

**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)
	)	

**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**

I, Stéphane Lefebvre, to the best of my information and belief, state as follows:

1. I am over the age of 18 and, if called upon, could testify to all matters set forth in this declaration based upon my own personal knowledge except for those portions specified as being otherwise. I am making this declaration in accordance with section 1515 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

2. I am the Chief Financial Officer of Cirque du Soleil Canada Inc. (the “Foreign Representative”). I am intimately familiar with the above-captioned debtors (collectively, the “Debtors” or “Cirque du Soleil”), whose reorganization proceedings (the “Canadian Proceedings”) are currently pending in Quebec, Canada.

3. I submit this declaration in support of: (a) the official form chapter 15 petitions

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

for the Debtors (the “Voluntary Petitions”); (b) the *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”); (c) the *Motion for Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code* (the “Provisional Relief Motion”); (d) the *Motion for Order (I) Directing Joint Administration of Cases Under Chapter 15 of the Bankruptcy Code and (II) Authorizing Foreign Representative to File Consolidated Lists of Information Required by Bankruptcy Rule 1007(A)(4)* (the “Joint Administration Motion”); and (e) the *Motion for Order Scheduling Recognition Hearing and Specifying Form and Manner of Service of Notice* (the “Notice Procedures Motion”).

Background

I. The CDS Group’s Business Operations.

4. Cirque du Soleil was founded in 1984 and is the world’s premier live entertainment media company, having reinvented circus arts and created one of the industry’s most iconic creative brands. Based in Montreal, Quebec, Canada, Cirque du Soleil has, over the past 35 years, conceptualized, produced and presented shows to more than 180 million spectators, in approximately 450 cities across 60 countries in six continents. Cirque du Soleil is most known for its live entertainment shows, which it performs in custom-built, partner-hosted resident venues, through touring in different cities around the world, or through licenses to third parties for performance. Cirque du Soleil’s touring platform allows it to bring creative content to cities across the globe, averaging, up until recently, 3,600 touring performances annually. In addition to its live entertainment offerings, *Cirque du Soleil* has also extended its creative approach and leveraged its brand position and creative and operational capabilities into

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.

complementary businesses such as ticketing, hospitality and media. In 2019, Cirque du Soleil reported more than approximately \$1.04 billion in gross revenue. Up until recently, Cirque du Soleil employed approximately 5,000 employees, including approximately 1,300 artists, who originated from nearly 90 different countries.

5. Despite strong historical performance, Cirque du Soleil has been catastrophically affected by the global crisis caused by the ongoing COVID-19 pandemic. Following government guidance, cities and countries around the world have ordered the closure of public gatherings, which, in turn, has left Cirque du Soleil with no other option but to call for an unprecedented halt in activity until the pandemic is controlled and, importantly, the safety of its performers, employees, and audience members can be assured.

6. At the time this health crisis started, Cirque du Soleil had 44 productions in its portfolio of active shows. On January 30, 2020, Cirque du Soleil was forced to cancel performances in China and, between March 12 and March 15, 2020 it announced the indefinite suspension of thirteen touring shows and its seven resident shows in Las Vegas—*Mystère*, “O”, *Zumanity*, *KÀ*, *The Beatles LOVE*, *Michael Jackson ONE*, and *Blue Man Group*.

7. On March 19, 2020, following the forced closure of all its shows worldwide to ensure the health, safety, and well-being of its employees, artists and audience, Cirque du Soleil was forced to make significant staff reductions, furloughing 95 percent of its workforce for a total of 4,679 employees, including employees employed at its International Headquarters in Montreal. Unfortunately, the ongoing global pandemic and social distancing measures imposed around the world are such that the Debtors are unable to predict, with any degree of certainty, when operations will resume in the normal course. Accordingly, Cirque du Soleil has determined that it must formally terminate its previously furloughed workforce to preserve value

and best position itself for a potential sale, and ultimately preserve its ability to re-launch the businesses and rehire as many of its employees as possible in the future.

8. While the Debtors hope to be able to restart their operations and relaunch the presentation of some of its shows as soon as possible, and potentially before the end of 2020 or early 2021, the Debtors' operations are currently suspended for an indefinite period of time, leaving the Debtors with no revenue stream and no ability to meet their long term obligations as they become due. Accordingly, the Debtors believe that the commencement of the Canadian Proceedings and these chapter 15 cases constitutes the best option available under the circumstances to preserve the value of their assets for the benefit of their creditors and stakeholders.

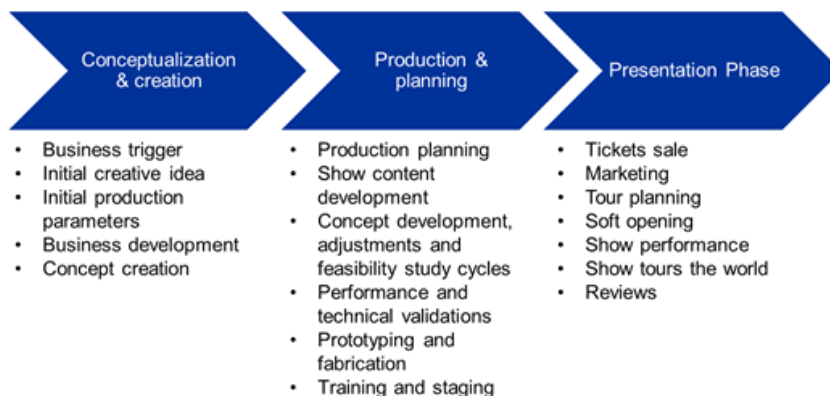
A. The Creation of a Cirque du Soleil Show.

9. Cirque du Soleil is primarily engaged in the creation, production, and presentation of live entertainment shows worldwide. Cirque du Soleil continuously innovates and experiments with new formats and smaller-scale shows, providing for a more agile and efficient production and planning process.

10. The typical life cycle of a Cirque du Soleil show goes through three key stages:

- a. the conceptualization or creation phase;
- b. the production and planning phase; and
- c. the presentation phase.

11. Below is a timeline illustrating the typical life cycle of a Cirque du Soleil show, which will typically take between 18–30 months from the conceptualization phase until the start of the presentation phase:



a. The Conceptualization and Creation Phase.

12. Each Cirque du Soleil branded show, presented either by Cirque du Soleil or by third party licensees, begins with the conceptualization and creation phase, which takes place at Cirque du Soleil’s international headquarters in Montreal, Canada. Some 12 to 24 months preceding the soft opening of a new show, Cirque du Soleil Canada Inc. (“CDS Canada”) assembles a team of creators to develop and create the concept of the new show, including the content, music, costumes, acrobatic equipment, makeup, and the set and props.

13. Before the current unprecedented halt in its activities, the costs related to the conceptualization and creation of a new show were generally shared between CDS Canada, which owned all of Cirque du Soleil’s show rights and music rights worldwide (except in the United States) until March 30, 2020 (as discussed further below), and CDS U.S. Intermediate Holdings, Inc. (“CDS U.S.”) which owns the show rights and music rights in the U.S.

