Court File No. CV-13-10274-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 14TH
	)	
JUSTICE NEWBOULD	)	DAY OF AUGUST, 2015

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF DATA & AUDIO-VISUAL ENTERPRISES HOLDINGS INC.

Applicant

DISTRIBUTION ORDER

THIS MOTION made by Data & Audio-Visual Enterprises Holdings Inc. ("**Holdings**" or the "**Applicant**") for an Order approving, among other things,

(a) the distribution on behalf of the Applicant of a portion of the Holdings Cash (as defined below) to holders of the Remaining First Lien Notes (as defined below) and to holders of Second Lien Notes (as defined below);

(b) approving and directing certain distributions to employees and contractors of Wireless and to the Chief Restructuring Officer and financial advisors of Holdings; and

(c) establishing a procedure for future distributions to unsecured creditors of Holdings,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of William E. Aziz, sworn August 13, 2015, (the "**Aziz Affidavit**") and the Seventeenth Report of Ernst & Young Inc., in its capacity as court-appointed Monitor in these proceedings (the "**Monitor**"), dated August 13, 2015 (the "**Seventeenth Report**"), and upon hearing the submissions of counsel for the Applicant, the Monitor and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service of Alexander Schmitt sworn August 13, 2015.

SERVICE

1 **THIS COURT ORDERS AND DECLARES** that the time for service of the Notice of Motion and the Motion Record in support of this Motion and the Seventeenth Report be and is hereby abridged and validated, such that this Motion is properly returnable today, and that any further service of the Notice of Motion, the Motion Record or the Seventeenth Report is hereby dispensed with.

DEFINITIONS AND INTERPRETATION

2 **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in the Aziz Affidavit, and that the following terms shall have the following meanings for the purposes of this Order:

(a) "**Ad Hoc Committee of Noteholders**" means the ad hoc committee of holders of the Unsecured Senior Notes, represented by Goodmans LLP;

(b) "**Allowed Claim**" has the meaning ascribed thereto in the Claims Procedure Order, excluding Director/Officer Claims (as defined in the Claims Procedure Order);

(c) "**Amended and Restated Commitment Agreement**" means the second amended and restated commitment agreement dated as of April 29, 2011 among the Applicant, Quadrangle, and Data & Audio-Visual Enterprises Investments Inc.;

(d) "**Assumed First Lien Notes**" means the First Lien Notes beneficially owned or otherwise controlled by Catalyst as at July 2, 2015 in an aggregate principal amount of $69,765,000;

(e) "**Business Day**" means a day, other than a Saturday, Sunday or a statutory holiday, on which banks are generally open for business in Toronto, Ontario;

(f) "**Claim**" has the meaning ascribed thereto in the Claims Procedure Order, excluding Director/Officer Claims (as defined in the Claims Procedure Order);

(g) "**Claims Procedure Order**" means the Order of the Court in these proceedings made August 12, 2015;

(h) "**First Lien Notes**" means the 9.5% First Lien Senior Secured Notes due April 29, 2018 issued by Wireless;

(i) "**First Lien Notes Indenture**" means the indenture dated as of April 29, 2011 between Wireless, as issuer, the guarantors party thereto and the First Lien Notes Trustee, in respect of the First Lien Notes, as amended, supplemented or restated from time to time;

(j) "**First Lien Notes Trustee**" means Equity Financial Trust Company, in its capacity as trustee and collateral agent under the First Lien Notes Indenture;

(k) "**Holdback Funds**" means a portion of the Remaining Cash sufficient to satisfy those amounts secured by the Charges other than the DIP Lenders' Charge and the KERP Charge (as those terms are defined in the Initial Order);

(l) "**Holdings Cash**" means all cash amounts held from time to time by Holdings or by the Monitor on behalf of Holdings;

(m) "**Initial Order**" means the initial order of this Court made in these proceedings September 30, 2013 (as amended);

(n) "**Payable Date**" means August 24, 2015, which date may be amended by the Applicant with the consent of the Ad Hoc Committee of Noteholders and Quadrangle, in consultation with the Monitor;

(o) "**Remaining Cash**" means the Holdings Cash, net of the First Lien Distribution Amount and Second Lien Distribution Amount;

(p) "**Remaining First Lien Notes**" means the First Lien Notes other than the Assumed First Lien Notes;

(q) "**Second Lien Notes**" means the second lien secured promissory notes issued by Wireless under the Second Lien Note Purchase Agreement;

