholesale Accounts at such time; plus

(d) up to 95% of the Net Orderly Liquidation Value of the cost of Eligible Inventory on a first-in, first-out basis; plus

(e) up to 60% of the fair market value (as shown on the Approved Real Estate Appraisal) of Eligible Real Estate; minus

(f) Reserves established by Agent at such time in its reasonable credit judgment; minus

(g) the Availability Block;

provided that notwithstanding the foregoing, the amount calculated pursuant to clause (e) shall not exceed 30% of the Revolving Credit Borrowing Base at any time.

"Revolving Exposure" means, with respect to any Lender at any time, the sum of (a) the U.S. Dollar Equivalent of the outstanding principal amount of such Lender's Revolving Loans plus (b) the U.S. Dollar Equivalent of the aggregate outstanding Letter of Credit Obligations of such Lender plus (c) the U.S. Dollar Equivalent of an amount equal to its Revolving Loan Commitment Percentage of the aggregate principal amount of Overadvances, Protective Advances and Swing Loans outstanding at such time plus (d) the U.S. Dollar Equivalent of the aggregate amount of such Lender's Prior Lender Obligations outstanding at such time.

"Revolving Lender" means each Lender with a Revolving Loan Commitment (or if the Revolving Loan Commitments have terminated, who hold Revolving Loans or participations in Swing Loans).

"Revolving Loan" shall have the meaning set forth in Section 1.1(a)(i).

"Revolving Loan Commitment" has the meaning set forth in Section 1.1(a)(i).

"Revolving Loan Commitment Percentage" means, as to any Revolving Lender, the percentage equivalent of such Lender's Revolving Loan Commitment, divided by such Lender's Aggregate Revolving Loan Commitment; provided that following any acceleration of the Loans, such term means, as to any Lender, the percentage equivalent of the principal amount of the Loans held by such Lender, divided by the aggregate principal amount of the Loans held by all Lenders.

"Revolving Note" means a promissory note of the Borrowers payable to a Lender in substantially the form of Exhibit 10.1(d) hereto, evidencing Indebtedness of the Borrowers under the Revolving Loan Commitment of such Lender.

"Revolving Termination Date" means the earliest to occur of: (a) March 20, 2017, and (b) the date on which the Aggregate Revolving Loan Commitment shall terminate in accordance with the provisions of this Agreement.

"Sale" shall have the meaning set forth in Section 8.9(b).

"Sale Transaction" means any or all of the GC Sale or the U.S. Store Liquidation; provided that any such Sale Transaction shall be conducted pursuant to bidding procedures, sales procedures, approval orders, purchase agreements, agency documents or other agreements, documents or instruments, as applicable, in form and substance and on terms reasonably satisfactory to the Agent.

"SDN List" shall have the meaning set forth in Section 3.24.

"Secured Bank Product Agreement" means any Bank Product Agreement between a Borrower and the counterparty thereto, which (a) has been provided or arranged by Antares Finance or an Affiliate of Antares Finance, or (b) Agent has acknowledged in writing constitutes a "Secured Bank Product Agreement" hereunder.

"Secured Bank Product Provider" means (a) a Lender or an Affiliate of a Lender (or a Person who was a Lender or an Affiliate of a Lender at the time of execution and delivery of a Bank Product Agreement) who has entered into a Secured Bank Product Agreement with a Borrower, or (b) a Person with whom Borrower has entered into a Secured Bank Product Agreement provided or arranged by Antares Finance or an Affiliate of Antares Finance, and any assignee thereof.

"Secured Party" means Agent, each Lender, each L/C Issuer, each other Indemnitee and each other holder of any Obligation of a Credit Party including each Secured Bank Product Provider.

"Settlement Date" shall have the meaning set forth in Section 1.11(b).

"Special Flood Hazard Area" means an area designated as such by FEMA in accordance with the National Flood Insurance Program.

"Specified Leased Location" means a leased location of any Credit Party located in Delaware, the District of Columbia, Iowa, Pennsylvania, Washington, West Virginia, Virginia or Canada (including any province thereof).

"Sponsor" means OMERS Private Equity Inc.

"Sponsor Affiliate" means, with respect to the Sponsor, any Person (other than a natural Person) that (a) controls the Sponsor, is controlled by, or is under common control with, the Sponsor, and (b) does not constitute a portfolio company (or a holding company of a portfolio company) of any of the foregoing. For purposes of this definition "control" means the power to direct or cause the direction of management and policies of a Person, whether by contract or otherwise.

