

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

In re:

SFX ENTERTAINMENT, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 16-10238 (MFW)

(Jointly Administered)

Ref. Docket Nos. 6, 51, 169

**FINAL ORDER AUTHORIZING (A) THE DEBTORS TO  
PAY (I) ALL OR A PORTION OF THE PREPETITION CLAIMS OF  
CERTAIN CRITICAL VENDORS AND FOREIGN VENDORS AND (II) CERTAIN  
PREPETITION MECHANICS' LIENS AND SHIPPING AND WAREHOUSING  
CHARGES IN THE ORDINARY COURSE OF BUSINESS, AND (B) FINANCIAL  
INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon the motion (the "Motion")<sup>2</sup> filed by the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") pursuant to sections 105(a), 363, 503, 1107 and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "Bankruptcy Code") and Bankruptcy Rules 6003 and 6004(h) for entry of interim and final orders: (a) authorizing the Debtors to pay (i) all or a portion of the prepetition claims of certain Critical Vendors and Foreign Vendors and (ii) certain prepetition mechanics' liens and shipping and warehousing charges in the ordinary

<sup>1</sup> The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor's federal tax identification number, if applicable, are: 430R Acquisition LLC (7350); Beatport, LLC (1024); Core Productions LLC (3613); EZ Festivals, LLC (2693); Flavorus, Inc. (7119); ID&T/SFX Mysteryland LLC (6459); ID&T/SFX North America LLC (5154); ID&T/SFX Q-Dance LLC (6298); ID&T/SFX Sensation LLC (6460); ID&T/SFX TomorrowWorld LLC (7238); LETMA Acquisition LLC (0452); Made Event, LLC (1127); Michigan JJ Holdings LLC (n/a); SFX Acquisition, LLC (1063); SFX Brazil LLC (0047); SFX Canada Inc. (7070); SFX Development LLC (2102); SFX EDM Holdings Corporation (2460); SFX Entertainment, Inc. (0047); SFX Entertainment International, Inc. (2987); SFX Entertainment International II, Inc. (1998); SFX Intermediate Holdco II LLC (5954); SFX Managing Member Inc. (2428); SFX Marketing LLC (7734); SFX Platform & Sponsorship LLC (9234); SFX Technology Services, Inc. (0402); SFX/AB Live Event Canada, Inc. (6422); SFX/AB Live Event Intermediate Holdco LLC (8004); SFX/AB Live Event LLC (9703); SFX-94 LLC (5884); SFX-Disco Intermediate Holdco LLC (5441); SFX-Disco Operating LLC (5441); SFXE IP LLC (0047); SFX-EMC, Inc. (7765); SFX-Hudson LLC (0047); SFX-IDT N.A. Holding II LLC (4860); SFX-LIC Operating LLC (0950); SFX-IDT N.A. Holding LLC (2428); SFX-Nightlife Operating LLC (4673); SFX-Perryscope LLC (4724); SFX-React Operating LLC (0584); Spring Awakening, LLC (6390); SFXE Netherlands Holdings Coöperatief U.A. (6812); SFXE Netherlands Holdings B.V. (6898). The Debtors' business address is 902 Broadway, 15<sup>th</sup> Floor, New York, NY 10010.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.



course of business; (b) authorizing financial institutions to honor and process related checks and transfers and (c) providing any additional relief required in order to effectuate the foregoing; and upon the *Declaration of Michael Katzenstein in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (the "**First Day Declaration**"); and upon the statements of counsel in support of the relief requested in the Motion at the hearing before the Court; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these Chapter 11 Cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. For the reasons set forth on the record, the Motion is GRANTED as set forth herein.
2. Pursuant to sections 105(a), 363(b), 503, 1107 and 1108 of the Bankruptcy Code, the Debtors are authorized, but not directed, to pay all or a portion of: (i) each prepetition Mechanics' Liens and Shipping and Warehousing Charges as set forth in the Motion in an aggregate amount not to exceed \$240,000, unless otherwise ordered by the Court; and (ii) each Vendor Claim, provided that the aggregate payments on account of Vendor Claims shall not exceed \$10,000,000.

3. The Debtors shall only make payment on account of Vendor Claims to Critical Vendors and Foreign Vendors who agree to continue to supply goods or services to the Debtors on Governing Trade Terms.

4. The Debtors' determination of who is a Critical Vendor shall take into account, among other things, (a) whether the vendor in question is a "sole-source" or "limited source" provider, (b) whether the Debtors receive advantageous pricing or other terms from a vendor such that replacing the vendor postpetition would result in significantly higher costs to the Debtors, (c) the overall impact on the Debtors' operations if the vendor ceased or delayed shipments and/or (d) whether the vendor might be able to obtain (or have obtained) mechanics' liens, possessory liens, shippers' liens or similar state law trade liens on property necessary to the Debtors' ongoing operations.

5. The Debtors shall maintain a matrix summarizing (a) the name of each Critical Vendor and Foreign Vendor paid on account of Vendor Claims, (b) the amount paid to each Critical Vendor or Foreign Vendor on account of its Vendor Claim and (c) the goods or services provided by such Critical Vendor or Foreign Vendor. This matrix will periodically be provided to the following parties (together, the "Notice Parties"): the United States Trustee for the District of Delaware (the "U.S. Trustee"), professionals retained by the official committee of unsecured creditors appointed in these Chapter 11 Cases (the "Committee"), counsel to the Debtors' DIP Lenders and counsel to the Ad Hoc Group; *provided, however*, that the Notice Parties shall keep the matrix confidential and shall not disclose any of the information in the matrix to anyone, including, but not limited to, any member of the Committee, without prior written consent from the Debtors.

