

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 15
CDS U.S. HOLDINGS, INC., <i>et al</i>)	
)	Case No. 20-11719 (CSS)
Debtors in a Foreign Proceeding, ¹)	
)	(Joint Administration Requested)

**MOTION FOR PROVISIONAL RELIEF
PURSUANT TO SECTION 1519 OF THE BANKRUPTCY CODE**

Cirque de Soleil Canada Inc., in its capacity as the authorized foreign representative (the “Foreign Representative”) of the above-captioned debtors (collectively, the “Debtors” or “Cirque du Soleil”), which are the subject of jointly-administered proceedings under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the “CCAA”) in the Superior Court of Quebec, Commercial Division (the “Canadian Proceedings”), submits this motion (the “Motion”), pursuant to sections 105(a) and 1519 of Title 11 of the United States Code (the “Bankruptcy Code”) to the United States Bankruptcy Court for the District of Delaware (the “Court”), seeking entry of an order granting provisional relief (the “Provisional Relief Order”), and specifically, rendering sections 361, 362, and 365(e) of the Bankruptcy Code applicable with respect to the Debtors and their property that is within the territorial jurisdiction of the United States pending recognition of the Canadian Proceedings.

¹ The last four digits of Debtor CDS U.S. Holdings, Inc.’s tax identification number are (0086). Due to the large number of debtor entities in these chapter 15 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at www.omniagentsolutions.com/cirquedusoleil. The location of the Debtors’ service address for purposes of these chapter 15 cases is: 8400, 2e Avenue Montréal, Quebec H1Z 4M6 Canada.

Relief Requested

1. In support of the requested relief, the Foreign Representative respectfully incorporates the following herein by reference: the (a) *Verified Petition for (I) Recognition of Foreign Main Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* (the “Verified Petition”); the (b) *Declaration of Foreign Representative Pursuant to 11 U.S.C. § 1515 and Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure and in Support of Verified Petition for (I) Recognition of Foreign Main Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* (the “Lefebvre Declaration”); and the (c) *Declaration of Guy P. Martel in Support of Verified Petition for (I) Recognition of Foreign Main Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* (the “Martel Declaration”). The Foreign Representative further represents to the Court as follows:

Preliminary Statement

2. On the date hereof (the “Petition Date”), the Foreign Representative filed the Verified Petition, seeking, among other things, recognition of its status as the Debtors’ foreign representative, recognition of the Canadian Proceedings as “foreign main proceedings” under section 1517 of the Bankruptcy Code, and certain related relief. Entry of an order recognizing the Canadian Proceedings and granting the relief requested in the Verified Petition is a condition precedent to consummation of the restructuring transactions (the “Restructuring Transactions”) contemplated under the stalking horse asset purchase agreement (as described in the Verified Petition, the “Stalking Horse APA”) and will likely be a condition precedent for any potential purchaser interested in participating in the Debtors’ SISP (as described and defined in the Verified Petition). Further, the relief available through chapter 15 will prevent disruption of the

Canadian Proceedings, which are intended to facilitate the Restructuring Transactions for the benefit of all stakeholders.

3. In order to provide the Debtors with the breathing room and stability necessary to implement the Restructuring Transactions, the Foreign Representative now seeks certain provisional relief between the date hereof and this Court's entry of the Foreign Representative's proposed order recognizing the Canadian Proceedings, and requests, among other things, that this Court immediately order the application of sections 361, 362, and 365(e) of the Bankruptcy Code to these chapter 15 cases. While the Debtors received relief from certain potential events of default pursuant to the First Day CCAA Order (as defined below), the Debtors may be exposed to potentially adverse action in the United States by certain creditors and other parties in interest who may disregard the "no default" provisions contained in the First Day CCAA Order.

4. Additionally, the Debtors' commencement of the Canadian Proceedings and these chapter 15 cases is, or may be asserted to trigger, an event of default and subsequent cross-default under certain of the Debt Instruments (as defined below). Further, certain of the Debtors' executory contracts and unexpired leases contain arguably unenforceable provisions permitting termination upon the Debtors' filing of a case under any section or chapter of the Bankruptcy Code. The provisional relief requested by the Debtors, which is generally afforded to debtors in chapter 15 recognition proceedings, is required to prevent individual creditors from acting to frustrate the purpose of the SISF (as defined in the Verified Petition) by disregarding the First Day CCAA Order.

5. In addition to the Debtors, the Canadian Court also ordered that the relief granted in the First Day CCAA Order apply to non-Debtors affiliates of the Debtors, namely Cirque du Soleil Holdings L.P.; CDS Canada 3 L.P.; CDS Canada 4 L.P.; Blue Man Boston Limited

Partnership; CDS Canada 1 SCSp; and CDS Canada 2 SCSp (together, the “Limited Partnerships”). See First Day CCAA Order, at ¶ 4 (“Although not Applicants, the limited partnerships . . . shall also enjoy the benefits of the protection and authorizations provided by this First Day [CCAA] Order as well as any other order which may be rendered by this Court in the context of these proceedings.”). Because the CCAA does not apply to limited partnerships, the Limited Partnerships cannot be applicants to the CCAA and, as such, the Limited Partnerships are not Debtor entities. However, the general partners of such Limited Partnerships are Debtors entities. The Limited Partnerships are integrally related to the Debtors’ business, such that any proceedings against the Limited Partnerships must be stayed to enable the Debtors to successfully restructure. As such, by this Motion, the Foreign Representative also seeks to extend the provisional stay relief to the Limited Partnerships, in-line with the protections afforded to such entities in the Canadian Proceedings.

6. Indeed, chapter 15 of the Bankruptcy Code is intended to prevent precisely these negative effects on a debtor’s restructuring in a foreign country by complementing and facilitating corporate rehabilitation in another country. Therefore, and for reasons further described herein, the Foreign Representative respectfully submits that provisional relief is urgently needed to ensure there will not be disruption to the Canadian Proceedings, to prevent harm to the Debtors, and to aid the Debtors’ restructuring.

Jurisdiction and Venue

7. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012 (the “Amended Standing Order”). The Debtors confirm their consent, pursuant to Bankruptcy Rule 7008, to the entry of a final order by the Court in connection with the Verified Petition to the extent that it is later determined

that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

8. These chapter 15 cases have been properly commenced pursuant to section 1504 of the Bankruptcy Code by the filing of petitions for recognition of the Canadian Proceedings under section 1515 of the Bankruptcy Code.

9. Venue is proper pursuant to 28 U.S.C. § 1410(1) and (3).

10. The bases for the relief requested herein are sections 105(a), 361, 362, 365, 1519, and 1521 of the Bankruptcy Code and rule 9013-1(m) of the Local Rule of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”).

Background

I. Effect of Canadian Proceedings and Chapter 15.

11. Absent the provisional relief requested herein, the commencement of the Canadian Proceedings and chapter 15 cases could have severe adverse consequences to the Debtors. The commencement of each of the proceedings is, or may be asserted to be, an event of default under the Debtors’ (a) first lien credit agreement dated as of July 8, 2015 (the “First Lien Credit Agreement”); (b) second lien credit agreement dated as of July 8, 2015 (the “Second Lien Credit Agreement”); (c) unsecured loan agreement with CDP Investissements, Inc. (the “CDPQ Unsecured Loan Agreement”); and (d) unsecured loan agreement with Fonds de Solidarité des travailleurs du Québec (the “Fonds Unsecured Loan Agreement”) (collectively, the “Debt Instruments”).² If any party in interest asserts that the Canadian Proceedings or chapter 15 cases are events of default under the agreements for the Debt Instruments, the

² Additional details regarding the Debt Instruments are provided in the Verified Petition.

resulting disruption would jeopardize the Debtors' efforts to prosecute and consummate the SISP.

12. Additionally, the Debtors face potential contract terminations due to *ipso facto* provisions in a number of the Debtors' executory contracts and unexpired leases. The Debtors generally intend to rely on such contracts and leases for the continued successful operation of their business following the restoration of their operations. The termination of such an agreement would severely disrupt the Debtors' operations and cause unnecessary distraction from the accomplishment of the Restructuring Transactions.

II. The Canadian Proceedings' No-Default Provisions.

13. On June 29, 2020, Cirque du Soleil commenced the Canadian Proceedings under the CCAA with the goal of affecting the Restructuring Transactions pursuant to the SISP while continuing normal operations. On June 30, 2020, the Superior Court of Quebec, Commercial Division (the "Canadian Court") entered an interim order (the "First Day CCAA Order").

14. The First Day CCAA Order provides "no default" provisions. The First Day CCAA Order is attached to the Order as Exhibit 1. Paragraph 45 of the First Day CCAA Order provides as follows:

[T]he First Day Order and any proceeding or affidavit leading to the First Day Order, shall not, in and of themselves, constitute a default or failure to comply by the Debtors under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

First Day CCAA Order, ¶ 45.

Relief Requested

15. Pursuant to sections 105(a), 1519, and 1521 of the Bankruptcy Code, the Debtors respectfully request that the Court enter the Provisional Relief Order, substantially in the form attached hereto as Exhibit A, granting the following provisional relief pending recognition of the Canadian Proceedings.