"Sponsor Subordinated Debt" means (i) the Holdco Debt and (ii) any other loans owing by a Credit Party or a Subsidiary of a Credit Party to OMERS or any OMERS Affiliate (other than a Credit Party or any Subsidiary of any Credit Party), provided that such loans:

(a) do not mature or require any amortization or other payment of principal prior to the date that is six (6) months following the Revolving Termination Date;

(b) do not (including upon the happening of any event) require the payment of interest prior to the date that is six (6) months following the Revolving Termination Date;

(c) do not (including upon the happening of any event) provide for the acceleration of their maturity, and do not permit their holders (including upon the happening of any event) to declare a default or event of default or take any enforcement action, prior to the date that is six (6) months following the Revolving Termination Date;

(d) are not secured by a Lien on any assets of any Credit Party or any Subsidiary of a Credit Party and are not guaranteed by any Credit Party or any Subsidiary of a Credit Party;

(e) subordinated in right of payment to the Obligations pursuant to a subordination agreement in favor of Agent on terms substantially similar to the Holdco Subordination Agreement;

(f) do not (including upon the happening of any event) restrict the payment of amounts due in respect of the Obligations or compliance by any Credit Party with its obligations under the Loan Documents; and

(g) are not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holders thereof, in whole or in part, prior to the date that is six (6) months following the Revolving Termination Date.

"Spot Rate" means, with respect to a currency, the rate quoted by any financial institution designated by Agent from time to time as the spot rate for the purchase by such financial institution of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made.

"SPV" means any special purpose funding vehicle identified as such in a writing by any Lender to Agent.

"SPV Holdco" means OCPI GT SPV Limited, a corporation formed under the laws of the Province of Ontario.

"Stay of Proceedings" means the stay of proceedings against the Canadian Debtors and their property and assets and the stay of the exercise of rights and remedies against the Canadian Debtors and their property and assets contained in the Initial Order, as it may be extended or amended by any other CCAA Order.

"Stock" means all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

"Stock Equivalents" means all securities convertible into or exchangeable for Stock or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

"Store" means any retail store operated by the Credit Parties or any of their Subsidiaries.

"Store Lease" means each lease identified by its address under the subheading "Store Leases" on Schedule 4.18 (as any such lease may be hereinafter amended, modified, restated, extended, supplemented, renewed or consolidated in accordance with the terms hereof), and all other leases which may now or hereinafter be entered into by a Credit Party as lessee, as any such lease may be hereinafter amended, modified, restated, extended, supplemented, renewed or consolidated in accordance with the terms hereof.

"Subordinated Indebtedness" means loans of any Credit Party or any Subsidiary of any Credit Party owing to any Person other than any Affiliate of any Credit Party; provided that the terms of such loans:

(a) do not mature or require any amortization or other payment of principal prior to the date that is six (6) months following the Revolving Termination Date;

(b) relating to the payment of interest (i) only require the payment of interest in kind or (ii) are on terms reasonably satisfactory to Agent;

(c) do not permit their holders to take any enforcement action, prior to the date that is six (6) months following the Revolving Termination Date;

(d) are not secured by a Lien on any assets of any Credit Party or any Subsidiary of any Credit Party and are not guaranteed by any Credit Party or any Subsidiary of a Credit Party;

(e) subordinated in right of payment to the Obligations pursuant to a subordination agreement in favor of Agent on terms substantially similar to such subordination as provided in the Holdco Subordination Agreement or on other subordination terms satisfactory to Agent;

(f) do not (including upon the happening of any event) restrict the payment of amounts due in respect of the Obligations or compliance by any Credit Party with its obligations under the Loan Documents; and

(g) are not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holders thereof,

in whole or in part, prior to the date that is six (6) months following the Revolving Termination Date.

"Subsidiary" of a Person means any corporation, association, limited liability company, partnership, joint venture or other business entity of which more than fifty percent (50%) of the voting Stock, is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof.

"Successor Case" means, (i) with respect to the Chapter 11 Cases, any subsequent proceedings under the Bankruptcy Code, including any proceedings under Chapter 7 of the Bankruptcy Code, and (ii) with respect to the CCAA Proceedings, any subsequent bankruptcy proceeding under the BIA or any receivership or other Canadian Insolvency Proceeding.