14. The cost percentage assumed by each of CDS Canada and CDS U.S. was generally based on the anticipated revenues resulting from the licensing of a portion of their intellectual property rights (mainly show rights and music rights) to those entities who will ultimately be presenting the show, depending on where the show will be presented. Those

revenues resulting from the licensing of the Cirque du Soleil trademark are usually accounted for separately, again based on where the show will be presented. Show rights will generally include all rights related to costume design, characters, lighting, choreographies, equipment design, acts, etcetera, whereas music rights (or public performance rights) will generally include the original music created for the purpose of the show.

15. Once the conceptualization and creation phase is completed, these newly developed intellectual property rights, together with the Cirque du Soleil's trademark, are then licensed to those entities that will ultimately be presenting the show, and which, in turn, will be required to pay royalties to the holder of these intellectual property rights.

b. The Production and Planning Phase.

16. Following or concurrently with the conceptualization and creation phase, a new show will then go through the production and planning phase. Preceding the soft opening of a new show, Cirque du Soleil Inc. ("CDSI") will assemble a production team to bring the concepts developed by the creation team to life.

17. It is during this phase that the set, props, costumes, and acrobatic equipment are manufactured, and both the artists and the technical staff are selected, hired, and trained. The various steps of the production phase take place mainly at Cirque du Soleil's international headquarters in Montreal.

18. Certain costs of production incurred by CDSI during this phase, namely the costs related to the casting and training of the artists, are assumed by the holders of the intellectual property rights (CDS Canada and CDS U.S.), each of which agrees to assume a percentage of those costs based on the numbers of shows expected to be presented in their respective territories. The calculation of such percentage is generally based on the tour plan, which is made available immediately prior to the soft opening date of the new show. The other costs of

production incurred by CDSI during this phase, namely the costs related to the manufacturing of the shows' assets are assumed by Cirque du Soleil Vegas, L.L.C. which purchases such assets from CDSI and rents them to the various presentation entities.

c. The Presentation Phase.

19. Finally, once the conceptualization and creation phase and the production and planning phase are completed, a new show will commence the presentation phase, in which the newly developed show actually comes to life.

20. This phase will include the actual delivery of a live performance show, including day-to-day management of the artists, crew and technicians, the technical operations, and the general show management, and the marketing and ticket sales for most of the CDS Group's markets. The work performed during this phase is assumed by the various entities forming part of the CDS Group (as defined below) for the specific purpose of presenting this new show. These entities are commonly referred to as "*presentation entities*." In cases where a Cirque du Soleil branded show has been licensed to a third party, Cirque du Soleil is generally not involved in the presentation phase. The "*presentation entities*" are responsible for presenting the new show live in front of audiences either in arenas, theaters, or in a "*Big Top*," a large, mobile, tent-covered arena, depending on the specific show.

B. CDS Group's Revenue Streams.

21. Cirque du Soleil's revenues derive from the presentation of shows (including box office sales, sales of food and beverages, merchandising, and sponsorships), primarily comprised of (a) resident shows, (b) touring shows, and (c) other sources such as its ticketing platform (partially owned) and its experiences and events offering, as further discussed below.

a. Resident Shows.

22. Cirque du Soleil's resident shows deliver premium entertainment on a permanent

basis in venues that are custom-built for each show. Over the past few years, Cirque du Soleil has become the largest and most reliable provider of high-end entertainment in Las Vegas, accounting for almost half of the total Las Vegas box office sales.

23. Up until recently, Cirque du Soleil staged seven resident shows in Las Vegas, another resident show at the Walt Disney World Resort in Orlando, Florida, as well as other resident shows, such as The Land of Fantasy in China, Joya in Mexico, and Paramour in Germany.

24. Resident shows entertain a large audience of approximately 14,000 people per night with approximately 4,000 performances per year. As Cirque du Soleil's resident shows generate significant foot traffic and ancillary revenues for the venues in which they are hosted, the venue partners have been willing, in recent years, to fund most if not all of the upfront theater construction costs as well as a portion of the show production costs.

25. Cirque du Soleil's resident show business model mitigates risk through long-term contracts (the average tenure of resident shows being 11 years) combined with, for many of its shows, minimum revenue guarantees from partners. This structure has historically allowed Cirque du Soleil to have predictable box office revenues and EBITDA annually.

26. In addition to the Cirque du Soleil branded shows, one of the three groups that were recently acquired by the CDS Group, namely Blue Man Group, also delivers performances on a permanent basis in venues across the globe.

27. In 2018 and 2019, Cirque du Soleil's resident shows accounted for approximately 38 percent and 30 percent of the total revenues of the CDS Group, and 45 percent and 42 percent of the total EBITDA of the CDS Group.

b. Touring Shows.

28. Prior to the COVID-19 pandemic, Cirque du Soleil's touring business was one the

largest touring operations in the world, delivering live entertainment in approximately 250 cities over its lifetime on six continents with approximately 3,600 performances annually. Touring shows target both large and small cities across the world with a schedule optimized to drive demand and maximize profitability.

29. Cirque du Soleil structures its touring schedules to introduce new shows in traditionally stronger markets first (North America and Europe) before expanding to other geographies later in the show's lifespan. This strategy results in a shorter payback period and stronger return on investments.

30. Cirque du Soleil's sophisticated worldwide touring operation is supported by one-of-a-kind operating capabilities and robust logistics that seamlessly and efficiently move more than 1,100 employees and equipment across hundreds of cities around the world.

31. Cirque du Soleil's touring shows are performed in two formats: "Big Top" (traveling tents) and arena (local stadiums). A typical Big Top show will have 350 performances in five to eight cities per year for six to ten weeks per city. Cirque du Soleil typically launches one new Big Top show every two years. Successful Big Top shows can also be converted to the arena format, thereby expanding the longevity and reach of the show to smaller markets. Additionally, Cirque du Soleil creates new shows specifically for the arena format. Arena shows are hosted in local venues for an average of one week per city.

32. Cirque du Soleil self-promotes its Big Top shows in markets where it has the highest level of expertise, such as Canada, the United States, Europe, and Australia. However, for arena shows and in other regions (excluding Canada and the United States), Cirque du Soleil works with local partners who possess a thorough understanding of the local markets and who are often willing to provide full per-show buyouts or minimum guarantees with profit splits,

significantly mitigating Cirque du Soleil's downside risk.

33. Economic arrangements with local partners vary from a fixed fee model in which Cirque du Soleil receives a pre-determined fee per show (zero percent profit sharing) to self-promoted shows in which Cirque du Soleil retains 100 percent of the profits. To ensure compliance under the fixed fee model, Cirque du Soleil requires prepayments or letters of credit from its local partners.

34. In addition to the foregoing, three groups that were recently acquired by Cirque du Soleil, namely VStar Entertainment, Blue Man Group, and The Works Entertainment, have touring shows.

35. The Works Entertainment is a world-class creative and production company known for the Illusionists franchise and other variety shows. The acquisition allowed Cirque du Soleil to continue its diversification of content offering and consolidate its presence in soft-seat theatres.