(r) "**Second Lien Notes Purchase Agreement**" means the note purchase, guarantee and backstop agreement dated as of February 6, 2013 between Wireless, as issuer, the Applicant and Data & Audio-Visual Enterprises Leasing Inc. as guarantors, each of the "Purchasers" (as defined therein) and Equity Financial Trust Company, as collateral agent, as the same may have been, and may be, amended, supplemented or restated from time to time;

(s) "**Unsecured Distribution Amount**" means the Remaining Cash, less: (i) the Holdback Funds, (ii) the Quadrangle Priority Payment Amount (if any); and (iii) the DAVE Priority Payment Amount (if any);

(t) "**Unsecured Pari Passu Notes**" means the $59,741,000 principal amount of "Initial Convertible Debentures" as defined in the Amended and Restated Commitment Agreement and issued pursuant to the Amended and Restated Commitment Agreement;

(u) "**Unsecured Subordinated Notes**" means the $35,000,000 principal amount of "Future Convertible Debentures" as defined in the Amended and Restated Commitment Agreement and issued pursuant to the Amended and Restated Commitment Agreement;

(v) "**Unsecured Senior Notes**" means the Series 2009 15% Senior Unsecured Debentures due September 25, 2018 and issued under the Unsecured Senior Note Indenture;

(w) "**Unsecured Senior Note Indenture**" means the trust indenture amended and restated as of April 29, 2011 between the Applicant, as issuer, and the Unsecured Senior Notes Trustee as trustee, pursuant to which the Applicant issued the Unsecured Senior Notes;

(x) "**Unsecured Senior Notes Trustee**" means Equity Financial Trust Company, in its capacity as trustee under the Unsecured Senior Notes Indenture;

(y) "**Vesting Order**" means the Order of this Court granted in this proceeding on June 29, 2015;

(z) **Wireless**" means Data & Audio-Visual Enterprises Wireless Inc.; and

DISTRIBUTION

3 **THIS COURT ORDERS** that the Monitor (on behalf of the Applicant) is authorized, directed and empowered, on August 17, 2015 (the "**Distribution Date**"), to make a distribution (the "**First Lien Note Distribution**") from the Holdings Cash to the First Lien Notes Trustee of an amount determined, as follows:

(a) the principal amount outstanding on the Remaining First Lien Notes as of the Payable Date; *plus*

(b) all accrued and unpaid interest (including default interest prescribed under Section 2.11 of the First Lien Notes Indenture and Paragraph 1 of the First Lien Notes calculated from May 16, 2013 (including interest on overdue instalments of interest) in respect of the Remaining First Lien Notes up to and including the Payable Date; *plus*

(c) the premium prescribed under section 3.07(c) of the First Lien Notes Indenture in respect of the Remaining First Lien Notes,

the aggregate amount of all of which is set out in the chart at paragraph 15 to the Seventeenth Report (the "**First Lien Distribution Amount**"), in full and final satisfaction of all amounts owing under the Remaining First Lien Notes and the First Lien Notes Indenture, and upon such distribution being made all security for the obligations under the Remaining First Lien Notes and the First Lien Notes Indenture are released.

4 **THIS COURT ORDERS** that the Monitor is hereby authorized, directed and empowered to take any further steps that it deems necessary or desirable to complete the distributions described in Paragraph 3 above.

5 **THIS COURT ORDERS** that,

(a) following the granting of this Order, the First Lien Notes Trustee shall notify all registered holders of Remaining First Lien Notes as of the date of this Order (such date being the "**Record Date**") of: (i) the Record Date; (ii) the Distribution Date and the requirement for registered holders to deliver the Remaining First Lien Notes to the First Lien Notes Trustee in accordance with paragraph 5(b) below; (iii) the Payable Date; and (iv) the amount to be distributed to registered holders on the Payable Date and following delivery of all Remaining First Lien Notes to the First Lien Notes Trustee;

(b) upon receipt by the First Lien Notes Trustee of the First Lien Distribution Amount pursuant to Paragraph 3 hereof and delivery of all Remaining First Lien Notes to the First Lien Notes Trustee, which delivery must occur not less than two Business Days prior to the Payable Date, the First Lien Notes Trustee is authorized, directed and empowered to distribute the First Lien Distribution Amount to the registered holders of Remaining First Lien Notes on the Payable Date in accordance with such registered holders' respective holdings of Remaining First Lien Notes; and

(c) each registered holder of a Remaining First Lien Notes shall forthwith distribute the portion of the First Lien Distribution Amount it receives in accordance with subparagraph (b) above to (or as directed by) the beneficial holders of such First Lien Notes as at the Record Date in accordance with such registered holder's customary operating practices.