- a. Recognition and enforcement in the United States, on a provisional basis, of the First Day CCAA Order providing for, among other things:³
 - i. staying all proceedings and remedies taken or that might be taken in respect of the Debtors or any of their property for the Stay Period, to the same extent provided in the First Day CCAA Order;
 - ii. granting an Administrative Charge and a Directors' Charge to the same extent provided in the First Day CCAA Order; and
 - iii. declaring that Quebec is the "*center of main interest*" of the Debtors, to the same extent provided in the First Day CCAA Order.
- b. The Foreign Representative shall be the representative of the Debtors with full authority to administer the Debtors' assets and affairs in the United States.
- c. Section 361 of the Bankruptcy Code shall apply with respect to each of the Debtors and the property of each of the Debtors that is within the territorial jurisdiction of the United States.
- d. Section 362 of the Bankruptcy Code shall apply with respect to each of the Debtors and the Limited Partnerships and the property of each of the Debtors and Limited Partnerships that is within the territorial jurisdiction of the United States. For the avoidance of doubt and without limiting the generality of the foregoing, the Provisional Relief Order shall impose a stay within the territorial jurisdiction of the United States of:
 - i. The commencement or continuation, including the issuance or employment of process of, any judicial, administrative or any other action or proceeding involving or against the Debtors, the Limited Partnerships, or their assets or proceeds thereof, or to recover a claim or enforce any judicial, quasi-judicial, regulatory, administrative or other judgment, assessment, order, lien or arbitration award against the Debtors, the Limited Partnerships, or their assets or proceeds thereof, or to exercise any control over the Debtors' assets or the Limited Partnerships' assets located in the United States except as authorized by the Debtors in writing;
 - ii. The creation, perfection, seizure, attachment, enforcement, or execution of liens or judgments against the Debtors' property or the Limited Partnerships' property in the United States or from transferring, encumbering or otherwise disposing of or interfering

³ Capitalized terms used in this section but not otherwise defined herein shall have the meanings ascribed to them in the First Day CCAA Order.

with the Debtors' assets or agreements in the United States or the those of the Limited Partnerships without the express consent of the Foreign Representative;

- iii. Any act to collect, assess, or recover a claim against any of the Debtors or Limited Partnerships that arose before the commencement of the Debtors' chapter 15 cases; and
- iv. The setoff of any debt owing to any of the Debtors or Limited Partnerships that arose before the commencement of the Debtors' chapter 15 cases against any claim against of the Debtors or Limited Partnerships.
- e. For counterparties to certain of the Debtors' executory contracts and unexpired leases, or those of the Limited Partnerships, section 365(e) of the Bankruptcy Code shall apply with respect to each of the Debtors and Limited Partnerships and the property of each of the Debtors and Limited Partnerships that is within the territorial jurisdiction of the United States.
- f. The Foreign Representative shall have the rights and protections to which the Foreign Representative is entitled under chapter 15 of the Bankruptcy Code, including, but not limited to, the protections limiting the jurisdiction of United States Courts over the Foreign Representative in accordance with section 1510 of the Bankruptcy Code and the granting of additional relief in accordance with sections 1519(a)(3) and 1521 of the Bankruptcy Code.
- g. Notwithstanding any provision in the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") to the contrary, (i) the Provisional Relief Order shall be effective immediately and enforceable upon entry, (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement, or realization of the relief granted in the Provisional Relief Order, and (iii) the Foreign Representative is authorized and empowered, and may, in his discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of the Provisional Relief Order.
- h. Conditional recognition and enforcement in the United States, on a provisional basis, of the Initial CCAA Order,⁴ subject to the Canadian Court's approval and entry of the Initial CCAA Order (anticipated to be

⁴ The proposed amended and restated initial order (the "Initial CCAA Order") is attached to the Order as Exhibit 2. Capitalized terms used in this section but not otherwise defined herein shall have the meanings ascribed to them in the Initial CCAA Order. As of the date hereof, the Initial CCAA Order has not been approved by the Canadian Court. To the extent there are modifications or amendments to the proposed Initial CCAA Order that are approved by the Canadian Court, the Debtors will file and serve such modified and amended Initial CCAA Order on the Core Notice Parties (as defined in the Debtors' *Motion for Order Scheduling Recognition Hearing and Specifying Form and Manner of Service of Notice* filed contemporaneously herewith).

issued approximately ten days from the date hereof), that will supplement the First Day CCAA Order by, among other things:

- i. approving an Intercompany Advance Charge in order to secure the repayment of the various amounts which may become owing, from time to time, between the Debtors as and from the issuance of the First Day CCAA Order;
- ii. approving a Key Employee Payment;
- iii. confirming the Administration Charge and a Directors' Charge previously granted in the First Day CCAA Order;
- iv. authorizing the Debtors' use of their existing Cash Management system;
- v. appointing the Debtors' Financial Advisors; and
- vi. approving the payment of certain wages, fees, severance obligations, and expenses.
- vii. Such other relief as may be just and proper.

Basis for Relief

16. The Foreign Representative has contemporaneously filed the Verified Petition seeking recognition and a ruling that the Canadian Proceedings are foreign main proceedings under section 1517 of the Bankruptcy Code. Section 1519 of the Bankruptcy Code permits the Court “from the time of filing a petition for recognition until [it] rules on the petition” to grant provisional relief pending recognition of the foreign proceeding where such relief is “urgently needed to protect the assets of the debtor or the interests of the creditors.” 11 U.S.C. § 1519(a). Sections 1519(a)(1)–(3) of the Bankruptcy Code define the scope of available provisional relief, which includes:

- a. staying execution of the debtor's assets;
- b. entrusting the administration or realization of all or part of the debtor's assets located in the United States to the foreign representative or another person authorized by the court, including an examiner, in order to protect and preserve the value of assets that, by their nature or because of other

circumstances, are perishable, susceptible to devaluation or otherwise in jeopardy; and

c. any relief referred to in paragraph (3), (4), or (7) of section 1521(a).

17. The Foreign Representative seeks imposition of sections 361, 362, and 365(e) of the Bankruptcy Code for the purpose of maintaining the *status quo* until the Court rules on the Verified Petition. Accordingly, the Foreign Representative seeks provisional relief under sections 105(a) and 1519 of the Bankruptcy Code. The Foreign Representative intends to seek continuation of the stay via section 1521(a)(1) of the Bankruptcy Code upon the granting of foreign main recognition.

18. The provisional relief requested here is an “effective mechanism” to implement the chapter 15 policies of promoting cooperation between courts of the United States and courts of foreign countries involved in cross-border restructuring cases. The “fair and efficient administration of cross border [cases] that protects the interest of all creditors, and other interested entities,” including the Debtors, is essential to the “protection and maximization of the value of the [Debtors’] assets.” 11 U.S.C. § 1501(a).

19. Furthermore, the provisional relief sought herein is of a type frequently granted in chapter 15 cases. Bankruptcy courts in the United States have routinely imposed the section 362 stay or ordered similar relief to maintain the *status quo* pending recognition or disposition of foreign proceedings in ancillary cases under both chapter 15 and section 304 of the Bankruptcy Code, including in respect of recognition proceedings that relate to restructurings of corporations in Canadian courts. *See, e.g., In re Mood Media Corp.*, No. 17-11413 (MEW) (Bankr. S.D.N.Y. May 24, 2017) (granting provisional relief making section 362 of the Bankruptcy Code applicable on a limited basis); *In re Essar Steel Algoma Inc.*, No. 15-12271 (BLS) (Bankr. D. Del. Nov. 10, 2016) (same); *In re Tervita Corp.*, No. 16-12920 (MEW) (Bankr. S.D.N.Y. Oct.

26, 2016) (same); *In re Grupo Isolux Corsan, S.A.*, No. 16-12202 (SHL) (Bankr. S.D.N.Y. Aug. 3, 2016) (same); *In re Oi S.a.*, No. 16-11791 (SHL) (Bankr. S.D.N.Y. June 22, 2016) (same).

I. Provisional Relief Is Urgently Needed to Protect the Debtors' Assets and the Limited Partnerships' Assets and Restructuring Efforts.

20. The provisional relief is urgently needed here to protect the Debtors' assets and the Limited Partnerships' assets and to protect the interests of creditors as a whole. *See* 11 U.S.C. § 1519(a). Although a "petition for recognition of a foreign proceeding shall be decided upon at the earliest possible time," there is necessarily a gap between the time the petition for recognition is filed and the time the court makes a decision on whether a proceeding should be recognized. 11 U.S.C. § 1517(c). Prior to recognition, a chapter 15 debtor is not entitled to the automatic stay or any other provisions of the Bankruptcy Code, which, in this case, necessitates an order granting provisional relief. Provisional relief should be granted "where relief is urgently needed to protect the assets of the debtor or the interests of the creditors." 11 U.S.C. § 1519(a).

21. Without the limited application of section 362, there is a real and significant risk that certain of the Debtors' and Limited Partnerships' stakeholders, many of whom have contacts with the United States and are subject to personal jurisdiction of this Court, may commence actions in the United States that are more properly the subject of the Canadian Proceedings or that could interfere with the Restructuring Transactions. In particular, the Foreign Representative is concerned that creditors may try to take advantage of the Debtors' and the Limited Partnerships' connections to the United States to take actions in the United States to interfere with the Canadian Court's ability to adjudicate the SISP, which would not only hinder the orderly administration of the Debtors' affairs, but threaten to unravel the restructuring that

the Debtors seek to implement pursuant to the Canadian Proceedings. This risk is precisely what provisional relief under section 1519 of the Bankruptcy Code is intended to address. *See, e.g., In re Petition of Garcia Avila*, 296 B.R. 95, 114 (Bankr. S.D.N.Y. 2003) (finding that, under former section 304 of the Bankruptcy Code, irreparable harm would be caused by permitting creditors to execute judgments against bond proceeds because it would “diminish the recovery available to other creditors and possibly wreck the reorganization”).

22. Additionally, as detailed above, counterparties to executory contracts and unexpired leases and creditors under the Debt Instruments, who may not believe they are subject to the First Day CCAA Order, may allege events of default and take actions in the United States based on such alleged events of default, absent the relief requested herein. An action against any of the Debtors or the Limited Partnerships at this time will severely impair the Debtors’ restructuring efforts and result in damage to the value of its assets and harm to other creditors and other stakeholders.