"Swingline Commitment" means $10,000,000.

"Swingline Lender" means, each in its capacity as Swingline Lender hereunder, Antares Finance or, upon the resignation of Antares as Agent hereunder, any Lender (or Affiliate or Approved Fund of any Lender) that agrees, with the approval of Agent (or, if there is no such successor Agent, the Required Lenders) and the Borrowers, to act as the Swingline Lender hereunder.

"Swingline Note" means a promissory note of the Borrower payable to the Swingline Lender, in substantially the form of Exhibit 10.1(e) hereto, evidencing the Indebtedness of the Borrower to Swingline Lender resulting from the Swing Loans made to the Borrowers by Swingline Lender.

"Swingline Request" has the meaning specified in Section 1.1(d)(ii).

"Swing Loan" has the meaning specified in Section 1.1(d)(i).

"S&P" means Standard & Poor's Rating Services.

"Tax Affiliate" means, (i) each Holding Company and each Borrower and (ii) any Affiliate of a Borrower with which such Borrower files or is eligible to file consolidated, combined or unitary tax returns.

"Tax Payment" shall have the meaning set forth in Section 5.11(d).

"Tax Returns" shall have the meaning set forth in Section 3.10.

"Taxes" shall have the meaning set forth in Section 9.1(a).

"Terrorist Lists" shall have the meaning set forth in Section 3.22.

"Title IV Plan" means a pension plan subject to Title IV of ERISA, other than a Multiemployer Plan, to which any ERISA Affiliate incurs or otherwise has any obligation or liability, contingent or otherwise.

"Trade Secrets" means all right, title and interest (and all related IP Ancillary Rights) arising under any Requirement of Law in or relating to trade secrets.

"Trademark" means all rights, title and interests (and all related IP Ancillary Rights) arising under any Requirement of Law in trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations thereof and all applications in connection therewith.

"UCP" means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce ("ICC") Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

"U.S. Carve-Out" has the meaning assigned to the term "Carve-Out" in the Interim Order (or the Final Order, when applicable). The U.S. Carve-Out shall at all times be calculated without duplication of the Canadian Carve-Out.

"U.S. Debtor" and "U.S. Debtors" shall have the meanings set forth in the Recitals to this Agreement.

"U.S. Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any other currency, the equivalent amount thereof in Dollars as determined by Agent in accordance with Section 10.4.

"U.S. GC Sale" means a sale of all or substantially all of the assets of the U.S. Debtors located in the United States as a going concern pursuant to Section 363 of the Bankruptcy Code, which sale constitutes a portion of the GC Sale.

"U.S. L/C Sublimit" has the meaning set forth in Section 1.1(c)(i)(A).

"U.S. Store Liquidation" means a liquidation on an equity basis of the entire chain of Stores of the U.S. Debtors and all of the assets relating thereto under Section 363 of the Bankruptcy Code. The U.S. Store Liquidation shall be conducted pursuant to bidding procedures, sales procedures, approval orders, purchase agreements, agency documents or other agreements, documents or instruments, as applicable, in form and substance and on terms reasonably satisfactory to Agent.

"U.S. Swingline Sublimit" has the meaning set forth in Section 1.1(d)(i).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

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

"Unused Commitment Fee" shall have the meaning set forth in Section 1.9(b).

"U.S. Lender Party" means each of Agent, each Lender, each L/C Issuer, each SPV and each participant, in each case that is a United States person under and as defined in Section 7701(a)(30) of the Code.

"Wholly-Owned Subsidiary" means any Subsidiary in which (other than directors' qualifying shares required by law) one hundred percent (100%) of the Stock and Stock Equivalents, at the time as of which any determination is being made, is owned, beneficially and of record, by any Credit Party, or by one or more of the other Wholly-Owned Subsidiaries, or both.

"Withdrawal Liabilities" means, at any time, any liability incurred (whether or not assessed) by any ERISA Affiliate and not yet satisfied or paid in full at such time with respect to any Multiemployer Plan pursuant to Section 4201 of ERISA.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

10.2 Other Interpretive Provisions.

(a) Defined Terms. Unless otherwise specified herein or therein, all terms defined in this Agreement or in any other Loan Document shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto. The meanings of defined terms shall be equally applicable to the singular and plural forms of the defined terms. Terms (including uncapitalized terms) not otherwise defined herein and that are defined in the UCC or the PPSA, as applicable, shall have the meanings therein described.