36. In 2018 and 2019, Cirque du Soleil's touring shows respectively accounted for approximately 57 percent and 65 percent of the total revenues of the CDS Group, and 45 percent and 42 percent of the total EBIDTA of the CDS Group.

c. Other Revenue Streams.

37. In an effort to leverage its brand, creative strength, and operating capabilities, Cirque du Soleil has also ventured in recent years into new, but related business operations, acquiring, for instance, a 75 percent stake in a ticketing platform named Outbox. Outbox sells approximately four million live entertainment tickets worldwide annually, with approximately \$500 million in transaction volume.

38. In addition, Cirque du Soleil has leveraged its operational capabilities to expand its entertainment offerings and, ultimately, diversify its revenue stream, with various experiences

and events. As an example, Cirque du Soleil opened an interactive “acrobat simulation” at the Club Med resort in Punta Cana, Dominican Republic, and in Opio, France, called “Creative.”

39. Furthermore, Cirque du Soleil operates a wholly-owned events business with various partners to produce and execute live special events, such as Super Bowl halftime shows, EXPO Milano, the Pan AM Opening Ceremony in Toronto in 2015, Futuroscope in France, seasonal shows in Trois-Rivieres, Andorra, and Malta, as well as various shows on MSC vessels sailing around the world. Organizing and executing live events of this magnitude further drives significant global brand exposure for Cirque du Soleil.

40. In 2018 and 2019, Cirque du Soleil’s other businesses respectively accounted for approximately five percent of the total revenues of the CDS Group, and ten percent and sixteen percent of the total EBIDTA of Cirque du Soleil.

II. The CDS Group’s Corporate Structure.

41. An organization chart of the entities forming part of the Cirque du Soleil’s group (the “CDS Group”), including the Debtors, is attached hereto as **Exhibit A**. The CDS Group is a privately held enterprise.

42. The below table provides an overview of the main function performed by the main operating entities forming part of the CDS Group, including the Debtors.

Function	Entity Name	
Creation/IP Owners	• Cirque du Soleil Canada Inc. • Cirque du Soleil Holding USA, Inc.	• CDS U.S. Intermediate Holdings, Inc.
Production	• Cirque du Soleil Inc.	
Presentation	• Cirque du Soleil Inc. • Cirque du Soleil America Inc. • Cirque du Soleil Nevada, Inc. • Cirque du Soleil (US) Inc. • Cirque du Soleil My Call, LLC • Araxa Espectaculos Circenses	• Cirque du Soleil Orlando, LLC • Gaïa Luxembourg SA • Cirque du Soleil Asia-Pacific Private Ltd • Cirque du Soleil Australia Pty • Cirque du Soleil Rus, LLC

Function	Entity Name
Show Fixed Assets (SFA)/Infrastructure Owner	Cirque du Soleil Vegas, LLC
Corporate Services (IHQ)	- Cirque du Soleil Canada Inc. - Cirque du Soleil Inc.
Touring show Services (Show admin)	- Cirque du Soleil Canada Inc. - Cirque du Soleil Inc.
Follow-up Production Services	Cirque du Soleil Inc.
Regional Headquarter (Las Vegas)	Cirque du Soleil (US), Inc.

III. The Debtors' Capital Structure.²

43. The Debtors' capital structure consists of three secured term loans facilities, one secured revolving credit facility, and two unsecured term loan facilities. The CDS Group is a privately held enterprise. CDS U.S. and CDS Canada are the borrowers in respect of all such funded debt, and other Debtors have guaranteed the obligations in respect thereof. As of the date hereof (the "Petition Date"), the Debtors' total amount of principal outstanding funded indebtedness is approximately \$1.09 billion.

A. The First Lien Credit Agreement.

44. Debtors CDS U.S. and CDS Canada are borrowers (the "Borrowers") under a credit agreement (as amended from time to time, the "First Lien Credit Agreement") dated as of July 8, 2015 with a syndicate of lenders (collectively, the "First Lien Lenders"), pursuant to which Royal Bank Canada acts as administrative agent and collateral agent (the "First Lien Loan Agent") for the First Lien Lenders party to the First Lien Credit Agreement.³

² The summaries provided herein are qualified in their entirety by the provisions of the relevant credit documents.

³ The First Lien Credit Agreement was amended by Amendment No. 1 on June 30, 2017, Amendment No. 2 on June 30, 2017, Amendment No. 3 on June 30, 2017, Amendment No. 4 on July 3, 2018, Amendment No. 5 on March 8, 2019, and Amendment No. 6 on June 5, 2020.

45. The First Lien Credit Agreement provides for the provision of the following credit commitments to the Borrowers:

Term Loan Commitments	\$635,000,000 (Initial Term Loans) \$85,000,000 (2017 Incremental Term Loans) \$95,000,000 (2018 Incremental Term Loans)
Total Term Loan Commitments:	\$815,000,000
Revolving Credit Commitments	\$120,000,000
Total:	\$935,000,000

46. The obligations of the Borrowers under and in connection with the First Lien Credit Agreement are guaranteed by each of the Loan Parties (as defined in the First Lien Credit Agreement), several of which are Debtors herein, and are secured by a first priority security interest and hypothec in favor of the First Lien Lenders on, inter alia, substantially all present and future property, equity interests, IP rights of the Borrowers and Loan Parties.

47. As of the date hereof, the amounts owing by the Borrowers under the First Lien Credit Agreement total approximately \$784.725 million, plus accrued interest of approximately \$11.296 million.

48. As of March 31, 2020, the amounts owing by the Borrowers under the revolving credit facility amounted to \$100 million.

B. The Second Lien Credit Agreement.

49. The Borrowers are also borrowers under a credit agreement (as amended from time to time, the “Second Lien Credit Agreement”) dated as of July 8, 2015 with a syndicate of lenders (collectively, the “Second Lien Lenders”), pursuant to which Bank of America, N.A. acts

as administrative agent and collateral agent (the “Second Lien Loan Agent”)⁴ for the Second Lien Lenders party to the Second Lien Credit Agreement.

50. The Second Lien Credit Agreement provides for the provision of a term loan in the amount of \$150 million.

51. The obligations of the Borrowers under and in connection with the Second Lien Credit Agreement are guaranteed by each of the Loan Parties (as defined in the Second Lien Credit Agreement), several of which are Debtors herein, and are secured by a second priority security interest and hypothec in favor of the Second Lien Lenders on, inter alia, substantially all present and future property, equity interests, IP rights of the Borrowers and Loan Parties.

52. As of the date hereof, the amounts owing by the Borrowers under the Second Lien Credit Agreement total \$150 million, plus accrued interest of approximately \$3.9 million.

C. CDPQ Unsecured Loan Agreement.

53. The Borrowers are borrowers under an unsecured loan agreement (the “CDPQ Unsecured Loan Agreement”) with the CDP Investissements Inc. (“CDPQ”).