II. The Requested Relief Meets the Standards for a Preliminary Injunction.

23. Provisional relief under chapter 15 of the Bankruptcy Code is conditioned on a foreign representative demonstrating that a debtor meets the standards applicable to an injunction. *See* 11 U.S.C. § 1519(e). In the Third Circuit, that standard requires a movant to show that: (a) it has a likelihood of success on the merits; (b) it will suffer irreparable harm if the requested injunction is denied; (c) granting preliminary relief will not result in greater harm to the nonmoving party; and (d) the public interest favors such relief. *U.S. v. Bell*, 414 F.3d 474, 478 n.2 (3d Cir. 2005) (citing *ACLU of N.J. v. Black Horse Pike Reg’l Bd. of Educ.*, 84 F.3d 1471, 1477 n.2 (3d Cir. 1996)); *In re Nortel Networks UK Ltd.*, 538 B.R. 699, 704–05 (Bankr. D. Del. 2015) (citing *U.S. v. Bell*, 414 F.3d 474, 478 n.2 (3d Cir. 2005)); *see also Rogers v. Corbett*,

468 F.3d 188, 192 (3d Cir. 2006) (citations omitted); *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700, 708 (3d Cir. 2004) (citations omitted). The Debtors satisfy the applicable standard.

a. There Is a Substantial Likelihood of Recognition of the CCAA Proceeding as a Foreign Main Proceeding and Application of Requested Additional Bankruptcy Code Provisions.

24. There is a compelling case for recognition of the CCAA Proceeding as a foreign main proceeding. It is clear that the CCAA Proceeding is a “foreign main proceeding” and Cirque de Soleil Canada Inc. is a “foreign representative” as those terms are defined in the Bankruptcy Code. In addition, these chapter 15 cases were duly and properly commenced by filing the verified chapter 15 petitions accompanied by all fees, documents, and information required by the Bankruptcy Code and the Bankruptcy Rules. Upon recognition of the CCAA Proceeding as a foreign main proceeding, section 362 of the Bankruptcy Code will automatically apply in these chapter 15 cases pursuant to section 1520(a)(1) of the Bankruptcy Code. 11 U.S.C. § 1520(a)(1). Moreover, the application of section 365(e) on an interim basis, preventing contract counterparties from terminating their prepetition contracts with Cirque du Soleil, is entirely consistent with the injunctive relief afforded by the automatic stay under section 362.

b. Cirque du Soleil Will Suffer Irreparable Harm Absent Provisional Relief.

25. Application of provisional relief pursuant to sections 362 and 365(e) of the Bankruptcy Code in these cases is critical to the prevention of irreparable damage to Cirque du Soleil’s reorganization proceeding in Canada. These chapter 15 cases were commenced for the purpose of obtaining the assistance of this Court in respect of the Canadian Proceeding and to give effect in the United States to the First Day CCAA Order of the Canadian Court. As noted in the Lefebvre Declaration, and in the Verified Petition, Cirque du Soleil has assets in the United

States, including valuable show assets. In addition, a significant number of the Debtors and Limited Partnerships are either a primary obligor under, or guarantor of, Cirque du Soleil's First Lien Credit Agreement and Second Lien Credit Agreement, which are governed by U.S. law. Unless the Provisional Relief Order is granted and all creditors are enjoined, Cirque du Soleil faces the risk that creditors may take enforcement actions under Cirque du Soleil's prepetition debt instruments to recover against its U.S. assets, as well as the risk that contract counterparties may attempt to terminate prepetition contracts. If creditors unilaterally pursue collection or enforcement efforts, such actions could diminish the value of Cirque du Soleil's assets and cause significant delay and disruption to Cirque du Soleil's restructuring process. The relief requested herein is necessary to protect against these risks. The purpose of chapter 15 is to provide such protection by, among other things, ensuring that all of a debtor's creditors are enjoined from taking action against the debtor's assets, thereby preventing some creditors from getting an unfair advantage over others. *See* 11 U.S.C. § 1501. A number of courts have recognized the need to provide provisional relief in order to ensure the orderly distribution of a debtor's assets in a single proceeding, and prevent piecemeal enforcement against a debtor's assets across multiple jurisdictions. *See, e.g., In re Energy Coal S.P.A.* 582 B.R. 619, 626–27 (Bankr. D. Del. 2018) (stating that harm to an estate exists where orderly determination of claims and fair distribution of assets are disrupted); *Victrix S.S. Co., S.A. v. Salen Dry Cargo, A.B.*, 825 F.2d 709, 713–14 (2d Cir. 1987) (same); *In re Banco Nacional de Obras y Servicios Publicos, S.N.C.*, 91 B.R. 661, 664 (Bankr. S.D.N.Y. 1988) (stating that injunctive relief is necessary “to prevent individual American creditors from arrogating to themselves property belonging to the creditors as a group”); *In re Lines*, 81 B.R. 267, 270 (Bankr. S.D.N.Y. 1988) (stating that “the premature

piecing out of property involved in a foreign liquidation proceeding constitutes irreparable injury”).

c. Provisional Relief Will Benefit Creditors.

26. In contrast to the hardships described above, preservation of the status quo through imposition of the automatic stay and prevention of contract termination while the Foreign Representative and Cirque du Soleil undertake the reorganization process in the Canadian Proceeding will not prejudice creditors. Indeed, creditors as a whole will benefit from such relief. The relief requested in this Motion is intended to be temporary, extending only through the disposition of the Verified Petition. Moreover, the Provisional Relief Order specifically provides that any creditor that believes it has been harmed by the provisional relief granted therein may file a motion with the Court seeking relief therefrom. Granting the request for provisional relief actually will benefit Cirque du Soleil’s creditors because it will ensure the value of Cirque du Soleil’s assets is preserved, protected, and maximized for the benefit of and fair distribution to all creditors.

d. Public Interest Favors Granting Provisional Relief.

27. As noted above, the requested interim relief is consistent with the policies underlying the Bankruptcy Code, including the provision of a breathing spell for a debtor and the equitable treatment of all creditors. Additionally, granting the requested relief is in the public interest because it will facilitate Cirque du Soleil’s efforts to complete a court-supervised restructuring for the benefit of its creditors and other stakeholders—including those in the United States. *See Rehabworks, Inc. v. Lee (In re Integrated Health Servs., Inc.)*, 281 B.R. 231, 239 (Bankr. D. Del. 2002) (“In the context of a bankruptcy case, promoting a successful reorganization is one of the most important public interests.”); *Am. Film Techs, Inc. v. Taritero (In re Am. Film Techs., Inc.)*, 175 B.R. 847, 849 (Bankr. D. Del. 1994) (“It is ‘one of the

paramount interests’ of this court to assist the Debtor in its reorganization efforts.”) (*quoting Gathering Rest., Inc. v. First Nat’l Bank of Valparaiso (In re Gathering Rest., Inc.)*, 79 B.R. 992, 1001 (Bankr. N.D. Ind. 1986)). Moreover, granting provisional relief is in the public interest because it promotes cooperation between jurisdictions in cross-border insolvencies, which is an express purpose of chapter 15 of the Bankruptcy Code. 11 U.S.C. § 1501(a).

28. For these reasons, courts in this circuit have frequently grant requests for similar provisional relief in chapter 15 cases. *See, e.g., In re The Aldo Group, Inc.*, No. 20-11060 (KBO) (Bankr. D. Del. May 8, 2020) (order granting provisional relief, including recognition and enforcement of the initial order entered in the CCAA proceeding and conditional recognition and enforcement of the amended and restated initial order, and application of sections 362, 364(e) and 365(e)); *In re Energy Coal S.P.A.*, No. 15-12048 (LSS) (Bankr. D. Del. Oct. 7, 2015) (order granting provisional relief, including application of section 362); *In re Lone Pine Res. Inc.*, No. 13-12487 (BLS) (Bankr. D. Del. Sept. 26, 2013) (order granting provisional relief, including recognition and enforcement of the initial order entered in the CCAA proceeding, and application of section 362); *In re Catalyst Paper Corp.*, No. 12-10221 (PJW) (Bankr. D. Del. Jan. 19, 2012) (order granting provisional relief, including application of sections 362 and 365(e)); *In re Arctic Glacier Int’l Inc.*, No. 12-10605 (KG) (Bankr. D. Del. Feb. 23, 2012) (order granting provisional relief, including recognition and enforcement of the initial order entered in the CCAA proceeding, and application of sections 362, 364(e) and 365(e)).

Notice

29. The Foreign Representative will provide notice of this Motion consistent with Bankruptcy Rule 2002(q) and Local Rule 9013-1(m). The Foreign Representative proposes to notify all creditors and parties in interest of the filing of the Petitions and the Foreign Representative’s request for entry of an order granting the relief sought in the Verified Petition in

the form and manner set forth in the *Motion for Order Scheduling Recognition Hearing and Specifying Form and Manner of Service of Notice*, filed contemporaneously herewith. The Foreign Representative submits that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

No Prior Request

30. No previous request for the relief requested herein has been made to this Court or any other court.

Waiver of Federal Rule of Civil Procedure 65(c)

31. Bankruptcy Rule 7065 expressly provides that “a temporary restraining order or preliminary injunction may be issued on application of a debtor, trustee, or debtor in possession without compliance with Rule 65(c).” To the extent Rule 65 of the Federal Rules of Civil Procedure applies, the Foreign Representative believes that the security requirements imposed by Rule 65(c) are unwarranted under the circumstances and, accordingly, respectfully requests a waiver of such requirements pursuant to Bankruptcy Rule 7065.