(b) The Agreement. The words "hereof," "herein," "hereunder" and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision of this Agreement or such other Loan Document; and subsection, section, schedule and exhibit references are to this Agreement or such other Loan Documents unless otherwise specified.

(c) Certain Common Terms. The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced. The term "including" is not limiting and means "including without limitation."

(d) Performance; Time. Whenever any performance obligation hereunder or under any other Loan Document (other than a payment obligation) shall be stated to be due or required to be satisfied on a day other than a Business Day, such performance shall be made or satisfied on the next succeeding Business Day. In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including." If any provision of this Agreement or any other Loan Document refers to any action taken or to be taken by any Person, or which such Person is prohibited from taking, such provision shall be interpreted to encompass any and all means, direct or indirect, of taking, or not

taking, such action. Unless otherwise specified herein, all references to the time of day shall be a reference to Central time (daylight or standard, as applicable).

(e) Contracts. Unless otherwise expressly provided herein or in any other Loan Document, references to agreements and other contractual instruments, including this Agreement and the other Loan Documents, shall be deemed to include all subsequent amendments, thereto, restatements and substitutions thereof and other modifications and supplements thereto which are in effect from time to time, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document.

(f) Laws. References to any statute or regulation may be made using either the common or public thereof or a specific cite reference and are to be construed as including all statutory and regulatory provisions related thereto or consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(g) Certificates. It is understood that any Borrowing Base Certificate is intended for demonstration purposes only and the definition of Maximum Borrowing Availability, Revolving Credit Borrowing Base and any related definitions, as applicable, shall control in the event of any inconsistency between the calculation contemplated by the Borrowing Base Certificate and the calculation contemplated by this Agreement.

10.3 Accounting Terms and Principles. All accounting determinations required to be made pursuant hereto shall, unless expressly otherwise provided herein, be made in accordance with GAAP. No change in the accounting principles used in the preparation of any financial statement hereafter adopted by any Credit Party shall be given effect for purposes of measuring compliance with any provision herein or demonstration of any financial ratio hereunder unless the Borrowers, Agent and the Required Lenders agree to negotiate in good faith to, and actually, modify such provisions to preserve the original intent thereof in light of such changes in GAAP and, unless such provisions are modified, all financial statements, Compliance Certificates and similar documents provided hereunder shall be provided together with a reconciliation between the calculations and amounts set forth therein before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein (i) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made without giving effect to any election under Accounting Standards Codification 825-10 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value" and (ii) with respect to any treatment of leases as operating leases or Capital Leases for the purposes of Article V hereof, GAAP shall be determined on the basis of such principles in effect on December 31, 2015 and consistent with those used in the preparation of the audited financial statements described in Section 3.11(a). Upon the adoption by any Credit Party of International Financial Reporting Standards, or in the event of a change in GAAP, Borrower Representative and Agent shall negotiate in good faith to revise (if appropriate) such ratios to give effect to the intention of the parties under this Agreement as at the Closing Date, and any new financial ratio shall be subject to approval by the Required Lenders. Until the successful conclusion of any such negotiation and approval by the Required Lenders, all calculations made for the purpose of determining compliance with the

financial ratios contained herein shall be made on a basis consistent with GAAP in existence as at the Closing Date.

10.4 Payments; Currency Equivalents.

(a) Agent may set up standards and procedures to determine or redetermine at any time and from time to time, (i) the equivalent in Dollars of any amount expressed in any currency other than Dollars, including Canadian Dollars and (ii) the equivalent in any currency (including Canadian Dollars) of any amount expressed in Dollars, and otherwise may, but shall not be obligated to, rely on any determination made by any Credit Party or any L/C Issuer; provided that for the purposes of calculating the Revolving Credit Borrowing Base, Loans or Letters of Credit (and any component definition of any of the foregoing), Agent shall determine the applicable currency equivalent no more frequently than once per month. No determination or redetermination by any Secured Party or any Credit Party and no other currency conversion shall change or release any obligation of any Credit Party or of any Secured Party (other than Agent and its Related Persons) under any Loan Document, each of which agrees to pay separately for any shortfall remaining after any conversion and payment of the amount as converted. Agent may round up or down, and may set up appropriate mechanisms to round up or down, any amount hereunder to nearest higher or lower amounts and may determine reasonable de minimis payment thresholds.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a LIBOR Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, LIBOR Loan or Letter of Credit is denominated in Canadian Dollars, such amount shall be the relevant Canadian Dollar Equivalent of such Dollar amount as determined by Agent or the L/C Issuer, as the case may be, in accordance with the foregoing. Any such determination or redetermination by Agent shall be conclusive and binding for all purposes, absent manifest error.