54. The CDPQ Unsecured Loan Agreement provides for the provision of a loan of \$30 million (the “CDPQ Loan A”) as well as a commitment to make available a further loan in an aggregate amount not to exceed \$30 million, subject to certain conditions. The CDPQ Loan A matures on February 1, 2024.

55. As of the date hereof, the amounts owing by the Borrowers under the CDPQ Unsecured Loan Agreement total \$30 million, plus accrued interest of approximately \$2 million.

⁴ Bank of America, N.A. resigned as Second Lien Loan Agent pursuant to a letter dated April 3, 2020 and was replaced by Wilmington Trust, National Association pursuant to an Agency Resignation, Appointment, Assignment and Assumption Agreement dated May 22, 2020 and which currently acts as Second Lien Loan Agent.

D. Fonds Unsecured Loan Agreement.

56. The Borrowers are also borrowers under an unsecured loan agreement (the “Fonds Unsecured Loan Agreement”) with Fonds de Solidarité des travailleurs du Québec (F.T.Q.) (the “Fonds”).

57. The Fonds Unsecured Loan Agreement provides for a loan of \$30 million (the “Fonds Loan A”) as well as a commitment to make available a further loan in an aggregate amount not to exceed \$30 million subject to certain conditions. The Fonds Loan A matures on February 1, 2024.

58. As of the date hereof, the amounts owing by the Borrowers under the Fonds Unsecured Loan Agreement total \$30 million, plus accrued interest of approximately \$2 million.

E. Trapeze Term Loan Agreement and AHG Replacement Loan

59. Unrestricted Subsidiary CDS LP4 (as defined below) is a borrower under a senior secured multi-draw interest term loan facility in the aggregate principal amount of up to \$50 million (collectively, the “Trapeze Term Loan”). The Trapeze Term Loan was guaranteed by each of the following Unrestricted Subsidiaries: CDS Canada 3 L.P., 9415-8235 Québec Inc. and 9415-8227 Québec Inc. (collectively the “Trapeze Term Loan Guarantors”). Each of CDS LP4 and the Trapeze Term Loan Guarantors granted a movable hypothec on substantially all of their respective movable property, as security for the obligations relating to the term loan agreement with Trapeze LP providing for the Trapeze Term Loan (the “Trapeze Term Loan Agreement”). As further described below, on June 5, 2020, the CDs Group entered into the AHG Replacement Loan with the AHG (as defined below) to “take-out” the Trapeze Loan, substantially on the same terms and conditions thereof.

IV. Events Leading to the Canadian Proceedings.

60. In 2018 and 2019, the Debtors recorded, on a consolidated basis, a net loss of

\$71.161 million and \$80.01 million, respectively.

A. COVID-19 Pandemic.

61. Like many companies around the world struggling to navigate the COVID-19 pandemic, in recent months, the CDS Group has suffered an acute shortfall in its operating results, invariably leading to increased liquidity pressure.

62. CDS Group's current financial difficulties directly stem from the outbreak and ensuing consequences of a respiratory disease caused by a highly contagious novel coronavirus, first detected in China, which has now spread to more than 150 locations internationally, including in the United States. The virus has been named "SARS-CoV-2" and the deadly disease it causes has been named "coronavirus disease 2019" ("COVID-19").

63. On January 30, 2020, the International Health Regulations Emergency Committee of the WHO declared the outbreak a "*public health emergency of international concern.*" See *Novel Coronavirus (2019-nCoV) Situation Report 10*, World Health Organization (Jan. 30, 2020). On the same date, Cirque du Soleil was forced to cancel its show in Hong Kong. Consequently, beginning in early March 2020, the CDS Group was forced to suspend or postpone numerous Cirque du Soleil shows across its venues.

64. On March 11, the WHO officially characterized COVID-19 as a pandemic. Sanitary authorities worldwide remain unable to predict the anticipated duration of COVID-19, though it is expected that its pervading effects on the entertainment industry, amongst others, will endure for several months (if not longer).

65. On March 12 and 15, 2020, given the WHO and the Center for Disease Control (CDC) recommendations for social distancing, as well as the escalation of the COVID-19 pandemic, CDS Group announced the immediate indefinite suspension of all resident and touring shows. CDS Group also suspended the start of preview performances of the new show "*Drawn*

to Life” at Disney Springs, previously planned for March 20, 2020.

66. As a result of these unprecedented circumstances, the CDS Group continues to suffer material losses, which, in turn, has prevented it from accessing adequate liquidity in the normal course.

B. Need for Canadian and U.S. Court Protection.

67. In light of the foregoing, the Debtors made the decision to seek relief and protection under the CCAA in Canada and chapter 15 in the United States so as to be able to preserve enterprise value. The Debtors continue to explore strategic alternatives, including conducting a sale investment and solicitation process so as to maximize the value of its assets, as further described below.

68. The Debtors believe that the proposed restructuring process described below constitutes the most value-maximizing option under the circumstances.

C. Restructuring Efforts Prior to the Commencement of the Canadian Proceedings.

69. Over the past months, the CDS Group (including the Debtors) was forced to take drastic measures to mitigate the substantial losses caused by the COVID-19 pandemic. As previously mentioned, these drastic measures included the temporary but indefinite suspension of all of its shows worldwide and layoffs on March 15, March 16, and March 19, 2020 of approximately 95 percent of its global workforce.

70. The CDS Group continues to implement a variety of cost reduction and cash generation measures to address short and long term liquidity needs. On March 17, 2019, the CDS Group hired National Bank Financial and Greenhill & Co, Inc. as co-financial advisors to assist in exploring various strategic alternatives in order to restructure its capital structure and specifically address its liquidity position under the umbrella of potential indefinite suspensions of

its operations.

a. Transfer of Funds.

71. On March 24, 2020, CDS Canada transferred \$48.6 million from its deposit account at Desjardins bank to CDSI's bank account at HSBC (which is not a lender under either the First Lien Credit Agreement or the Second Lien Credit Agreement), in order to mitigate the risk of potential impediments to a near-term restructuring process. There are no provisions in the First Lien Credit Agreement or the Second Lien Credit Agreement restricting the CDS Group's ability to effect the above-mentioned transfer.

b. Deferral of Principal and Interest Payments.

72. In addition, as part of its liquidity enhancing measures, upon advice of its financial advisors and on recommendation of the CDS Group's senior management and its transaction committee of independent directors (the "Transaction Committee"), the Council of Representatives determined, on March 30, 2020, that it was in the best interest of the CDS Group and its stakeholders to not pay the principal and interest payments due March 31, 2020 under the First Lien Credit Agreement, the Second Lien Credit Agreement, the CDPQ Unsecured Loan and the Fonds Unsecured Loan.

73. By failing to pay such principal and interest payments totaling approximately \$20.63 million the CDS Group assessed, in consultation with its financial advisors, that it would maintain positive liquidity through the week of April 19 compared to the week of April 5 if it would have made such payments on March 31, 2020.