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WHEREFORE the Foreign Representative respectfully requests that this Court enter the Provisional Relief Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: July 1, 2020
Wilmington, Delaware

/s/ Laura Davis Jones

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Exhibit A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

)	
In re:)	Chapter 15
)	
CDS U.S. HOLDINGS, INC., <i>et al.</i> ,)	Case No. 20-11719 (CSS)
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Debtors in a Foreign Proceeding, ¹)	
)	(Joint Administration Requested)
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**ORDER GRANTING PROVISIONAL RELIEF
PURSUANT TO SECTION 1519 OF THE BANKRUPTCY CODE**

Upon the motion for certain provisional and injunctive relief (the “Motion”) filed by the foreign representative (the “Foreign Representative”) of the above-captioned debtors (collectively, the “Debtors”) in connection with the Debtors’ reorganization proceedings under Canadian law currently pending (the “Canadian Proceedings”); and upon this Court’s review and consideration of the Motion, Verified Petition, Lefebvre Declaration, and Martel Declaration;² this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 109 and 1501; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P); venue being proper before this Court pursuant to 28 U.S.C. § 1410(1) and (3); appropriate, sufficient and timely notice of the filing of the Motion and the hearing thereon having been given pursuant to rules 1011(b) and 2002(q) of the Federal Rules of Bankruptcy Procedure

¹ The last four digits of Debtor CDS U.S. Holdings, Inc.’s tax identification number are (0086). Due to the large number of debtor entities in these chapter 15 cases, for which the Debtors have requested joint administration, a complete list of the debtor entities and the last four digits of their federal tax identification numbers are not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at www.omniagentsolutions.com/cirquedusoleil. The location of the Debtors’ service address for purposes of these chapter 15 cases is: 8400, 2e Avenue Montréal, Quebec H1Z 4M6 Canada.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

(the “Bankruptcy Rules”); and upon the record established at such hearing; it appearing that the relief requested in the Motion is necessary and beneficial to the Debtors and the Limited Partnerships; and no objections or other responses having been filed that have not been overruled, withdrawn or otherwise resolved; and after due deliberation and sufficient cause appearing therefor, IT IS HEREBY FOUND AND DETERMINED THAT:³

1. The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

2. There is a substantial likelihood that the Foreign Representative will successfully demonstrate that the Canadian Proceedings constitute “foreign main proceedings” as defined in section 1502(4) of the Bankruptcy Code.

3. The commencement or continuation of any action or proceeding in the United States against the Debtors and the Limited Partnerships should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and economical administration of the Canadian Proceedings, and such relief will either (a) not cause an undue hardship to other parties in interest or (b) any hardship to parties is outweighed by the benefits of the relief requested.

³ The findings and conclusions set forth herein and in the record of the hearing on the Verified Petition constitute this Court’s findings of facts and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law herein constitute findings of fact, they are adopted as such.

4. Consistent with findings by the Canadian Court and relief granted under the First Day CCAA Order and the Initial CCAA Order, unless a preliminary injunction is issued with respect to the Debtors, and to the same extent provided in the First Day CCAA Order, the Limited Partnerships, there is a material risk that the Debtors' and the Limited Partnerships' creditors or other parties-in-interest in the United States could use the Canadian Proceedings and these chapter 15 cases as a pretext to exercise certain remedies under the Debt Instruments or to terminate executory contracts or unexpired leases with respect to the Debtors and the Limited Partnerships.

5. Such acts could (a) interfere with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, (b) interfere with and cause harm to the Debtors' efforts to administer the Canadian Proceedings, (c) interfere with the Debtors' operations, and (d) undermine the Debtors' efforts to achieve an equitable result for the benefit of all of the Debtors' creditors. Accordingly, there is a material risk that the Debtors may suffer immediate and irreparable injury, and it is therefore necessary that the Court enter this order (this "Order").

6. The Foreign Representative has demonstrated that, in the interest of comity, the purpose of chapter 15 is carried out by granting recognition and giving effect to the First Day CCAA Order and, upon its entry by the Canadian Court, the Initial CCAA Order.

7. The interest of the public will be served by this Court's entry of this Order.

8. The Foreign Representatives and the Debtors are entitled to the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

BASED ON THE FOREGOING FINDINGS OF FACT AND AFTER DUE DELIBERATION AND SUFFICIENT CAUSE APPEARING THEREFORE, IT IS HEREBY ORDERED THAT:

9. Beginning on the date of this Order and continuing until the date of the entry of an order of this Court recognizing the Canadian Proceedings as "foreign main proceedings" as

defined in section 1502(4) of the Bankruptcy Code and the Foreign Representative as a “foreign representative” as defined in section 101(24) of the Bankruptcy Code (unless otherwise extended pursuant to section 1519(b) of the Bankruptcy Code), with respect to the Debtors, and to the same extent provided by the Canadian Court, with respect to the Limited Partnerships:

- a. the Foreign Representative shall be the representative of the Debtors with full authority to administer the Debtors’ assets and affairs in the United States.
- b. section 361 of the Bankruptcy Code shall apply with respect to each of the Debtors and, as ordered by the Canadian Court, the Limited Partnerships and the property of each of the Debtors and, as ordered by the Canadian Court, the Limited Partnerships that is within the territorial jurisdiction of the United States.
- c. section 362 of the Bankruptcy Code shall apply with respect to each of the Debtors and, as ordered by the Canadian Court, the Limited Partnerships and the property of each of the Debtors and, as ordered by the Canadian Court, the Limited Partnerships that is within the territorial jurisdiction of the United States. For the avoidance of doubt and without limiting the generality of the foregoing, the Provisional Relief Order shall impose a stay within the territorial jurisdiction of the United States of:
 - i. the commencement or continuation, including the issuance or employment of process of, any judicial, administrative or any other action or proceeding involving or against the Debtors or, as ordered by the Canadian Court, the Limited Partnerships, or their assets or proceeds thereof, or to recover a claim or enforce any judicial, quasi-judicial, regulatory, administrative or other judgment, assessment, order, lien or arbitration award against the Debtors or, as ordered by the Canadian Court, the Limited Partnerships, or their assets or proceeds thereof, or to exercise any control over the Debtors’ assets, or, as ordered by the Canadian Court, the Limited Partnerships’ assets, located in the United States except as authorized by the Debtors in writing;
 - ii. the creation, perfection, seizure, attachment, enforcement, or execution of liens or judgments against the Debtors’ property or, as ordered by the Canadian Court, the Limited Partnerships’ property in the United States or from transferring, encumbering or otherwise disposing of or interfering with the Debtors’ assets or, as ordered by the Canadian Court, the Limited Partnerships’ assets or agreements in the United States without the express consent of the Foreign Representative;

- iii. any act to collect, assess, or recover a claim against any of the Debtors or, as ordered by the Canadian Court, Limited Partnerships that arose before the commencement of the Debtors' chapter 15 cases; and
 - iv. the setoff of any debt owing to any of the Debtors or, as ordered by the Canadian Court, Limited Partnerships that arose before the commencement of the Debtors' chapter 15 cases against any claim against of the Debtors or Limited Partnerships.
- d. for counterparties to certain of the Debtors' and the Limited Partnerships' executory contracts and unexpired leases section 365(e) of the Bankruptcy Code shall apply with respect to each of the Debtors and, as ordered by the Canadian Court, the Limited Partnerships and the property of each of the Debtors and, as ordered by the Canadian Court, the Limited Partnerships that is within the territorial jurisdiction of the United States.
- e. the Foreign Representative shall have the rights and protections to which the Foreign Representative is entitled under chapter 15 of the Bankruptcy Code, including, but not limited to, the protections limiting the jurisdiction of United States Courts over the Foreign Representative in accordance with section 1510 of the Bankruptcy Code and the granting of additional relief in accordance with sections 1519(a)(3) and 1521 of the Bankruptcy Code.
- f. notwithstanding any provision in the Bankruptcy Rules to the contrary, (i) the Provisional Relief Order shall be effective immediately and enforceable upon entry, (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement, or realization of the relief granted in the Provisional Relief Order, and (iii) the Foreign Representative is authorized and empowered, and may, in his discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of the Provisional Relief Order.

10. The Foreign Representative, in connection with his appointment as the "foreign representative" in these cases, and the Debtors, are hereby granted the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

11. The First Day CCAA Order, attached hereto as **Exhibit 1**, is hereby given full force and effect on a provisional basis, including, without limitation, the sections of the First Day CCAA Order (a) staying the commencement or continuation of any actions against the Debtors and the Limited Partnerships and their assets, (b) granting the Directors' Charge and

Administration Charge, and (c) declaring that Quebec is the “*center of main interest*” of the Debtors, in each case to the same extent provided in the First Day CCAA Order.

12. Upon entry of the Initial CCAA Order by the Canadian Court in the Canadian Proceedings superseding the First Day CCAA Order, such entered Initial CCAA Order, substantially in the form attached hereto as **Exhibit 2** (and as may be amended, modified, or supplemented prior to its approval by the Canadian Court in the Canadian Proceedings, which amended, modified, or supplemented version approved by the Canadian Court in the Canadian Proceedings shall be filed on the docket of these Chapter 15 Cases and served on the Core Notice Parties), shall be given full force and effect on a provisional basis, including, without limitation, the provisions (a) already included in the First Day CCAA Order, (b) approving an Intercompany Advance Charge in order to secure the repayment of the various amounts which may become owing, from time to time, between the Debtors as and from the issuance of the First Day CCAA Order, (c) approving a Key Employee Payment, (d) confirming the Administration Charge and a Directors’ Charge previously granted in the First Day CCAA Order, (e) authorizing the Debtors’ use of their existing Cash Management system, (f) appointing the Debtors’ Financial Advisors, and (g) approving the payment of certain wages, fees, severance obligations, and expenses.

13. Pursuant to Bankruptcy Rule 7065, the security provisions of rule 65(c) of the Federal Rules of Civil Procedure are waived.

14. Service in accordance with this Order shall be deemed good and sufficient service and adequate notice for all purposes. The Foreign Representative, the Debtors, and their respective agents are authorized to serve or provide any notices required under the Bankruptcy Rules or Local Rules.

15. The banks and financial institutions with which the Debtors maintain bank accounts or on which checks are drawn or electronic payment requests made in payment of prepetition or postpetition obligations are authorized and directed to continue to service and administer the Debtors' bank accounts without interruption and in the ordinary course and to receive, process, honor and pay any and all such checks, drafts, wires and automatic clearing house transfers issued, whether before or after the Petition Date and drawn on the Debtors' bank accounts by respective holders and makers thereof and at the direction of the Foreign Representative or the Debtors, as the case may be.

16. The Foreign Representative is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

17. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

18. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any requests for additional relief or any adversary proceeding brought in and through these chapter 15 cases, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

Dated: Wilmington, Delaware
_____, 2020

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

First Day CCAA Order

**SUPERIOR COURT
(Commercial Division)**

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No.: 500-11-058415-205

DATE: June 30, 2020

BEFORE THE HONOURABLE LOUIS JOSEPH GOUIN, J.S.C.