10.5 Judgment Currency.

(a) If, for the purpose of obtaining or enforcing judgment against any Credit Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 10.5 referred to as the "Judgment Currency") an amount due under any Loan Document in any currency (the "Obligation Currency") other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Ontario or in the courts of any other jurisdiction that will give effect to such conversion being made on such date, or the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Section 10.5 being hereinafter in this Section 10.5 referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 10.5(a), there is a change in the rate of exchange prevailing between the Judgment

Conversion Date and the date of actual receipt for value of the amount due, the applicable Credit Party or Credit Parties shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from any Credit Party under this Section 10.5(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Loan Documents.

(c) The term "rate of exchange" in this Section 10.5 means the rate of exchange at which Agent, on the relevant date at or about 12:00 noon (Toronto time), would be prepared to sell, in accordance with Agent's normal course foreign currency exchange practices, the Obligation Currency against the Judgment Currency.

10.6 Québec Matters. For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) "personal property" shall include "movable property", (b) "real property" or "real estate" shall include "immovable property", (c) "tangible property" shall include "corporeal property", (d) "intangible property" shall include "incorporeal property", (e) "security interest", "mortgage" and "lien" shall include a "hypothec", "right of retention", "prior claim" and a resolutory clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the Uniform Commercial Code or a Personal Property Security Act shall include publication under the Civil Code of Québec, (g) all references to "perfection" of or "perfected" liens or security interest shall include a reference to an "opposable" or "set up" lien or security interest as against third parties, (h) any "right of offset", "right of setoff" or similar expression shall include a "right of compensation", (i) "goods" shall include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (j) an "agent" shall include a "mandatary", (k) "construction liens" shall include "legal hypothecs"; (l) "joint and several" shall include "solidary"; (m) "gross negligence or willful misconduct" shall be deemed to be "intentional or gross fault"; (n) "beneficial ownership" shall include "ownership on behalf of another as mandatary"; (o) "easement" shall include "servitude"; (p) "priority" shall include "prior claim"; (q) "survey" shall include "certificate of location and plan"; (r) "state" shall include "province"; (s) "fee simple title" shall include "absolute ownership"; and (t) "accounts" shall include "claims".

10.7 English Language. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit y affereuts soient rédigés en anglais seulement et que tous les documents, y compris tous avis, envisagés par cette convention soient rédigés en anglais seulement.

SCHEDULE 4.20

SALE TRANSACTION AND PERMITTED STORE CLOSING SALES

Sale Transaction:

- On or before September 30, 2016, the Credit Parties shall receive final approval from the Canadian Court for the Canadian GC Sale.
- On or before September 30, 2016, the Credit Parties shall have distributed (or shall cause the Investment Banker to distribute) to the Agent and to the Agent's Advisors (a) fully executed copies of all binding bids received in connection with the U.S. Store Liquidation to be conducted as an alternative in the event a U.S. GC Sale is not consummated, together with copies of all related documentation setting forth the terms of such bids, and such bids shall be on terms reasonably acceptable to the Agent or (b) a binding commitment in form and substance, and with terms and conditions, acceptable to Agent for a refinancing of the Obligations and the Prior Lender Obligations in full in cash.
- On or before October 5, 2016, the Credit Parties shall have made available to the parties identified by the Investment Banker as bidders in the U.S. GC Sale and the U.S. Store Liquidation the agreed form of transition services agreement governing the Credit Parties' provision of transitional and other shared services to the buyer in connection with the Canadian GC Sale.
- On or before October 5, 2016, the Bankruptcy Court shall have entered an order approving the (i) sales procedures for the U.S. GC Sale and approving the going concern stalking horse bidder (if such a going concern stalking horse bidder has been selected by the Credit Parties) consented to by the Agent with respect to the U.S. GC Sale, and (ii) sales procedures for the U.S. Store Liquidation to be conducted as an alternative in the event the U.S. GC Sale is not consummated and approving the liquidation stalking horse bidder consented to by the Agent with respect to the U.S. Store Liquidation.
- On or before October 21, 2016, the Credit Parties shall have obtained the consents of all applicable counterparties to all "Assumed Contracts" and "Assumed Real Property Leases" to be assigned to such buyer under the Purchase Agreement, dated as of September 14, 2016, among GT Canada and GT Partnership, as sellers, and Fairfax Financial Holdings Limited, as in effect on the Closing Date or alternatively shall have a filed a motion with the Canadian Court returnable not later than October 28, 2016 for an order approving the assignment of such Assumed Contracts and Assumed Real Property Leases notwithstanding the absence of such consents.
- On or before October 24, 2016, the Credit Parties shall complete the auction for the U.S. GC Sale and the U.S. Store Liquidation, and shall declare a "successful bidder" for each of the U.S. GC Sale and a "successful back-up bidder" for the U.S. Store Liquidation, in each case, in consultation with the Agent. The terms of each "successful bid" and each "successful back-up bid" shall be reasonably acceptable to Agent.
- If a going concern bidder was selected by the Credit Parties as the successful bidder at the conclusion of the auction, then on or before October 31, 2016, the Credit Parties shall