6. The Debtors shall undertake all appropriate efforts to cause Critical Vendors and Foreign Vendors to enter into an agreement (the “**Vendor Agreement**”) including provisions substantially similar to the form attached to the Motion as **Exhibit A**; *provided, further*, that the Debtors are authorized, but not directed, to waive any claims the Debtors and their estates may have against any Critical Vendor or Foreign Vendor pursuant to section 547 of the Bankruptcy Code in connection with a payment of a Vendor Claim under this Order; *provided, however*, the Debtors first receive consent from both counsel to the Committee and counsel to the DIP Lenders prior to entering into an agreement to waive claims pursuant to section 547 of the Bankruptcy Code in connection with a payment of a Vendor Claim under this Order.

7. The Debtors are authorized, but not required, to enter into Vendor Agreements when the Debtors determine, in the exercise of their reasonable business judgment, that it is appropriate to do so. However, the Debtors’ inability to enter into a Vendor Agreement shall not preclude them from paying a Vendor Claim when, in the exercise of their reasonable business judgment, such payment is necessary to the Debtors’ operations. The Debtors shall provide to counsel to the Committee, counsel to the Debtors’ DIP Lenders and counsel to the Ad Hoc Group copies of any Vendor Agreement entered into with a Critical Vendor or Foreign Vendor.

8. The Debtors shall provide notice (the “**Notice**”) to the Notice Parties which may be provided by electronic mail, before making a payment to a Critical Vendor or Foreign Vendor under this Order when such proposed payment exceeds \$50,000. The Notice shall identify (1) the Debtor(s) against which the Critical Vendor or Foreign Vendor is asserting a claim; (2) the amount of the Vendor Claim; (3) the Critical Vendor or Foreign Vendor; (4) the basis for the Vendor Claim, including the amount of such claim that is entitled to priority under section 503(b)(9) of the Bankruptcy Code and the amount that is a general unsecured claim; (5) whether

the Debtors are providing a waiver under section 547 of the Bankruptcy Code; and (6) any other information reasonably requested by the Notice Parties. The Notice Parties shall have through 5:00 p.m. prevailing Eastern Time on the second business day after receipt of such Notice (the “**Review Period**”) to review the proposed payment and to notify the Debtors in writing, which may be by electronic mail, of any issues (the “**Issues**”) with respect to such proposed payment. If none of the Notice Parties notifies the Debtors of any Issues by the expiration of the Review Period, or if the Notice Parties consent to the proposed payment of the Vendor Claim before expiration of the Review Period, the Debtors shall be permitted to pay the Vendor Claim, subject to the terms of this Order. If any of the Notice Parties timely notifies the Debtors of the Issues with respect to any Critical Vendor payment (a “**Questioned Payment**”) prior to the expiration of the Review Period, then the Debtors shall not pay such Questioned Payment without that Notice Party’s consent or without further order of this Court, which the Debtors and the Notice Parties shall seek to have heard at the next scheduling hearing or otherwise on an expedited basis.

9. If a Critical Vendor or Foreign Vendor that has received payment of a prepetition claim later refuses to continue to supply goods or services for the applicable period in compliance with the Vendor Agreement or this Order, then the Debtors may take any and all appropriate steps to cause such Critical Vendor or Foreign Vendor to repay payments made to it on account of its prepetition Vendor Claim to the extent that such payments exceed the postpetition amounts then owing to such Critical Vendor or Foreign Vendor.

10. As a condition to resolving any payment pursuant to this Order, the Shippers and Warehousemen shall waive and release any previously asserted mechanics’ lien, statutory lien, possessory lien or any other lien on the assets of the Debtors.

11. Nothing herein shall impair the Debtors' ability to contest, in their discretion, the validity and amounts of the Mechanics' Liens and Shipping and Warehousing Charges.

12. Notwithstanding the relief granted herein and any actions taken hereunder, nothing contained herein shall constitute, nor is intended to constitute, the assumption or adoption of any contract or agreement under Bankruptcy Code section 365.

13. Each of the banks and financial institutions at which the Debtors maintain their accounts relating to the payment of the claims that the Debtors request authority to pay in the Motion are authorized to receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts, and are authorized to rely on the Debtors designation of any particular check as approved by this Order.

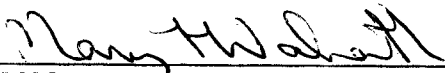
14. Notwithstanding anything to the contrary contained herein, any payment made or to be made, and authorization contained in this Order shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, any order regarding the Debtors' postpetition financing or use of cash collateral, and any budget in connection therewith.

15. Notwithstanding any applicability of Bankruptcy Rule 6004(h), the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

16. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

17. This Court shall retain jurisdiction with respect to all matters arising from or relating to the interpretation or implementation of this Order.

Dated: March 4, 2016

  
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HONORABLE MARY F. WALRATH  
UNITED STATES BANKRUPTCY JUDGE