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

CIRQUE DU SOLEIL CANADA INC.

and

THE OTHER APPLICANTS LISTED IN SCHEDULE "A" HEREOF

Applicants

ERNST & YOUNG INC.

Monitor

FIRST DAY INITIAL ORDER

ON READING the Applicants' *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and an Order Approving and Ratifying the Execution of a Stalking Horse Asset Purchase Agreement and Approving a Sale and Investment Solicitation Process* pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "**CCAA**") and the exhibits, the affidavit of Stéphane Lefebvre filed in support thereof (the "**Application**"), the consent of Ernst & Young Inc. ("**EY**") to act as monitor and the Pre-Filing Report of EY in its capacity as proposed monitor, relying upon the submissions of counsel and being advised that the interested parties, including secured creditors, who are likely to be affected by the charges created herein were given prior notice of the presentation of the Application;

GIVEN the provisions of the CCAA;

GIVEN that Section 11.001 CCAA provides for the following:

Relief reasonably necessary

11.001 An order made under section 11 at the same time as an order made under subsection 11.02(1) or during the period referred to in an order made under that subsection with respect to an initial application shall be limited to relief that is reasonably necessary for the continued operations of the debtor company in the ordinary course of business during that period.

(the Court underlines)

GIVEN that the Court endorses the Ontario Chief Justice Geoffrey B. Morawetz' s comments in *Lydian International Limited (Re)*¹ with respect to this Section 11.001 CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** in part the Application.
2. **ISSUES** an order pursuant to the CCAA (the "**First Day Order**"), divided under the following headings:
 - Service
 - Application of the CCAA and Procedural Consolidation
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Debtors and the Property
 - Stay of Proceedings against the Directors and Officers
 - Possession of Property and Operations
 - No Exercise of Rights or Remedies;
 - No Interference with Rights
 - Continuation of Services
 - Non-Derogation of Rights
 - Key Employee Retention Plan
 - Directors' and Officers' Indemnification and Charge
 - Restructuring
 - Powers of the Monitor
 - Priorities and General Provisions Relating to CCAA Charges
 - Center of Main Interest
 - General

Service

3. **DECLARES** that sufficient prior notice of the presentation of the Application has been given by the Applicants to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

¹ 2019 ONSC 7374, paragr. 26, 30, 31 and 32.

Application of the CCAA and Procedural Consolidation

4. **DECLARES** that each of the Applicants is a debtor company to which the CCAA applies. Although not Applicants, the limited partnerships listed in Schedule "B" hereof (together with the Applicants, the "**Debtors**") shall also enjoy the benefits of the protection and authorizations provided by this First Day Order as well as any other order which may be rendered by this Court in the context of these proceedings.
5. **ORDERS** the consolidation of these CCAA proceedings in respect of the Applicants and **ORDERS** that such consolidation shall be for administrative purposes only and shall not effect a consolidation of the assets and property of each of the Applicants including, without limitation, for the purposes of any Plan (as defined below) that may be thereafter proposed.

Effective time

6. **DECLARES** that this First Day Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this First Day Order (the "**Effective Time**").

Plan of Arrangement

7. **DECLARES** that the Applicants shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

Stay of Proceedings against the Debtors and the Property

8. **ORDERS** that, until and including July 10, 2020 (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Debtors, or affecting the Debtors' business operations and activities (the "**Business**") or the Property (as defined herein below), including as provided in paragraph 17 herein below except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.
9. The rights of Her Majesty in right of Canada and Her Majesty in a right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.

Stay of Proceedings against the Directors and Officers

10. **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA or with leave of the Court, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Debtors nor against any person deemed to be a director or an officer of the Debtors under subsection 11.03(3) CCAA (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Debtors where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

Possession of Property and Operations

11. **ORDERS** that, the Debtors shall remain in possession and control of their present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the "**Property**"), the whole in accordance with the terms and conditions of this First Day Order.
12. **ORDERS** that the Debtors and, with respect to the Cash Pooling Agreement, the Cash Management Parties (as defined below) shall be entitled to continue to utilize the central cash management system currently in place (including any Cash Pooling Arrangement (as defined below) and any other arrangements ancillary thereto to which any of the Debtors may be party to) as described in the Application or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by any of the Debtors or any of the Cash Management Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined), pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
13. **ORDERS** that the Cash Management Agreement dated as of July 8, 2015 (as amended, supplemented or restated, from time to time, the "**Cash Pooling Agreement**") entered into between the Caisse Centrale Desjardins (now known as Fédération des Caisses Desjardins du Québec) ("**Federation**"), la Caisse d'Économie Solidaire Desjardins ("**CESD**"), Desjardins Bank ("**Desjardins US**" and collectively with Federation and CESD, the "**Desjardins Group**") and certain Applicants and affiliates of the Applicants party thereto, as well as Les Films Lampo Di Vita Inc., Gaïa Luxembourg S.A., Cirque du Soleil HK Limited, Sundust Limited, Cirque du Soleil Australia PTY Ltd., Gestion Cirque du Soleil S.E.C., CDS Luxembourg Holdings, S.A.R.L. and 9553266 Canada Inc. (collectively, the "**Cash Management Parties**") is hereby ratified, together with the draft amendment to the Cash Pooling Agreement filed as Exhibit R-7(b) to the Application

which is also ratified, and each party thereto shall continue to benefit from their rights thereunder until further order from this Court.

14. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA (as defined below) in respect of any of the Cash Management Parties and any order issued pursuant to such petition or any assignment in bankruptcy made or deemed to be made in respect of any of the Cash Management Parties and (iii) the provisions of any federal or provincial statute in Canada, any rights or powers exercised or not (including any right of setoff or compensation, the whole notwithstanding any CCAA Charges (as defined below) created herein or other existing Encumbrances (as defined below)) that the Desjardins Group has under the Cash Management System or the Cash Pooling Agreement are to be binding on any trustee in bankruptcy that may be appointed and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation.

15. **ORDERS** that the Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this First Day Order:
 - (a) all outstanding and future wages, salaries, bonuses, commissions, employee contributions, benefits, vacation pay, termination and severance obligations, expenses and other amounts otherwise payable to present or former employees on or after the date of this First Day Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, including an amount of USD \$651,062 to present or former employees in respect of accrued salary, vacation, bonuses, commissions, premiums and other benefits; and

 - (b) the fees and disbursements of any employees, independent contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by the Debtors, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this order and these proceedings, at their standard rates and charges; and

 - (c) all expenses and payments on account of ticket reimbursement, to the extent deemed appropriate in the circumstances to the maximum amount of USD \$2,500,000.

16. **ORDERS** that, except as otherwise provided to the contrary herein, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors or affiliates of the Debtors in carrying on the Business in the ordinary course after this First Day Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business of the Debtors or affiliates of the Debtors including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services to the extent deemed appropriate in the circumstances; and
 - (b) payment for goods or services actually supplied to the Debtors or affiliates of the Debtors following the date of this Order.

No Exercise of Rights or Remedies

17. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.
18. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Debtors or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Debtors become bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of the Debtors, the period between the date of the First Day Order and the day on which the Stay Period ends shall not be calculated in respect of the Debtors in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

19. **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors and the Monitor (as defined below), or with leave of this Court.

Continuation of Services

20. **ORDERS** that during the Stay Period and subject to paragraph 22 hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services (including pooling arrangements), payroll services, insurance, transportation, utility or other goods or services made available to the Debtors, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the First Day Order are paid by the Debtors, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors, with the consent of the Monitor, or as may be ordered by this Court.
21. **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Debtors on or after the date of this First Day Order, nor shall any Person be under any obligation on or after the date of the First Day Order to make further advance of money or otherwise extend any credit to the Debtors.
22. **ORDERS** that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Debtors with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the First Day Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by Debtors and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the Debtors' account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

23. **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Debtors shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of this First Day Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this First Day Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Key Employee Payments

24. **ORDERS** that the Debtors shall be entitled to pay an amount of up to CAD \$550,000 to those key employees designated part of the Key Employee Retention Plan described in the Application and summarized in the table and draft letter filed under seal as Exhibit R-20.

Directors' and Officers' Indemnification and Charge

25. **ORDERS** that the Debtors shall indemnify their Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the Debtors after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.
26. **ORDERS** that the Directors of the Debtors shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of CAD \$1,750,000 (the "**Directors' Charge**"), as security for the indemnity provided in paragraph 25 of this First Day Order as it relates to obligations and liabilities that the Directors may incur in such capacity after the Effective Time. The Directors' Charge shall have the priority set out in paragraphs 37 and 38 of this First Day Order.
27. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph 25 of this First Day Order.

Restructuring

28. **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the "**Restructuring**") but subject to such requirements as are imposed by the CCAA, each of the Debtors shall have the right, subject to the approval of the Monitor or further order of the Court, to:
- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
 - (b) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any

amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Debtors and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Debtors may determine; and

- (c) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Debtors and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan.

Powers of the Monitor

29. **ORDERS** that EY is hereby appointed to monitor the business and financial affairs of the Debtors as an officer of this Court (the "**Monitor**") and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:

- (a) shall (i) without delay, publish once a week for two (2) consecutive weeks or as otherwise directed by the Court, in LaPresse+ and the Globe and Mail National Edition, (ii) within five (5) business days after the date of this First Day Order, post on the Monitor's website at www.ey.com/ca/cirque a notice containing the information prescribed under the CCAA, (iii) make this First Day Order publicly available in the manner prescribed under the CCAA within five (5) business days after the date of this First Day Order, (iv) send, within ten (10) business days after the date of this First Day Order, in the prescribed manner, including by electronic transmission, a notice to all known creditors having a claim against the Debtors of more than \$1,000, advising them that this First Day Order is publicly available, and (v) within five (5) business days after the date of this First Day Order, prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;
- (b) shall monitor the Debtors' receipts and disbursements;
- (c) shall assist the Debtors, to the extent required, in dealing with their creditors and other interested Persons during the Stay Period;
- (d) shall assist the Debtors, to the extent required, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;

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- (e) shall advise and assist the Debtors, to the extent required, to review the Debtors' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Debtors, to the extent required, with their restructuring efforts and in their negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall report to the Court on the state of the business and financial affairs of the Debtors or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (h) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this First Day Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (i) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under this First Day Order or under the CCAA;
- (j) may give any consent or approval as may be contemplated by this First Day Order or the CCAA;
- (k) may perform such other duties as are required by this First Day Order or the CCAA or by this Court from time to time; and
- (l) may file a motion pursuant to section 243 of the BIA seeking its appointment as receiver over *de minimis* property of the Debtors (in such capacity, the "Receiver" and the proceedings thereunder, the "Receivership Proceedings") for the sole purpose of allowing the employees of the Debtors to benefit from those payments provided under the *Wage Earner Protection Program Act* (S.C. 2005, c. 47, s. 1);

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Debtors, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Debtors nor shall the Monitor be deemed to have done so.