74. A notice was communicated to the Administrative Agent under the First Lien Credit Agreement and the Second Lien Credit Agreement on April 1, 2020 notifying such parties of the occurrence of certain Defaults and Events of Default under such agreements (as defined therein), and copies thereof were communicated to CDPQ and Fonds.

c. The Drop-Down Transactions.

75. In addition to such interim capital preservation solutions, the CDS Group, in consultation with its financial advisors, also considered various additional liquidity enhancement measures. The CDS Group's primary goal was to take all appropriate measures in order to be able to satisfy its liquidity requirements while reviewing strategic alternatives and engaging with key stakeholders. On March 20, 2020, in connection with the evaluation of such transactions, the Council of Representatives appointed an independent director to the Transaction Committee and the Transaction Committee subsequently retained legal counsel.

76. On March 24, 2020, upon advice of its financial advisors and on recommendation of the Transaction Committee and of management, the Council of Representatives determined that it was in the best interest of the CDS Group and its stakeholders to incorporate and create new entities that would be designated as (i) Unrestricted Subsidiaries or (ii) that would be Restricted Subsidiaries that are Foreign Subsidiaries, as applicable, under and in accordance with the terms of the First Lien Credit Agreement and the Second Lien Credit Agreement.

77. To that end, the CDS Group subsequently incorporated and created several new entities and designated each such entity as an Unrestricted Subsidiary. A notice dated March 24, 2020 to that effect was sent to the Administrative Agent under the First Lien Credit Agreement and to the Administrative Agent under the Second Lien Credit Agreement, in accordance with each of the Credit Agreements. The Council of Representatives also appointed an independent director to serve on the board of each Unrestricted Subsidiary.

78. In addition, each of CDS Canada and CDSI created new subsidiaries, including "Foreign Subsidiaries," in each case in accordance with the terms of the First Lien Credit Agreement and the Second Lien Credit Agreement. Because such subsidiaries were not designated as "Unrestricted Subsidiaries," such subsidiaries were "Restricted Subsidiaries" as

defined in the First Lien Credit Agreement and the Second Lien Credit Agreement.

79. On March 30, 2020, upon advice of its financial advisors and the recommendation of the CDS Group's senior management and the Transaction Committee (upon the advice of its own counsel), the Council of Representatives determined that it was in the best interest of the CDS Group and its stakeholders to authorize management of the CDS Group to transfer certain intellectual property assets, including the "Cirque du Soleil" trademark and associated trademarks owned by CDS Canada (the "Cirque TMs"), either to the newly created Foreign Subsidiaries that are Restricted Subsidiaries of CDS Canada and/or to the newly created Unrestricted Subsidiaries of CDS Canada, the whole, so long as consummated in accordance with specific terms of the First Lien Credit Agreement and the Second Lien Credit Agreement and solely to the extent that management determines that the fair market value of all assets so being transferred to Unrestricted Subsidiaries does not exceed \$155 million representing the aggregate amount of the specific and pre-negotiated asset transfer baskets permitted under the First Lien Credit Agreement. To that end, the CDS Group retained the services of Ocean Tomo LLC ("Ocean Tomo") to provide a valuation of the assets to be transferred. Based on the valuation provided by Ocean Tomo, the CDS Group and the Council of Representatives determined that the aggregate fair market value (within the meaning of the First Lien Credit Agreement and Second Lien Credit Agreement) of such assets was between \$91 million and \$113 million.

80. Effective as of March 30, 2020, and in accordance with transactions specifically permitted by the terms of the First Lien Credit Agreement and the Second Lien Credit Agreement, CDS Canada, through a series of successive transactions, transferred the Cirque TMs to CDS Canada 4 L.P., an Unrestricted Subsidiary limited partnership existing under the laws of

Quebec (“CDS LP4”). Given such transfers were completed within the specific and pre-negotiated terms of the First Lien Credit Agreement and the Second Lien Credit Agreement, liens under the First Lien Credit Agreement and Second Lien Credit Agreement that had previously encumbered the Cirque TMs were automatically released (the “Drop-Down Transactions”).

d. The Debtors’ Efforts to Secure Financing.

81. Following the creation of the Unrestricted Subsidiaries, the Debtors and their advisors explored various options for maximizing the value of the assets transferred pursuant to the Drop-Down Transactions in light of their liquidity and ultimate restructuring goals.

82. In this context, the Debtors, together with Greenhill and National Bank Financial (the “Financial Advisors”), initiated a process to canvass the market to solicit financing offers from various parties, including from the First Lien Lenders.

83. After consideration of all financing offers submitted in the context of the aforementioned solicitation process, the Debtors accepted a financing offer submitted by Trapeze Holdings Limited Partnership (“Trapeze LP”) whose equity sponsors are the shareholders of CDS Group and Investissement Quebec (IQ”).

84. As such, and as previously mentioned, on April 24, 2020, Trapeze LP, as lender, entered into the Trapeze Term Loan Agreement pursuant to which Trapeze LP provided to CDS LP4 the Trapeze Term Loan. The Trapeze Term Loan was guaranteed by the Trapeze Term Loan Guarantors. Each of CDS LP4 and the Trapeze Term Loan Guarantors granted a movable hypothec on substantially all of their respective movable property, as security for the obligations relating to the Trapeze Term Loan Agreement.

e. The Execution of Forbearance Agreements and a Replacement Loan.

85. In parallel with the above, CDS Group and its advisors engaged in extensive

negotiations with certain First Lien Lenders and Second Lien Lenders regarding the terms and conditions of forbearance agreements to be entered into with each of those lender groups.

86. On May 14, 2020, the CDS Group received a proposal from the ad-hoc group of First Lien Lenders and Second Lien Lenders (the “AHG”) to refinance or replace the Trapeze Term Loan on substantially the same terms and conditions. The AHG indicated that such replacement of the Trapeze Term Loan would be a condition to move forward with any forbearance agreement.

87. On June 5, 2020, after several weeks of discussions and negotiations between the CDS Group, the AHG, and their respective advisors, the parties reached an agreement on the following:

- a. the members of the AHG would provide the CDS Group with a replacement loan to “take-out” the Trapeze Term Loan, substantially on the same terms and conditions thereof (the “AHG Replacement Loan”);
- b. a forbearance agreement would be signed with certain First Lien Lenders representing the “*Required Lenders*” under the First Lien Credit Agreement and with certain Second Lien Lenders representing the “*Required Lenders*” under the Second Lien Credit Agreement, respectively (the “First Lien Forbearance Agreement” and the “Second Lien Forbearance Agreement”), the principal terms of which provide, in each case:
 - i. the agreement of the First Lien Lenders party thereto and the Second Lien Lenders party thereto, as the case may be, during the forbearance period, not to enforce any rights and remedies, and not to direct the First Lien Loan Agent or the Second Lien Loan Agent, as applicable, to enforce any rights and remedies, against the CDS Group, as a result of certain Events of Default which existed at the time;
 - ii. the agreement by the CDS Group to pay certain fees and expenses of the First Lien Lenders, the First Lien Loan Agent, the Second Lien Lenders, the Second Lien Loan Agent and the AHG, as applicable;