6 **THIS COURT ORDERS** that the certificates representing the Assumed First Lien Notes shall be returned to the First Lien Notes Trustee and the First Lien Notes Trustee is authorized,

empowered and directed to cancel all Assumed First Lien Notes off of the register that it maintains in respect of the First Lien Notes without consideration from the First Lien Notes Trustee or any distribution under this Order.

7 **THIS COURT ORDERS** that the Monitor (on behalf of the Applicant) is authorized, directed and empowered to make a distribution from the Holdings Cash to each holder of Second Lien Notes (such distributions being collectively, the "**Second Lien Note Distributions**") who has delivered to the Monitor (on behalf of the Applicant) the certificates representing the Second Lien Notes, its pro rata portion of that amount determined as of the Distribution Date to be owing under the Second Lien Notes and the Second Lien Note Purchase Agreement as set out in the chart at paragraph 15 to the Seventeenth Report (the "**Second Lien Distribution Amount**"), in full and final satisfaction of all amounts owing to such holder under such holder's Second Lien Notes and the Second Lien Note Purchase Agreement.

8 **THIS COURT ORDERS** that the Monitor is hereby authorized, directed and empowered to take any further steps that it deems necessary or desirable to complete the distributions described in Paragraph 7 above.

9 **THIS COURT ORDERS** that, notwithstanding:

(a) the pendency of these proceedings;

(b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such application; and

(c) any assignment in bankruptcy made in respect of the Applicant;

the First Lien Note Distribution and the Second Lien Note Distributions shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall they constitute nor be deemed to be fraudulent preferences, assignments, fraudulent conveyances, transfers at undervalue, or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation, and shall, upon the receipt thereof by the registered holders of the Remaining First Lien Notes and the Second Lien Notes, be free of all claims, liens, security interests, charges or other encumbrances granted by or relating to Holdings.

DISTRIBUTIONS FOLLOWING CLAIMS PROCESS

10 **THIS COURT ORDERS** that as soon as practicable following the Claims Bar Date (as defined in the Claims Procedure Order), the Remaining Cash, which, if required in each case, will be net of the Holdback Funds and any additional holdback that may be necessary on account of Claims that have not been fully and finally determined in accordance with the Claims Procedure Order, shall be distributed by the Applicant (or by the Monitor on behalf of the Applicant) as follows:

(a) firstly, if Quadrangle makes the Priority Payment Election for all of its Claims (other than for its Claims under the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes), (i) Quadrangle Advisors II LLC shall receive a distribution in an amount equal to the Quadrangle Priority Payment Amount in full and final satisfaction of all Claims of Quadrangle and its affiliates and funds managed or administered by it, including Quadrangle Advisors II LLC (other than its Claims under the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes) and (ii) Michael Huber will not be entitled to receive a distribution from Holdings in respect of the Claims (if any) of Michael Huber, in his capacity as a director of Holdings or any of its affiliates or otherwise. For greater certainty, this paragraph 10(a) shall not restrict the rights of Michael Huber, in his capacity as a director of Holdings or any of its affiliates or otherwise, from asserting any Claim other than for distribution purposes, including (without limitation) for the purpose of asserting any rights or entitlements under any directors' insurance policy;

(b) secondly, if Data & Audio-Visual Enterprises Investments Inc. and its affiliates make the Priority Payment Election for all of their Claims, (i) Data & Audio-Visual Enterprises Investments Inc. and its affiliates shall receive a distribution in an aggregate amount equal to the DAVE Priority Payment Amount, in full and final satisfaction of all Claims of Data & Audio-Visual Enterprises Investments Inc. and its affiliates and (ii) John Bitove will not be entitled to receive a distribution from Holdings in respect of the Claims (if any) of John Bitove, in his capacity as a director of Holdings or any of its affiliates or otherwise. For greater certainty, this paragraph 10(b) shall not restrict the rights of John Bitove, in his capacity as a director of Holdings or any of its affiliates or otherwise, from asserting any Claim other than for distribution purposes, including (without limitation) for the purpose of asserting any rights or entitlements under any directors' insurance policy;