30. **ORDERS** that the Debtors and their Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the First Day Order shall

forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Debtors in connection with the Monitor's duties and responsibilities hereunder.

31. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Debtors with information in response to requests made by them in writing addressed to the Monitor and copied to the Debtors' counsel. The Monitor shall not be responsible or liable for any such information provided in accordance with this First Day Order or with the CCAA, unless expressly provided in paragraph 33 hereof. In the case of information that the Monitor has been advised by the Debtors is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Debtors unless otherwise directed by this Court.
32. **DECLARES** that if the Monitor, in its capacity as Monitor, carries on the business of the Debtors or continues the employment of the Debtors' employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
33. **DECLARES** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven (7) days notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph 29(h) hereof and the legal counsels referred to in subparagraph 29(i) shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
34. **ORDERS** that, subject to the powers granted to the Monitor pursuant to the terms of this First Day Order, nothing contained herein shall require the Monitor to occupy or to take control, or to otherwise manage all or any part of the Property. The Monitor shall not, as a result of this First Day Order, be deemed to be in possession of any of the Property within the meaning of environmental legislation, the whole pursuant to the terms of the CCAA.
35. **ORDERS** that the Debtors shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsels, the Receiver, the Receiver's legal counsel and the Debtors' legal counsel (collectively, the "**Professionals**"), directly related to these proceedings, the proceedings to be initiated by the Foreign Representative (as defined below) under Chapter 15 of Title 11 of the United States Code (the "**Chapter 15 Proceedings**"), the Receivership Proceedings the Plan and the Debtors' restructuring, whether incurred before or after the First Day Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
36. **DECLARES** that the Professionals, as security for the professional fees and disbursements incurred both before and after the making of this First Day Order and directly related to these proceedings, the Chapter 15 Proceedings, the Receivership Proceedings, the Plan and the Applicants' restructuring, be entitled to the benefit of and

are hereby granted a charge and security in the Property to the extent of the aggregate amount of CAD \$1,000,000 (the "**Administration Charge**"), having the priority established in paragraphs 37 and 38 of this First Day Order.

Priorities and General Provisions Relating to the CCAA Charge

37. **DECLARES** that the priorities of the Administration Charge and the Directors' Charge (collectively, the "**CCAA Charges**") as between them with respect to any Property to which they apply, shall be as follows:

(a) first, the Administration Charge; and

(b) second, the Directors' Charge.

38. **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property charged by such Encumbrances.

39. **ORDERS** that, except as otherwise expressly provided for herein, the Debtors shall not grant any Encumbrances in or against any Property that rank in priority to, or pari passu with, any of the CCAA Charges unless the Debtors obtain the prior written consent of the Monitor and the prior approval of the Court.

40. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Debtors, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.

41. **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such CCAA Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order filed pursuant to the BIA in respect of any of the Debtors or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of any of the Debtors; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds any of the Debtors (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

(a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by any of the Debtors of any Third Party Agreement to which it is a party; and

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(b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.

45. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of any of the Debtors and any receiving order allowing such petition or any assignment in bankruptcy made or deemed to be made in respect of any of the Debtors, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by any of the Debtors pursuant to this First Day Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

42. **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Debtors and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Debtors, for all purposes.

Center of Main Interest

43. **DECLARES** that the Debtors' centre of main interest is located in Montreal, Quebec, Canada.

General

44. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Debtors or of the Monitor in relation to the Business or Property of the Debtors, without first obtaining leave of this Court, upon five (5) days written notice to the Debtors' counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.

45. **DECLARES** that the First Day Order and any proceeding or affidavit leading to the First Day Order, shall not, in and of themselves, constitute a default or failure to comply by the Debtors under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

46. **DECLARES** that, except as otherwise specified herein, the Debtors and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Debtors and that any such service shall be deemed to be received on the date of delivery if by

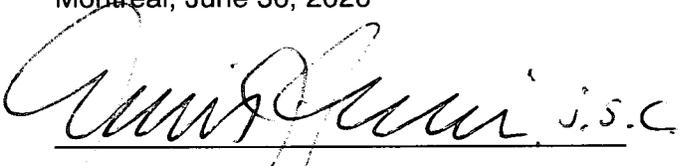
personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

47. **DECLARES** that the Debtors and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Debtors shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
48. **ORDERS** that Exhibits R-6, R-12, R-13, R-18(B), R-20, R-21 and R-22 filed in support of the Application as well as Appendix D to the Pre-Filing Report of EY be kept confidential and under seal until further order of this Court.
49. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the Debtors and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the monitor or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings.
50. **DECLARES** that the Applicants or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of this First Day Order on notice only to each other.
51. **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon three business (3) days notice to the Debtors, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, and such application or motion shall be filed during the Stay Period ordered by this First Day Order or such further comeback period as may be ordered by the Court, unless otherwise ordered by this Court.
52. **DECLARES** that the First Day Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
53. **DECLARES** that Cirque du Soleil Canada Inc. shall be authorized to apply, on behalf of the Debtors, as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement this First Day Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which Cirque du Soleil Canada Inc shall be the foreign representative of the Debtors (the "**Foreign Representative**"). All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to Cirque du Soleil Canada Inc. as may be deemed necessary or appropriate for that purpose.

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54. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the First Day Order.
55. **ORDERS** the provisional execution of the First Day Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.
56. **WITHOUT COSTS.**

Montreal, June 30, 2020



Louis Joseph Guoin J.S.C.

The Honourable Louis Joseph Guoin, j.s.c.

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**SCHEDULE A
LIST OF APPLICANTS**

1. Cirque du Soleil GP Inc.
2. CDS Canadian Holdings, Inc.
3. Cirque du Soleil Canada Inc.
4. Cirque du Soleil Inc.
5. Cirque du Soleil Images Inc.
6. Cirque du Soleil Inspiration Inc.
7. CDS U.S. Holdings, Inc.
8. CDS U.S. Intermediate Holdings, Inc.
9. Cirque du Soleil Holding USA, Inc.
10. Cirque du Soleil (US), Inc.
11. Cirque du Soleil America, Inc.
12. VStar Entertainment Group, LLC
13. Cirque Dreams Holdings LLC
14. VStar Merchandising, LLC
15. VStar International, LLC
16. VStar Theatrical, LLC
17. VStar Touring, LLC
18. Cirque du Soleil Orlando, LLC
19. Cirque du Soleil Vegas, LLC
20. Cirque du Soleil Nevada, Inc.
21. Cirque du Soleil My Call, LLC
22. Velsi, LLC
23. Blue Man Inc.
24. Blue Man Group Holdings, LLC
25. Blue Man Group Records, LLC
26. Astor Show Productions, LLC
27. Blue Man Group Publishing, LLC
28. Blue Man Vegas, LLC
29. Blue Man Orlando, LLC
30. Blue Man Productions, LLC
31. Blue Man Chicago, LLC
32. 9415-8185 Québec Inc.
33. 9415-8219 Québec Inc.
34. 9415-8227 Québec Inc.
35. 9415-8235 Québec Inc.
36. Création 4U2C Inc.
37. Blue Man International, LLC
38. Cirque du Soleil Radio CT Holding, LLC
39. Cirque du Soleil Radio CT, LLC
40. The Works Entertainment, LLC
41. Cirque Theatrical, LLC
42. Cirque on Broadway, LLC
43. Joie de Vie, LLC

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SCHEDULE "B"
LIMITED PARTNERSHIP

1. Cirque du Soleil Holdings L.P.
2. CDS Canada 3 L.P.
3. CDS Canada 4 L.P.
4. Blue Man Boston Limited Partnership
5. CDS Canada 1 SCSp (Luxembourg special limited partnership)
6. CDS Canada 2 SCSp (Luxembourg special limited partnership)

EXHIBIT 2

Proposed Initial CCAA Order

**SUPERIOR COURT
(Commercial Division)**

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

No.:

DATE: July ____, 2020

BEFORE THE HONOURABLE LOUIS-JOSEPH GOUIN, J.S.C.

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

CIRQUE DU SOLEIL CANADA INC.

and

THE OTHER APPLICANTS LISTED IN SCHEDULE "A" HEREOF

Debtors / Applicants

ERNST & YOUNG INC.

Monitor

AMENDED AND RESTATED INITIAL ORDER

ON READING the Applicants' *Application for the Issuance of a First Day Initial Order, an Amended and Restated Initial Order and an Order Approving and Ratifying the Execution of a Stalking Horse Asset Purchase Agreement and Approving a Sale and Investment Solicitation Process* pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C-36 (as amended the "**CCAA**") and the exhibits, the affidavit of Stéphane Lefebvre filed in support thereof (the "**Application**"), the consent of Ernst & Young Inc. ("**EY**") to act as monitor and the Pre-Filing Report of EY in its capacity as proposed monitor, and relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein were given prior notice of the presentation of the Application;

GIVEN the First Day Initial Order rendered by this Court on June 30, 2020 (the "**First Day Order**");

GIVEN the provisions of the CCAA;

WHEREFORE, THE COURT:

1. **GRANTS** the Application.