receive final approval from the Bankruptcy Court (i) for the U.S. GC Sale, (ii) for the U.S. Store Liquidation to be conducted in a manner acceptable to Agent as an alternative in the event the Credit Parties fail to consummate the U.S. GC Sale and (iii) the Credit Parties shall have executed an Approved Purchase Agreement and all other relevant definitive documentation in connection with the U.S. GC Sale, and the U.S. GC Sale shall be consummated pursuant to the Approved Purchase Agreement and the applicable Bankruptcy Court sale orders.

- If a liquidation bidder was selected by the Credit Parties as the successful bidder at the conclusion of the auction (a "U.S. Store Liquidation Winning Bid"), then on or before October 26, 2016, the Credit Parties shall receive final approval from the Bankruptcy Court for the U.S. Store Liquidation and for such U.S. Store Liquidation to commence no later than October 28, 2016.
- On or before October 31, 2016, the Canadian CG Sale shall be consummated pursuant to an Approved Purchase Agreement and the applicable Canadian Court orders.
- In the event of a U.S. Store Liquidation Winning Bid, then on or before October 28, 2016, the Credit Parties shall have executed an Approved Liquidation Agreement or equivalent definitive transaction documents in connection with the U.S. Store Liquidation and the Credit Parties shall have commenced the U.S. Store Liquidation pursuant to the Approved Liquidation Agreement and the applicable Bankruptcy Court sale orders.
- On or before October 31, 2016, either (i) the combined proceeds of the Sale Transaction evidenced by executed Approved Purchase Agreements and Approved Liquidation Agreements shall be in an amount sufficient to repay in full in cash the Obligations and the Prior Lender Obligations or (ii) the Obligations and the Prior Lender Obligations shall have been refinanced in full in cash.

Permitted Store Closing Sales:

- On or before September 19, 2016, the Credit Parties shall have obtained approval from the Bankruptcy Court to retain an Approved Liquidator to assist the Credit Parties in conducting the Permitted Store Closing Sales on a fee basis and otherwise on terms and conditions, including fee consideration, satisfactory to the Agent.
- On or before September 23, 2016, the Credit Parties shall have commenced the Permitted Store Closing Sales pursuant to the terms of the Approved Liquidation Agreement and the applicable Bankruptcy Court orders.
- On or before October 28, 2016, the Credit Parties shall have completed the Permitted Store Closing Sales pursuant to the terms of the Approved Liquidation Agreement and the applicable Bankruptcy Court orders.

Court File No: CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

AFFIDAVIT OF DAVID ROUSSY
(Sworn September 26, 2016)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

Court File No: CV-16-11527-00CL

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 GOLF TOWN CANADA HOLDINGS INC., GOLF TOWN CANADA INC. AND GOLF TOWN GP II INC.

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

MOTION RECORD OF THE APPLICANTS
(Motion for Approval and Vesting Order and Stay Extension and Priority Order)
(Returnable September 30, 2016)

GOODMANS LLP
Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
rchadwick@goodmans.ca

Melaney Wagner LSUC#: 44063B
mwagner@goodmans.ca

Bradley Wiffen LSUC#: 64279L
bwiffen@goodmans.ca

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants