

This order is **SIGNED**.

Dated: April 26, 2018


KEVIN R. ANDERSON
U.S. Bankruptcy Judge



IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

In re: VIDANGEL, INC., Debtor,	Case No. 17-29073 Chapter 11 Judge Kevin R. Anderson
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**ORDER GRANTING DEBTOR’S MOTION TO EMPLOY KAPLAN,
VOEKLER, CUNNINGHAM & FRANK, PLC AS SPECIAL
COUNSEL PURSUANT TO BANKRUPTCY CODE §§ 327(e) AND
328(a)**

Upon the motion (the “**Motion**”)¹ filed by the above-captioned debtor and debtor-in-possession (the “**Debtor**”) requesting authorization to employ Kaplan, Voekler, Cunningham & Frank, PLC (“**KVCF**”) as special counsel, and the Declaration of Robert Kaplan, Jr. in Support of the Motion, and hearings having been held on April 10 and 13, 2018, with Thomas Beckett and Grace Pusavat appearing for the Debtor, and Brent Hatch and Michael Johnson appearing for the Disney Enterprises, Inc., Lucasfilm Ltd. LLC, Twentieth Century Fox Film Corporation, Warner Bros. Entertainment Inc., MVL Film Finance LLC, New Line Productions, Inc., and Turner Entertainment Co. (collectively, the “**Studios**”), and upon the testimony of Neal Harmon, the Debtor’s CEO, and the attorney representations made by Robert Kaplan, Jr. of KVCF,

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

THE COURT HEREBY FINDS THAT:

The proposed employment of KVCF is in the best interest of creditors and the Debtor's estate, and KVCF does not represent or hold any interest adverse to the Debtor or to the estate with respect to the matter on which it is to be employed. Therefore,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED;
2. Except to the extent resolved herein, the Studios' Limited Objection to the Debtor's Motion to Employ KVCF (Dkt #161) is overruled;
3. The Debtor is authorized under 11 U.S.C. §§ 327(e) and 328(a) and Federal Rule of Bankruptcy Procedure 2014 to employ and compensate KVCF as special counsel for and on behalf of the Debtor, as outlined in the Motion and the Engagement Letter, except that KVCF shall not be employed or engaged to provide advice or services concerning "restructuring or reorganization of the Debtor";
4. The Debtor is authorized to pay the flat fee of \$300,000 to KVCF as follows: (1) \$100,000 in monthly installments with an initial monthly payment of \$16,000, and \$7,000 thereafter, and the balance of the \$100,000 due in December; and (2) the balance of \$200,000 paid in non-statutory options for 203,706 shares of common stock from VidAngel's authorized option pool with the trigger price set at the lesser of \$3.00 or the current fair market price at the time of issuance, issued pursuant to a confirmed Chapter 11 Plan of Reorganization and subject to the approval of the Bankruptcy Court. *Provided, however*, that if a Plan is not filed within 24 months of the execution of the Engagement Letter, or if VidAngel's current petition under Chapter 11 of the Bankruptcy Code is converted to a liquidation pursuant to Chapter 7, then the balance of the fixed cost arrangement shall become a claim entitled to priority under section 507(a)(2), subject, however, to allowance under section 503(b). KVCF is also entitled to

reimbursement of its out-of-pocket costs and reasonable expenses upon application and allowance by the Court, as set forth in the Motion and Engagement Letter. A copy of the engagement letter (“**Engagement Letter**”) executed by the Debtor and KVCF is attached hereto as Exhibit A;

5. KVCF need not apply to the Court for allowance of its flat-fee compensation, but it must apply to the Bankruptcy Court prior to seeking reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules and applicable orders of this Court; and

6. As clarified in paragraph 3 above, KVCF shall have no involvement with the development or presentation of any reorganization plan for the Debtor.

[END OF ORDER]

Approved as to form:

RAY QUINNEY & NEBEKER

/s/ Michael Johnson

Michael Johnson

Attorney for the Studios

PARSONS BEHLE & LATIMER

/s/ Grace S. Pusavat

J. Thomas Beckett
Grace S. Pusavat

Attorneys for the Debtor