2. **ISSUES** an order pursuant to the CCAA (the "**Order**"), divided under the following headings:
 - Service
 - Application of the CCAA and Procedural Consolidation
 - Effective Time
 - Plan of Arrangement
 - Stay of Proceedings against the Debtors and the Property
 - Stay of Proceedings against the Directors and Officers
 - Possession of Property and Operations
 - No Exercise of Rights or Remedies;
 - No Interference with Rights
 - Continuation of Services
 - Non-Derogation of Rights
 - Key Employee Retention Plan
 - Directors and Officers Indemnification and Charge
 - Restructuring
 - Intercompany Advances
 - Powers of the Monitor
 - Appointment of Financial Advisors
 - Priorities and General Provisions Relating to CCAA Charges
 - Center of Main Interest
 - General

Service

3. **DECLARES** that sufficient prior notice of the presentation of this Application has been given by the Applicants to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

Application of the CCAA and Procedural Consolidation

4. **DECLARES** that each of the Applicants is a debtor company to which the CCAA applies. Although not Applicants, the limited partnerships listed in Schedule "B" hereof (together with the Applicants, the "**Debtors**") shall enjoy the benefits of the protection and authorizations provided by this Order, as well as any other order which may be rendered by this Court in the context of these proceedings.

5. **ORDERS** the consolidation of these CCAA proceedings in respect of the Applicants and **ORDERS** that such consolidation shall be for administrative purposes only and shall not

effect a consolidation of the assets and property of each of the Applicants including, without limitation, for the purposes of any Plan (as defined below) that may be thereafter proposed.

Effective time

6. **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the "**Effective Time**").

Plan of Arrangement

7. **DECLARES** that the Applicants shall have the authority to file with this Court and to submit to the Applicants' creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

Stay of Proceedings against the Debtors and the Property

8. **ORDERS** that, until and including August 28, 2020 (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Debtors, or affecting the Debtors' business operations and activities (the "**Business**") or the Property (as defined herein below), including as provided in paragraph 17 hereinbelow except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.
9. The rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of Subsection 11.09 CCAA.

Stay of Proceedings against the Directors and Officers

10. **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Debtors nor against any person deemed to be a director or an officer of the Debtors under subsection 11.03(3) CCAA (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Debtors where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

Possession of Property and Operations

11. **ORDERS** that the Debtors shall remain in possession and control of their present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof, except only for those assets described in the Receivership Order concurrently rendered by this Court on the date hereof (collectively the "**Property**"), the whole in accordance with the terms and conditions of this Order including, but not limited, to paragraph 29 hereof,
12. **ORDERS** that the Debtors shall be entitled to continue to utilize the central cash management system currently in place (including any Cash Pooling Arrangement (as defined below) and any other arrangements ancillary thereto to which any of the Debtors may be party to) as described in the Application or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by any of the Debtors of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined), pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
13. **ORDERS** that the Cash Management Agreement dated as of July 8, 2015 between the Caisse Centrale Desjardins (now known as Fédération des Caisses Desjardins du Québec) ("**Federation**"), la Caisse d'Économie Solidaire Desjardins ("**CESD**"), Desjardins Bank ("**Desjardins US**") and collectively with Federation and CESD, the "**Desjardins Group**") and certain Applicants and affiliates of the Applicants (as amended, supplemented or restated, from time to time, the "**Cash Pooling Agreement**") is hereby ratified, together with the draft amendment to the Cash Pooling Agreement filed as Exhibit R-7(b) to the Application which is also ratified, and each party thereto shall continue to benefit from their rights thereunder until further order from this Court.
14. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any petition for a receiving order filed pursuant to the BIA in respect of any of the Debtors and any order issued pursuant to such petition or any assignment in bankruptcy made or deemed to be made in respect of any of the Debtors and (iii) the provisions of any federal or provincial statute in Canada, any rights or powers exercised or not (including any right of setoff or compensation) that the Desjardins Group has under the Cash Management System or the Cash Pooling Agreement are to be binding on any trustee in bankruptcy that may be appointed and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA (as defined below) or any other applicable federal or provincial legislation.
15. **ORDERS** that the Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, bonuses, commissions, employee contributions, benefits, vacation pay, termination and severance obligations, expenses and other amounts otherwise payable to present or former employees on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements, including an amount of \$9,281,391 to present or former employees in respect of accrued salary, vacation, bonuses, commissions, premiums and other benefits, and an amount of \$396,000 to artist and show staff employees that are not eligible to receive financial support from governmental emergency benefit programs; and
- (b) the fees and disbursements of any employees, independent contractors, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by the Debtors, with liberty to retain such further Assistants as they deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this order and these proceedings, at their standard rates and charges;
- (c) all expenses and payments on account of ticket reimbursement, to the extent deemed appropriate in the circumstances

16. **ORDERS** that, except as otherwise provided to the contrary herein, the Debtors shall be entitled but not required to pay all reasonable expenses incurred by the Debtors in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business of the Debtors or affiliates of the Debtors including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services to the extent deemed appropriate in the circumstances; and
- (b) payment for goods or services actually supplied to the Debtors or affiliates of the Debtors following the date of this Order.

No Exercise of Rights or Remedies

17. **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.

18. **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Debtors or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Debtors become bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) is appointed in respect of the Debtors, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Debtors in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

No Interference with Rights

19. **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors and the Monitor (as defined below), or with leave of this Court.

Continuation of Services

20. **ORDERS** that during the Stay Period and subject to paragraph 22 hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services (including cash pooling arrangements), payroll services, insurance, transportation, utility or other goods or services made available to the Debtors, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the Debtors, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors, with the consent of the Monitor, or as may be ordered by this Court.
21. **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Debtors on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the Debtors.

22. **ORDERS** that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by the Debtors with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by Debtors and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into the Debtors' account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

Non-Derogation of Rights

23. **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Debtors shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

Key Employee Retention Plan

24. **ORDERS** that the Key Employee Retention Plan (the "**KERP**") described in the Application and summarized in the table and draft letter filed under seal as Exhibit R-20 to the Application is hereby approved, and the Debtors are hereby authorized and empowered to perform their obligations set forth thereunder, including by making the payments in accordance with the terms set out therein.
25. **ORDERS** that the employees designated in the KERP shall be entitled to the benefit of and are hereby granted a charge (the "**KERP Charge**") on the Property, which charge shall not exceed \$7,500,000, as security for the payment of the Debtors' obligations in relation with the KERP. The KERP Charge shall have the priority set out in paragraphs 46 and 47 hereof.

Director and Officers Indemnification and Charge

26. **ORDERS** that the Debtors shall indemnify their Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers or deemed directors or officers of the Debtors after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.

27. **ORDERS** that the Directors shall be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$6,600,000 (the “**Directors’ Charge**”), as security for the indemnity provided in paragraph 26 of this Order as it relates to obligations and liabilities that the Directors may incur in such capacity after the Effective Time. The Directors’ Charge shall have the priority set out in paragraphs 46 and 47 of this Order.
28. **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors’ Charge, and (b) the Directors shall only be entitled to the benefit of the Directors’ Charge to the extent that they do not have coverage under any directors’ and officers’ insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph 26 of this Order.

Restructuring

29. **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the “**Restructuring**”) but subject to such requirements as are imposed by the CCAA, each of the Debtors shall have the right, subject to the approval of the Monitor or further order of the Court, to:
- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
 - (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);
 - (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside of the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$500,000 or \$5,000,000 in the aggregate;
 - (d) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as it deems appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Debtors and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Debtors may determine;

- (e) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Debtors and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
 - (f) subject to section 11.3 CCAA, assign any of its rights and obligations.

- 30. **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of any of the Debtors pursuant to section 32 of the CCAA and subsection 29(e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving the Debtors and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Debtors, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

- 31. **ORDERS** that the Debtors shall provide to any relevant landlord notice of the Debtors' intention to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If the applicable Debtor has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between such Debtor and the landlord.

- 32. **DECLARES** that, in order to facilitate the Restructuring, the Debtors may, subject to the approval of the Monitor or further order of the Court, settle claims of customers and suppliers that are in dispute.

- 33. **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, the Debtors are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to its advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that any Person to whom such personal information is intended to be disclosed has, prior to any such disclosure, entered into a confidentiality agreement with the Debtors binding such Person to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Debtors or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the

personal information in a manner which is in all respects identical to the prior use thereof by the Debtors in accordance with applicable law.

Intercompany Advances

34. **ORDERS** that to the extent that any Debtor (such party being a “**Debtor Lender**”) makes, after the date of this Order, any advances or incurs costs or expenses (each an “**Intercompany Advance**”) on behalf of another Debtor (such party being a “**Debtor Borrower**”), the Debtor Lender shall forthwith advise the Monitor of such Intercompany Advance, which shall be evidenced by way of a detailed accounting by the Debtor Lender. Any Intercompany Advance made shall be repaid by the Debtor Borrower to the Debtor Lender as soon as reasonably practicable.
35. **DECLARES** that a Debtor Lender shall be entitled to the benefits of and is hereby granted a charge up to the amount of the Intercompany Advance (the “**Intercompany Advance Charge**”) on the Property to secure the repayment of Intercompany Advances made to a Debtor Borrower. The Intercompany Advance Charge shall have the priority set out in paragraphs 46 and 47 hereof.
36. **ORDERS** that the claims of a Debtor Lender in respect of any Intercompany Advance shall be treated as unaffected and shall not be compromised pursuant to the Plan or these proceedings, or pursuant to any proposal filed in respect of the Debtors pursuant to the BIA. However, the exercise of any recourse by a Debtor Lender in connection with an Intercompany Advance shall be subject to the stay provided for in this Order.