- iii. the agreement by the CDS Group to provide additional reporting to the AHG and members thereof who have executed a non-disclosure agreement;
 - iv. the provision by CDS LP4 and the Trapeze Term Loan Guarantors of a guarantee in favor of the First Lien Loan Agent and the Second Lien Loan Agent, as applicable, of the obligations under the First Lien Credit Agreement and the Second Lien Credit Agreement, respectively, together with movable hypothecs on substantially all of their respective movable property, as security for the obligations relating to the First Lien Credit Agreement or the Second Lien Credit Agreement, as the case may be, the whole ranking subsequent to the security granted to and in favour of Trapeze LP under the Term Loan Agreement in accordance with the terms of an intercreditor agreement among such parties;
 - v. a release by the First Lien Lenders, the First Lien Agent, the Second Lien Lenders and the Second Lien Agent party thereto with respect to any claim or purported claim relating to, inter alia, the designation of Unrestricted Subsidiaries as described in paragraph 75 above, the Drop-Down Transactions and the execution, delivery and performance of the Term Loan Agreement;
- c. a sixth amendment to the First Lien Credit Agreement would be entered into with First Lien Lenders representing the “*Required Lenders*” under the First Lien Credit Agreement (the “Amendment No. 6”) and a first Amendment to the Second Lien Credit Agreement would also be entered into with Second Lien Lenders representing the “*Required Lenders*” under the Second Lien Credit Agreement (the “Amendment No. 1”), which, respectively, would provide as follows:
- i. the inclusion of CDS LP4 and the Trapeze Term Loan Guarantors as parties to the First Lien Credit Agreement and the Second Lien Credit Agreement in certain respects, as applicable, in each case, subject to various negative covenants thereunder notwithstanding that such parties are and remain Unrestricted Subsidiaries; and
 - ii. amendments to various covenants in the First Lien Credit Agreement and the Second Lien Credit Agreement further restricting or eliminating various baskets or the ability of the CDS Group to engage in permitted transactions and permitting the AHG Replacement Loan and the security therefor.

88. On June 5, 2020, the CDS Group entered into the AHG Replacement Loan, the First Lien Forbearance Agreement, the Second Lien Forbearance Agreement and the

Amendment No. 6 and Amendment No. 1.

f. The Preliminary Solicitation Process.

89. On May 11, 2020, the Debtors, with the assistance of their Financial Advisors, and under the oversight of the Transaction Committee, began an extensive solicitation process to solicit proposals for a potential recapitalization of, equity investment in, or sale of the CDS Group's business and assets (the "Preliminary Process").

90. As part of the Preliminary Process, the Financial Advisors contacted several potential interested parties who had expressed interest in a potential capital investment in the CDS Group or an acquisition of its assets, and sent out solicitation materials to approximately 97 potentially interested investors or purchasers, including 32 strategic investors and 65 financial investors (including both private equity and family offices) advising them that all non-binding indications of interests were to be submitted by no later than June 8, 2020 (the "Non-Binding Bid Deadline").

91. The Preliminary Process was validated by Ernst & Young Inc. ("EY" or the "Monitor"), as outlined in the Report of the Proposed Monitor (the "Report"), namely by comparing its own lists of potential strategic investors and potential financial investors against the Financial Advisors' final lists as at June 8, 2020. Ultimately, the Monitor identified one additional financial investor for consideration.

92. In addition, the Debtors and the Financial Advisors permitted additional potentially interested parties to participate in the Preliminary Process based on their in-bound interest and their financial wherewithal to consummate a transaction.

93. In total, 43 parties received non-disclosure agreements of which 34 parties signed such non-disclosure agreements and received confidential information memorandums.

94. On or prior to the Non-Binding Bid Deadline, the CDS Group received a total of 6

offers for the acquisition of the CDS Group's assets, including (a) a non-binding offer to purchase in the form of a stalking horse bid from Trapeze LP and (b) a non-binding offer from the AHG in the form of a credit-bid.

95. As further detailed below, although the stalking horse bid received on May 20, 2020 was non-binding, it was accompanied by a draft asset purchase agreement. The other non-binding offers were received on or about the Non-Binding Bid Deadline and were not accompanied by a draft purchase agreement.

96. Following the receipt of the stalking horse bid, the Debtors engaged in negotiations with Trapeze LP to determine if they could come to acceptable terms and conditions and also engaged in discussions with AHG in order to assess, with the help of its Financial Advisors, the best strategic option going forward for the CDS Group and all its stakeholders. Both Trapeze LP and AHG were requested to provide commitment letters to confirm their ability to fund the purchase price under their proposed offers as well as the business of the CDS Group on a post-closing basis substantially in accordance with the business plan prepared by the CDS Group. Although both offers provided commitment letters that were generally satisfactory to the CDS Group, the CDS Group was substantially further advanced in its negotiation of the definitive terms and conditions of a transaction with Trapeze LP than with the AHG, having submitted a more detailed offer 19 days before the Non-Binding Bid Deadline.

97. The stalking horse bid from Trapeze LP provides a number of important benefits, including preserving the value of the Debtors' assets during these highly uncertain times, providing certainty of a transaction that contemplates sufficient funding to restart and grow the business, providing significant benefits to the affected employees and contractors (freelancers and artists) and preserving the Quebec roots of this major cultural asset. At the same time, the

Trapeze LP bid allows other bidders, including the AHG, to continue participating in a solicitation process designed to maximize the value of the Debtors' assets for the benefit of all of the CDS Group's stakeholders. Accordingly, the Debtors decided to enter into a stalking horse asset purchase agreement with Trapeze LP through its affiliate, Trapeze Acquisition Limited Partnership ("Acquisition LP"), subject to Court approval and, ultimately, subject to the outcome of the SISP (as defined below) outlined below. Additional details regarding such stalking horse proposal and the SISP are set forth below.

V. The Canadian Proceedings.

98. On June 29, 2020, Cirque du Soleil commenced the Canadian Proceedings with the Canadian Court pursuant to sections 9, 11, 11.51, 11.52, and 23 of the CCAA with the goal of pursuing the SISP and restructuring operations under the protections offered by the CCAA. On June 30, 2020, the Superior Court of Quebec (Commercial Division) (the "Canadian Court") entered an interim order (the "First Day CCAA Order"). The First Day CCAA Order includes a "no default" provision and is attached to the Provisional Relief Motion as Exhibit 1. More specifically 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.

99. In addition, the First Day CCAA Order expressly requests that courts in the United States recognize the Canadian Proceedings to aid and assist the Canadian Court in carrying out the terms of the First Day CCAA Order. Paragraph 53 of the First Day CCAA Order provides, in relevant part:

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. 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.

First Day CCAA Order, ¶ 53.

100. Following entry of the First Day CCAA Order, the Debtors will seek entry by the Canadian Court of an amended and restated initial order (the “Initial CAA Order”), and an order approving the SISP (the “SISP Order”) in each case approximately ten days from the date thereof. Contemporaneously therewith, the Monitor, if appointed, will seek entry of a receivership order solely for the purpose of allowing employees to benefit from the payments provided under the Wage Earner Protection Program Act. *See* S.C. 2005 c. 47, s.1.

