

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MINNESOTA**

In re:

Gander Mountain Company,

Debtor.

Case No.:
Chapter 11 Case

In re:

Overton's, Inc.,

Debtor.

Case No.:
Chapter 11 Case

**DECLARATION OF STEPHEN SPENCER IN SUPPORT OF DEBTORS' MOTION
FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS TO OBTAIN
POST-PETITION SECURED FINANCING; (II) GRANTING LIENS AND
SUPERPRIORITY CLAIMS TO POST-PETITION LENDERS; (III) AUTHORIZING
THE USE OF CASH COLLATERAL AND PROVIDING ADEQUATE PROTECTION
TO PREPETITION SECURED PARTIES AND MODIFYING THE AUTOMATIC
STAY; AND (IV) SCHEDULING A FINAL HEARING**

I, Stephen Spencer, make this Declaration under 28 U.S.C. § 1746 and state as follows:

1. I am a Managing Director in the Financial Restructuring Group at Houlihan Lokey Capital, Inc. ("Houlihan Lokey"), a financial advisory services firm with its principal office located at 10250 Constellation Boulevard, Los Angeles, CA 90067.

2. I submit this declaration in support of the Debtors' Motion For Interim and Final Orders (I) Granting Expedited Relief; (II) Approving Postpetition Financing, (III) Granting Liens and Providing Superpriority Administrative Expense Status; (IV) Authorizing Use of Cash Collateral; (V) Granting Adequate Protection; (VI) Modifying Automatic Stay; and (VII) Granting Related Relief (the "DIP Motion"). Capitalized terms used but not defined herein have the meaning given in the DIP Motion.

3. Unless otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge, my discussions with the Debtors' senior management or members of the Houlihan Lokey team, my review of relevant documents or my opinion based upon experience, knowledge and information concerning the Debtors' operations.

Qualifications

4. Houlihan Lokey is a financial advisory and investment banking firm with its principal office located at 10250 Constellation Boulevard, Los Angeles, CA 90067. Houlihan Lokey is a registered broker-dealer with the United States Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Houlihan Lokey was founded in 1970 and, together with its subsidiaries, has approximately 1,100 employees located in 22 offices worldwide. Houlihan Lokey has one of the largest worldwide financial restructuring practices of any investment bank. Houlihan Lokey's Financial Restructuring Group, which has approximately 160 professionals, is one of the leading advisors and investment bankers to debtors, secured and unsecured creditors, acquirers and other parties-in-interest involved in financially troubled companies both in and outside of bankruptcy. In particular, Houlihan Lokey has extensive experience in providing advisory services to debtors and creditors in complex sale transactions pursuant to section 363 of the Bankruptcy Code. In 2016, Houlihan ranked as the number one M&A advisor for all U.S. transactions, according to Thomson Reuters. The firm also is one of the leading providers of M&A fairness opinions and has substantial experience working with both healthy and distressed retailers. Houlihan annually serves more than 1,000 clients ranging from closely held companies to Global 500 corporations.

5. I am a senior member of Houlihan Lokey's Financial Restructuring Group. Over two decades, I have led financial restructurings in a diverse range of industries. I specialize in

advising both debtors and creditors in financial restructurings and distressed mergers and acquisitions, raising capital for troubled businesses and representing debtors and creditor constituencies in bankruptcy proceedings. I frequently speak and publish on the topics of distressed mergers and acquisitions. My distressed sale and restructuring experiences include the representation of distressed companies, debtors, official committees of creditors and other significant stakeholders, including the following bankruptcies: Polaroid Corporation, Genmar Holdings Inc., Hawker Beechcraft Corporation, The Commonwealth of Puerto Rico and the city of Detroit, Michigan.

DIP Financing Solicitations and Negotiations

6. Houlihan Lokey reached out to 18 parties in relation to provision of DIP financing, predominantly comprised of hedge funds and alternative investors, to request proposals for either a DIP ABL facility to replace the Prepetition ABL Loan or a junior DIP facility to fund working capital needs. Of these 18 parties, 11 parties received “teasers,” which included neither Gander Mountain’s name nor any material non-public information. Two additional parties were not sent teasers because they (or an affiliate) were already subject to non-disclosure agreements (“NDAs”) and had access to a subset of the electronic data room so they could provide a bid with respect to liquidating 32 stores. Of the 11 parties that received “teasers,” 4 parties received NDAs, of which 2 parties executed an NDA and received electronic data room access. No party provided a competing DIP proposal. Of the parties that articulated reasons for deciding not to move forward with the process, primary concerns included (i) inability to get comfortable with the collateral package, (ii) limited interest in retail, (iii) belief that an existing bank group would be able to provide DIP financing on more economic terms and (iv)

institutional restrictions on investing in companies that derive a substantial portion of revenues from sales of firearms and / or ammunition.

7. The Debtors, with the assistance of Houlihan Lokey and their other advisors, have determined that the proposal submitted by the Prepetition ABL Lenders is the only proposal available at this time.

8. The Debtors and the DIP Lender negotiated the DIP Credit Agreement in a good faith and arm's length manner, with the advice of sophisticated counsel and advisors.

9. Based on Houlihan Lokey's familiarity with the market, extensive discussions with potential sources of DIP financing and my experience in this sector, I believe the DIP Credit Agreement represents the most favorable financing available to the Debtors at this time.


10. In addition to providing ongoing access to borrowing availability, the DIP credit agreement is being used to retire debt under the pre-petition credit agreement. Borrowings under Tranche A of the DIP revolver bear interest at a rate of Prime plus 3.00%, the same rate as borrowings under the Tranche A pre-petition revolver (after giving effect to default interest).

Similarly, the Tranche A-1 DIP loan bears interest at a rate of Prime plus 4.75%, the same rate as borrowings under the pre-petition tranche A-1 loan (after giving effect to default interest). The interest rate on the DIP is no less favorable than what the debtor would otherwise be paying on the pre-petition debt if they were to leave such debt outstanding and not borrow under the DIP.

11. The fees under the DIP Credit Agreement are market rates in comparison to the fees in other recent retail cases.

12. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: 3.10.17


Stephen Spencer