Powers of the Monitor

37. **CONFIRMS** and **RATIFIES** the appointment of Ernst & Young Inc. in accordance with the First Day Order to monitor the business and financial affairs of the Debtors as an officer of this Court (the “**Monitor**”) and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:
 - (a) shall (i) without delay, unless already performed in accordance with the First Day Order, publish once a week for two (2) consecutive weeks or as otherwise directed by the Court, in LaPresse+ and the Globe and Mail National Edition, (ii) within five (5) business days after the date of this Order, post on the Monitor’s website at www.ey.com/ca/cirque a notice containing the information prescribed under the CCAA, (iii) make this Order publicly available in the manner prescribed under the CCAA within five (5) business days after the date of this Order, (iv) send, within ten (10) business days after the date of this Order in the prescribed manner including by electronic transmission, a notice to all known creditors having a claim against the Debtors of more than \$1,000, advising them that the Order is publicly available, and (v) within five (5) business days after the date of this Order, prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly

available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;

- (b) shall monitor the Debtors' receipts and disbursements;
- (c) shall assist the Debtors, to the extent required by the Debtors, in dealing with their creditors and other interested Persons during the Stay Period;
- (d) shall assist the Debtors, to the extent required by the Debtors, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (e) shall advise and assist the Debtors, to the extent required by the Debtors, to review the Debtors' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (f) shall assist the Debtors, to the extent required, with the Restructuring and in their negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (g) shall report to the Court on the state of the business and financial affairs of the Debtors or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order;
- (h) shall report to this Court and interested parties, including but not limited to creditors affected by a Plan (if any), with respect to the Monitor's assessment of, and recommendations with respect to, such Plan;
- (i) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of the Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (j) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under the Order or under the CCAA;
- (k) may give any consent or approval as may be contemplated by the Order or the CCAA;

- (l) may perform such other duties as are required by the Order or the CCAA or by this Court from time to time; and
- (m) may file a motion pursuant to section 243 of the BIA seeking its appointment as receiver to the Debtors (in such capacity, the "Receiver" and the proceedings thereunder, the "Receivership Proceedings") for the sole purpose of allowing the employees of the Debtors to benefit from those payments provided under the Wage Earner Protection Program Act (S.C. 2005, c. 47, s. 1);

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Debtors, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Debtors nor shall the Monitor be deemed to have done so

- 38. **ORDERS** that, without limiting the generality of the foregoing, the Debtors and their Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Debtors in connection with the Monitor's duties and responsibilities hereunder.
- 39. **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Debtors with information in response to requests made by them in writing addressed to the Monitor and copied to the Debtors' counsel. The Monitor shall not be responsible or liable for any such information provided in accordance with this Order or with the CCAA, unless expressly provided in paragraph 41 hereof. In the case of information that the Monitor has been advised by the Debtors is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Debtors unless otherwise directed by this Court.
- 40. **ORDERS** that if the Monitor, in its capacity as Monitor, carries on the business of the Debtors or continues the employment of the Debtors' employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
- 41. **ORDERS** that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least seven (7) days' notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor referred to in subparagraph 37(i) hereof and the legal counsels referred to in subparagraph 37(j) shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.
- 42. **ORDERS** that the Debtors shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsels, the Receiver, the Receiver's legal counsel and the

Debtors' legal counsel (collectively, the "**Professionals**"), directly related to these proceedings, the proceedings to be initiated by the Foreign Representative (as defined below) under Chapter 15 of Title 11 of the United States Code (the "**Chapter 15 Proceedings**"), the Receivership Proceedings, the Plan and the Debtors' restructuring, whether incurred before or after the First Day Order, and shall provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.

43. **DECLARES** that the Professionals, as security for the professional fees and disbursements incurred both before and after the making of the First Day Order and directly related to these proceedings, the Chapter 15 Proceedings, the Receivership Proceedings, the Plan and the Debtors' restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$9,200,000 (the "**Administration Charge**"), having the priority established by paragraphs 46 and 47 hereof.

Appointment of Financial Advisors

44. **CONFIRMS** and **RATIFIES** the appointment of National Bank Financial and Greenhill & Co, Inc. as co-financial advisors to the Debtors (collectively, the "**Financial Advisors**"), in accordance with the terms and conditions set forth in the engagement letters executed by each of them and the Debtors, and filed, under seal, as Exhibits R-21 and R-22 to the Application (collectively, the "**Financial Advisors' Engagement Letters**").
45. **ORDERS** that the Financial Advisors, as security for the professional fees and disbursements payable pursuant to the Financial Advisors' Engagement Letters and more particularly the fees described therein as the Monthly Work Fee, the Restructuring Transaction Fee and the New Capital Fee as well as the Out-of-pocket Expenses of the Financial Advisors, be entitled to the benefit of and are hereby granted a charge and security in the Property to the extent of the aggregate amount of \$14,500,000, the whole subject to the Fee Cap and the Joint Fee Cap described in the Engagement Letters (the "**Financial Advisors Charge**"), having the priority established by paragraphs 46 and 47 hereof.

Priorities and General Provisions Relating to CCAA Charges

46. **DECLARES** that the priorities of the Administration Charge, the KERP Charge, the Directors' Charge, the Intercompany Advance Charge and the Financial Advisors Charge (collectively, the "**CCAA Charges**"), as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, the Administration Charge;
 - (b) second, the Directors' Charge;

- (c) third, KERP Charge;
 - (d) fourth, the Intercompany Advance Charge; and
 - (e) fifth, the Financial Advisors Charge.
47. **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the “**Encumbrances**”) affecting the Property charged by such Encumbrances.
48. **ORDERS** that, except as otherwise expressly provided for herein, the Debtors shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Debtors obtains the prior written consent of the Monitor and the prior approval of the Court.
49. **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Debtors, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
50. **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of such CCAA Charges, as applicable, shall be valid and enforceable and shall not otherwise be limited or impaired in any way by: (i) these proceedings and the declaration of insolvency made herein; (ii) any Application for a receiving order filed pursuant to the BIA in respect of any of the Debtors or any receiving order made pursuant to any such Application or any assignment in bankruptcy made or deemed to be made in respect of any of the Debtors; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Debtors (a “**Third Party Agreement**”), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by any of the Debtors of any Third Party Agreement to which it is a party; and
 - (b) any of the beneficiaries of the CCAA Charges shall not have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
51. **DECLARES** that notwithstanding: (i) these proceedings and any declaration of insolvency made herein, (ii) any Application for a receiving order filed pursuant to the BIA in respect of any of the Debtors and any receiving order allowing such Application or

any assignment in bankruptcy made or deemed to be made in respect of any of the Debtors, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by any of the Debtors pursuant to the Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

52. **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Debtors and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Debtors, for all purposes.

Center of Main Interest

53. **DECLARES** that the Debtors' centre of main interest is located in Montreal, Quebec, Canada.

General

54. **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Debtors or of the Monitor in relation to the Business or Property of the Debtors, without first obtaining leave of this Court, upon five (5) days written notice to the Debtors' counsel and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
55. **DECLARES** that the Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Debtors under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
56. **DECLARES** that, except as otherwise specified herein, the Debtors and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Debtors and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.
57. **DECLARES** that the Debtors and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided

that the Debtors shall deliver “hard copies” of such materials upon request to any party as soon as practicable thereafter.

58. **ORDERS** that Exhibits R-6, R-12, R-13, R-18(b), R-20, R-21 AND R-22 in support of the Application be kept confidential and under seal until further order of this Court.
59. **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on the solicitors for the Debtors and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the monitor or its attorneys, save and except when an order is sought against a Person not previously involved in these proceedings;
60. **DECLARES** that the Debtors or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
61. **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) days notice to the Debtors, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application or motion shall be filed during the Stay Period ordered by this Order, unless otherwise ordered by this Court;
62. **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
63. **DECLARES** that Cirque du Soleil Canada Inc. shall be authorized to apply, on behalf of the Debtors, as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which Cirque du Soleil Canada Inc. shall be the foreign representative of the Debtors (the “**Foreign Representative**”). All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to Cirque du Soleil Canada Inc. as may be deemed necessary or appropriate for that purpose.
64. **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.

65. **ORDERS** the provisional execution of the Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

66. **WITHOUT COSTS.**

Montreal, July ____, 2020

The Honourable Louis-Joseph Gouin, j.s.c.

**SCHEDULE "A"
APPLICANTS**

1. Cirque du Soleil GP Inc.
2. CDS Canadian Holdings, Inc.
3. Cirque du Soleil Canada Inc.
4. Cirque du Soleil Inc.
5. Cirque du Soleil Images Inc.
6. Cirque du Soleil Inspiration Inc.
7. CDS U.S. Holdings, Inc.
8. CDS U.S. Intermediate Holdings, Inc.
9. Cirque du Soleil Holding USA, Inc.
10. Cirque du Soleil (US), Inc.
11. Cirque du Soleil America, Inc.
12. VStar Entertainment Group, LLC
13. Cirque Dreams Holdings LLC
14. VStar Merchandising, LLC
15. VStar International, LLC
16. VStar Theatrical, LLC
17. VStar Touring, LLC
18. Cirque du Soleil Orlando, LLC
19. Cirque du Soleil Vegas, LLC
20. Cirque du Soleil Nevada, Inc.
21. Cirque du Soleil My Call, LLC
22. Velsi, LLC
23. Blue Man Inc.
24. Blue Man Group Holdings, LLC
25. Blue Man Group Records, LLC
26. Astor Show Productions, LLC
27. Blue Man Group Publishing, LLC
28. Blue Man Vegas, LLC
29. Blue Man Orlando, LLC
30. Blue Man Productions, LLC
31. Blue Man Chicago, LLC
32. 9415-8185 Québec Inc.
33. 9415-8219 Québec Inc.
34. 9415-8227 Québec Inc.
35. 9415-8235 Québec Inc.
36. Création 4U2C Inc.
37. Blue Man International, LLC
38. Cirque du Soleil Radio CT Holding, LLC
39. Cirque du Soleil Radio CT, LLC
40. The Works Entertainment, LLC
41. Cirque Theatrical, LLC
42. Cirque on Broadway, LLC
43. Joie de Vie, LLC

SCHEDULE "B"
LIMITED PARTNERSHIP

1. Cirque du Soleil Holdings L.P.
2. CDS Canada 3 L.P.
3. CDS Canada 4 L.P.
4. Blue Man Boston Limited Partnership
5. CDS Canada 1 SCSp (Luxembourg special limited partnership)
6. CDS Canada 2 SCSp (Luxembourg special limited partnership)