101. Although each Debtor’s respective management and Council of Representatives remains in place, each Debtor’s assets and affairs are subject to the supervision of the Canadian Court during the pendency of the Canadian Proceedings.

102. I believe recognition of the Canadian Proceedings will not undermine the rights that United States creditors typically enjoy in a chapter 11 proceeding, as affected creditors will have the opportunity to participate in the SISP and the Canadian Proceedings under the supervision of the Canadian Court.

VI. Appointment as Foreign Representative and Filing of the Verified Petition.

103. On June 28, 2020, the Council of Representatives of Cirque du Soleil Holdings L.P. (the “Council of Representatives”) appointed Cirque du Soleil Canada Inc. as the “foreign representative” as defined in section 101(24) of the Bankruptcy Code for purposes of the Canadian Proceedings.

104. On June 28, 2020, the Council of Representatives authorized Cirque du Soleil Canada Inc. to file the Verified Petition seeking recognition of the Canadian Proceedings as foreign main proceedings under chapter 15 of the Bankruptcy Code. Copies of the applicable resolutions are attached as Exhibit B to the Verified Petition.

105. It is my understanding that for these reasons, Cirque du Soleil Canada Inc. satisfy the definition of a “foreign representative” as that term is defined in section 101(24) of the Bankruptcy Code.

106. Of the 43 Debtors, 26 are incorporated in Delaware, and the Debtors otherwise have property in Delaware in the form of corporation stock and interests in limited liability companies formed in Delaware or have affiliates whose chapter 15 cases are pending in this district.

107. Therefore, on the Petition Date, Cirque du Soleil Canada Inc. filed the Verified Petition pursuant to sections 1504 and 1515 of the Bankruptcy Code commencing these chapter 15 cases in the District of Delaware, seeking recognition of the Canadian Proceedings as “foreign main proceedings,” as such term is defined in section 1502(4) of the Bankruptcy Code, and seeking other necessary or appropriate relief in support of the Canadian Proceedings. I have been informed that the Bankruptcy Code provides for recognition of a foreign proceeding as a “foreign main proceeding” if such foreign proceeding is a “foreign proceeding” pending in a country where the debtor has “the center of its main interests.” See 11 U.S.C. § 1517(b)(1).

108. I have been informed that the Canadian Proceedings are “foreign proceedings” as they are a collective judicial proceeding authorized and supervised by the Canadian Court under the CCAA and pursuant to the First Day CCAA Order. It is my understanding that for these reasons, the Canadian Proceedings qualify as “foreign proceedings” as that term is defined in

Section 101(23) of the Bankruptcy Code. In compliance with Section 1515(b) of the Bankruptcy Code, a certified copy of the First Day CCAA Order, which commenced the Canadian Proceedings, is attached to the Provisional Relief Motion as Exhibit 1.

109. In addition, I believe that each of the Debtors' has their center of main interests in Montreal, Quebec, Canada as such term is defined in section 1502(4) of the Bankruptcy Code. The Debtors' parent company, Cirque du Soleil Holdings L.P., is a Canadian corporation that has a 100 percent ownership interest in the remaining Debtors. Additionally, the Debtors are an integrated, complex enterprise, and numerous of the Debtors' administrative, support, and other functions are performed on a centralized basis and managed in Canada, namely:

- a. the Debtors' worldwide operations are overseen by and report to the Chief Executive Officer, located at the Cirque du Soleil international headquarters in Montreal, Quebec, Canada (the "Head Office");
- b. a large part of the Debtors' senior management team is located in Montreal, Quebec, Canada;
- c. all creative, strategic and key operating decisions and key policy decisions are made by and/or subject to approval from CDS Group senior management located in Montreal, Quebec, Canada;
- d. key human resources decisions pertaining to, *inter alia*, payroll budgets and augmentation or reduction of employee headcount as per the approved budget, are subject to the approval of CDS Group's senior management located in Montreal, Quebec, Canada;
- e. key accounting decisions and all plans, budgets and financial projections are subject to the approval of CDS Group's senior management located in Montreal, Quebec, Canada;
- f. planning, budgeting, management of tax, treasury and cash management and preparation of financial projections for CDS Group is done from Montreal, Quebec, Canada;
- g. all material and/or long-term contracts and expenses are subject to the approval of CDS Group's senior management located in Montreal, Quebec, Canada;

- h. marketing and business development initiatives are overseen from the Head Office in Montreal, Quebec, Canada;
- i. corporate governance and regulatory compliance for CDS is overseen from its management team located in Montreal, Quebec, Canada;
- j. meetings for management and senior staff of CDS Group, including board meetings, are regularly held in Montreal, Quebec, Canada;
- k. senior management and all sales, manufacturing and operations staff report to their respective senior executives, who, ultimately, report to CDS Group's Chief Executive Officer, who is based in Montreal, Quebec, Canada;
- l. most directors of the Debtors are based in Montreal, Quebec, Canada, and most board meetings take place there; and
- m. all costumes for the Cirque du Soleil shows are created at the CDS Group's International Headquarters in Montreal, Quebec, Canada.

110. Based on these facts, I believe that recognition of the Canadian Proceedings as foreign main proceedings is warranted.

111. I also believe recognition of Cirque du Soleil Canada Inc. as the Debtors' "foreign representative" and recognition of the Canadian Proceedings as "foreign main proceedings" are consistent with the purpose of chapter 15 and will allow the Debtors to restructure in the most efficient manner without jeopardizing the creditors' rights.

112. The Debtors are affiliates of each other and each of their cases were filed on the Petition Date in this court (the "Bankruptcy Court"). Accordingly, I believe that joint administration of these chapter 15 cases for procedural purposes only, as well as permitting the filing of consolidated lists of the information required by Bankruptcy Rule 1007(a)(4), will be an administrative convenience for the Bankruptcy Court, the court clerk's office, and interested parties.

113. Further, I believe that noticing procedures are appropriate in light of the

voluminous amount of creditors, potential creditors, and other parties of interest, all of whom need to be provided with, among other things, notice of the entry of the provisional order, the proposed final order, the recognition objection deadline, and the recognition hearing. The Foreign Representative has prepared a form of notice advising of these and related matters (the “Notice of Recognition Hearing”), a copy of which is annexed to the Notice Procedures Motion. Under the facts and circumstances of the Debtors’ chapter 15 cases, I submit that service of the Recognition Hearing Notice in the manner proposed in the Notice Procedures Motion will provide those parties identified as the Notice Parties in the Notice Procedures Motion with due and sufficient notice of the relief requested in the Recognition and Relief Motion and associated objection deadline and hearing dates.

114. Also, for the reasons set forth in the Verified Petition, I submit that recognition of the Canadian Proceedings is necessary and appropriate for the benefit of the Debtors, their creditors, and other parties in interest.