(c) thirdly, to all other holders of unsecured Allowed Claims, a pro rata share of the Unsecured Distribution Amount equal to the percentage that the value that such holder's unsecured Allowed Claim bears to the aggregate value of all unsecured Allowed Claims (including, solely if the Priority Payment Election has not been made in respect thereof, the unsecured Allowed Claims of Quadrangle (other than its claims under the Unsecured Pari Passu Notes and the Unsecured

Subordinated Notes) or the unsecured Allowed Claims of Data & Audio-Visual Enterprises Investments Inc. and its affiliates, as applicable), provided that the holders of Unsecured Senior Notes and Unsecured Pari Passu Notes shall receive a pro rata share of the Unsecured Distribution Amount equal to the percentage that the value of all Allowed Claims under the Unsecured Senior Notes, Unsecured Pari Passu Notes and Unsecured Subordinated Notes, bear to the aggregate value of all unsecured Allowed Claims (including, solely if the Priority Payment Election has not been made in respect thereof, the unsecured Allowed Claims of Quadrangle (other than its claims under the Unsecured Pari Passu Notes and the Unsecured Subordinated Notes) or the unsecured Allowed Claims of Data & Audio-Visual Enterprises Investments Inc. and its affiliates, as applicable) (the "**Unsecured Noteholder Distribution**"), which Unsecured Noteholder Distribution shall be shared as follows: (i) 63.45% of the Unsecured Noteholder Distribution to the holders of Unsecured Senior Notes; and (ii) 36.55% of the Unsecured Noteholder Distribution to the holders of the Unsecured Pari Passu Notes. For greater certainty, the holders of Unsecured Subordinated Notes, in their capacities as such, shall not receive any distribution from the Unsecured Distribution Amount.

11 **THIS COURT ORDERS** that Holdings and the Monitor may apply to the Court as necessary to seek further orders and directions to give effect to the distributions proposed herein.

12 **THIS COURT ORDERS** that the distributions described in Paragraph 10 above shall be subject to the rights of any creditors holding Allowed Claims secured by the Holdings Cash to assert such secured Allowed Claim against the Holdings Cash in priority to the distributions set described in Paragraph 10 above.

13 **THIS COURT ORDERS** that no Priority Payment Election will be valid or recognized for the purposes of this Order unless made within two Business Days following the Claims Bar Date and, for greater certainty, if a Priority Payment Election is made (i) no Proof of Claim (as defined in the Claims Procedure Order) is required to be filed by the party making such Priority Payment Election in order to receive the payment in accordance with paragraph 10(a) or 10(b) above, as applicable; and (ii) any Proof of Claim that has been filed by such party prior to making its Priority Payment Election shall be null and void.

14 **THIS COURT ORDERS** that to the extent that the Holdback Funds are not used to satisfy amounts secured by the Charges (other than the DIP Lenders' Charge and the KERP Charge), the Holdback Funds form part of the Unsecured Distribution Amount and be paid in the manner set out in paragraph 10 above.

ADDITIONAL DISTRIBUTIONS

15 **THIS COURT ORDERS** that the Employee Distribution Amounts, and any payment of such amounts by Holdings (or by the Monitor on Holdings' behalf), are hereby approved and ratified.

16 **THIS COURT ORDERS** that the Monitor (on behalf of Holdings) is directed to pay to the Financial Advisors (as defined in the Initial Order) all amounts agreed by Holdings and the Financial Advisors to be owing to the Financial Advisors provided that such amounts do not exceed the amounts set out in the FA Engagement Letters (as defined in the Initial Order).

17 **THIS COURT ORDERS** that the BlueTree Amendment is hereby approved and is effective and binding and Holdings (or the Monitor on behalf of Holdings) is directed to pay the amounts owing to BlueTree under the BlueTree Engagement Letter, as amended by the BlueTree Amendment.

MISCELLANEOUS

18 **THIS COURT ORDERS** that the BlueTree Engagement Letter and BlueTree Amendment attached as Confidential Exhibits "G" and "H" to the Aziz Affidavit are hereby sealed pending further Order of the Court and shall not form part of the public record.

19 **THIS COURT REQUESTS** the aid and recognition of any court, tribunal, or any judicial, regulatory or administrative body having jurisdiction in Canada, the United States of America, or any other foreign jurisdiction, to act in aid of and to be complementary to this Court in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

20 **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

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

Court File No. CV-13-10274-00CL

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Applicant

ONTARIO
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Proceeding commenced at Toronto

DISTRIBUTION ORDER

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