115. In accordance with the foregoing, I present the following consolidated statements for the Debtors as a whole.

VII. Statement Pursuant to Section 1515 of the Bankruptcy Code.

116. I am informed that section 1515 of the Bankruptcy Code provides, in pertinent part, as follows:

- a. A foreign representative applies to the court for recognition of a foreign proceeding in which the foreign representative has been appointed by filing a petition for recognition.
- b. A petition for recognition shall be accompanied by—
 - i. a certified copy of the decision commencing such foreign proceeding and appointing the foreign representative;

- ii. a certificate from the foreign court affirming the existence of such foreign proceeding and of the appointment of the foreign representative; or
 - iii. in the absence of evidence referred to in paragraphs (1) and (2), any other evidence acceptable to the court of the existence of such foreign proceeding and of the appointment of the foreign representative.
- c. A petition for recognition shall also be accompanied by a statement identifying all foreign proceedings with respect to the debtor that are known to the foreign representative.

117. Pursuant to section 1515(b) of the Bankruptcy Code, the board resolutions appointing the Foreign Representative are attached to the Verified Petition as Exhibit B, respectively. Additionally, the First Day CCAA Order is attached to the Provisional Relief Motion as Exhibit 1. The Council of Representatives passed board resolutions appointing Cirque du Soleil Canada Inc. as the Foreign Representative, authorizing Cirque du Soleil Canada Inc. to file the Verified Petition, and authorizing Cirque du Soleil Canada Inc. to commence these chapter 15 cases.

118. Pursuant to section 1515(c) of the Bankruptcy Code, I am aware of the definition of a “foreign proceeding” under section 101(23) of the Bankruptcy Code, and I believe the Canadian Proceedings are “foreign proceedings” as defined therein. I am aware of no other foreign proceedings with respect to the Debtors.

VIII. Disclosure Pursuant to Bankruptcy Rule 1007(a)(4).

119. I am informed that Bankruptcy Rule 1007(a)(4) provides, as follows:

In addition to the documents required under § 1515 of the Code, a foreign representative filing a petition for recognition under chapter 15 shall file with the petition: (A) a corporate ownership statement containing the information described in Rule 7007.1; and (B) unless the court orders otherwise, a list containing the names and addresses of all persons or bodies authorized to administer foreign proceedings of the debtor, all parties to litigation pending in the United States in which the debtor is a

party at the time of the filing of the petition, and all entities against whom provisional relief is being sought under § 1519 of the Code.

120. I am further informed that Bankruptcy Rule 7007.1 provides in pertinent part that a corporate ownership statement:

. . . identif[y] any corporation, other than a governmental unit, that directly or indirectly owns 10% or more of any class of the corporation's equity interests, or states that there are no entities to report under this subdivision.

A. Corporate Ownership Statement.

121. In compliance with the requirements of Bankruptcy Rule 1007(a)(4)(A), the following is a corporate ownership statement of the Debtors, which identifies any corporation that directly or indirectly owns 10% or more of any class of the Debtors' equity interests:

122. With the exception of non-wholly owned Debtors and Cirque du Soleil GP Inc., the Debtors are directly or indirectly wholly owned by CDS U.S. Holdings, Inc. or CDS Canadian Holdings, Inc.

123. Cirque du Soleil Holdings L.P. owns 100% of the equity interests of CDS U.S. Holdings, Inc. and CDS Canadian Holdings, Inc.

124. The following corporate entities own 10% or more of a class of Cirque du Soleil GP Inc. equity interests:

- a. CMF Circus L.P.;
- b. Caisse de depot et placement du Quebec;
- c. TPG Advisors VII-AIV, Inc.

125. The following corporate entities own 10% or more of the non-wholly owned Debtors' equity interests:

- a. Hudson LV, LLC (Joie de Vie, LLC);
- b. CDS Canada 1 SCSP (9415-8219 QUEBEC INC.);
- c. CDS Canada 2 SCSP (9415-8227 QUEBEC INC.);

d. CDS Canada 3 L.P. (9415-8235 QUEBEC INC.).

B. List of Administrators.

126. In compliance with the requirements of Bankruptcy Rule 1007(a)(4)(B), the Debtors, as directed by their councils of representatives and the Foreign Representative, shall maintain control of and be authorized to administer the Canadian Proceedings. The service address for all of the Debtors in these chapter 15 cases is: 8400, 2e Avenue Montréal, Quebec H1Z 4M6 Canada. I am aware of no other persons or bodies authorized to administer the Canadian Proceedings on behalf of the Debtors.

C. Provisional Relief.

127. Through the Provisional Relief Motion, provisional relief is sought with respect to each of the Debtors against the following parties: (a) the First Lien Lenders; (b) the Second Lien Lenders; (c) the lenders under the CDPQ Unsecured Loan Agreement; (d) the lenders under the Fonds Unsecured Loan Agreement; (e) the agent under the First Lien Credit Facility; (f) the agent under the Second Lien Credit Facility; (g) counterparties to certain of the Debtors' executory contracts and unexpired leases; and (h) other creditors, as set forth on the website maintained by the Debtors' noticing agent: www.omniagentsolutions.com/cirquedusoleil.

D. Parties to Litigation Pending.

128. In compliance with the requirements of Bankruptcy Rule 1007(a)(4)(B), the Debtors have attached a list of all parties to litigation pending in the United States in which the Debtors are a party at the time of the commencement of the chapter 15 cases as Exhibit C to the Verified Petition.

IX. Statement in Support of Provisional Relief Motion.

129. I commenced these chapter 15 cases in order to provide the Debtors with the breathing room and stability necessary to implement their restructuring, including by seeking

certain provisional relief between the Petition Date and the Bankruptcy Court's entry of the proposed order recognizing the Canadian Proceedings. Such provisional relief includes, among other things, the Bankruptcy Court's immediate ordering of the application of sections 361, 362, and 365(e) of the Bankruptcy code to these chapter 15 cases. While the Debtors received no default provision protection pursuant to the First Day CCAA Order, 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 stay imposed by the First Day CCAA Order.

130. Additionally, the Debtors' commencement of the Canadian Proceedings and these chapter 15 cases are, or may be asserted to trigger, events of default and subsequent cross-default under certain of the Debtors' unexpired leases and executory contracts. Further, certain of the Debtors' executory contracts and unexpired leases contain provisions permitting termination upon the Debtors' filing of a case under any section or chapter of the Bankruptcy Code. The relief requested by the Debtors is required to prevent individual creditors acting to frustrate the purpose of the SISP by disregarding the First Day CCAA Order, the foremost of which is the fair and efficient administration of the Canadian Proceedings and Restructuring Transactions to maximize the value for all creditors.

131. Accordingly, I believe that the provisional relief requested in the Provisional Relief Motion is necessary and appropriate under the circumstances.

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

Executed on this 1st day of July, 2020
Montreal, Quebec

/s/ Stéphane Lefebvre

Stéphane Lefebvre
Chief Financial Officer
Cirque du Soleil Canada Inc.

Exhibit A

CDS Group's Corporate Structure Chart

