

**PROCEDURES FOR
TRANSFERS OF, OR DECLARATIONS OF WORTHLESSNESS
WITH RESPECT TO, COMMON STOCK AND PREFERRED STOCK**

Acquisitions and dispositions of Beneficial Ownership of Common Stock and Preferred Stock (together with the Common Stock, the "Vice Stock") in violation of the Equity Procedures set forth below shall be void *ab initio*, and the sanction for violating the Equity Procedures shall be reversal of the noncompliant transaction or such other (or additional) measures as the Court may consider appropriate.

The following procedures apply to transfer of Vice Stock:¹

- a. Any entity (as defined in section 101(15) of the Bankruptcy Code) who currently is or becomes a Substantial Shareholder (as defined herein) must file with the Court, and serve, via mail and, if an email address is listed, email upon (i) the Debtors, *VICE*, 49 S 2nd Street, Brooklyn, NY 11249 (Attn: Frank A. Pometti); (ii) counsel for the Debtors, Togut, Segal & Segal LLP, One Penn Plaza, Suite 3335, New York, NY 10119 (Attn: Kyle J. Ortiz and Brian F. Moore); (iii) counsel for the Debtors, Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022 (Attn.: Fredric Sosnick) and Shearman & Sterling LLP, 2601 Olive Street, 17th Floor, Dallas, TX 75201 (Attn.: Ian E. Roberts); and (iv) proposed counsel to the Committee, Pachulski, Stang, Ziehl & Jones LLP, 780 Third Avenue, 34th Floor, New York, New York 10017, Attn Bradford J. Sandler (bsandler@pszjlaw.com) and Robert J. Feinstein (rfeinstein@pszjlaw.com).
- b. and (collectively, the "Equity Notice Parties"), a declaration of such status, substantially in the form of **Exhibit 1A** attached to the Equity Procedures in the Motion (each, a "Declaration of Status as a Substantial Shareholder"), on or before the later of (a) 20 calendar days after the date of the Notice of Final Order (as defined in the Proposed Final Order), or (b) 10 calendar days after becoming a Substantial Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any Substantial Shareholder

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

even if no Declaration of Status as a Substantial Shareholder has been filed.

- a. Prior to effectuating any transfer of Beneficial Ownership of Vice Stock that would result in an increase in the amount of Common Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity or individual becoming a Substantial Shareholder, such Substantial Shareholder or potential Substantial Shareholder must file with the Court, and serve upon the Equity Notice Parties, an advance written declaration of the intended transfer of Vice Stock, substantially in the form of **Exhibit 1B** attached to the Equity Procedures in the Motion (each, a "Declaration of Intent to Accumulate Common Stock or Preferred Stock").
- b. Prior to effectuating any transfer of Beneficial Ownership of Vice Stock that would result in a decrease in the amount of Vice Stock of which a Substantial Shareholder has Beneficial Ownership or would result in an entity or individual ceasing to be a Substantial Shareholder, such Substantial Shareholder must file with the Court, and serve upon the Equity Notice Parties, an advance written declaration of the intended transfer of Vice Stock, substantially in the form of **Exhibit 1C** attached to the Equity Procedures in the Motion (each, a "Declaration of Intent to Transfer Common Stock or Preferred Stock," and together with a Declaration of Intent to Accumulate Common Stock or Preferred Stock, each, a "Declaration of Proposed Transfer").
- c. The Debtors and the other Equity Notice Parties shall have seven (7) business days² after receipt of a Declaration of Proposed Transfer to file with the Court and serve on such Substantial Shareholder or potential Substantial Shareholder an objection to any proposed transfer of Beneficial Ownership of Vice Stock described in the Declaration of Proposed Transfer on the grounds that such transfer could adversely affect the Debtors' ability to utilize their Tax Attributes. Any such objection must identify with reasonable specificity the manner and extent to which such Tax Attributes are expected to be used. For the avoidance of doubt, the Debtors will not be entitled to object to such proposed transfer unless such transfer will cause an "owner shift" within the meaning of 26 U.S.C. § 382(g) and the Treasury Regulations promulgated thereunder. If the Debtors and the other Equity Notice

² All days herein shall be calculated by reference to F.R.B.P. 9006.

Parties file an objection, such transaction will remain ineffective unless such objection is withdrawn by the Debtors or such transaction is approved by a final and non-appealable order of the Court. The Substantial Shareholder that filed the Declaration of Proposed Transfer may file a reply within seven (7) business days after receiving such objection. If the Debtors and the other Equity Notice Parties do not object within such seven (7) business days after receipt of a Declaration of Proposed Transfer, or the Substantial Shareholder provides an indemnity in a form mutually agreeable as between such Substantial Shareholder and the Debtors, such transaction can proceed solely as set forth in the Declaration of Proposed Transfer. Further transactions within the scope of this paragraph (other than any transactions covered by a previously provided indemnity described in the immediately preceding sentence) must be the subject of additional notices in accordance with the procedures set forth herein, with an additional five business-day waiting period for each Declaration of Proposed Transfer.

- d. For purposes of the Equity Procedures: (i) a “Substantial Shareholder” is any entity or individual that has Beneficial Ownership of at least (A) 486,308 shares of Common Stock (representing approximately 4.5 percent of all issued and outstanding shares of Common Stock), (B) 4,676 Series A-1 Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series A-1 Preferred Stock), (C) 326 Series A-2 Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series A-2 Preferred Stock), (D) 805 Series E-1 Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series E-1 Preferred Stock), (E) 45 Series G Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series G Preferred Stock), (F) 3,903 Series A-3 Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series A-3 Preferred Stock), (G) 308 Series A-4 Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series A-4 Preferred Stock), (H) 236 Series E-2 Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series E-2 Preferred Stock), (I) 4,443 Series F Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series F Preferred Stock), (J) 154,744 Series D Preferred Stock (representing approximately 4.5 percent of all issued and outstanding

shares of Series D Preferred Stock), (K) 370 Series C Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series C Preferred Stock), or (L) 5,827 Series B Preferred Stock (representing approximately 4.5 percent of all issued and outstanding shares of Series B Preferred Stock);³ (ii) “Beneficial Ownership” shall be determined in accordance with the applicable rules of Section 382 of the IRC and the Treasury Regulations thereunder and includes direct and indirect ownership (e.g., a holding company would be considered to beneficially own all shares owned or acquired by its subsidiaries and a partner in a partnership would be considered to own its proportionate share of any equity securities owned by such partnership), ownership by such holder’s family members and entities acting in concert with such holder to make a coordinated acquisition of equity securities, and ownership of equity securities that such holder has an Option to acquire; and (iii) an “Option” to acquire stock includes any contingent purchase, warrant, convertible debt, put, call, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether such interest is contingent or otherwise not currently exercisable.

The following procedures apply to declarations of worthlessness with respect to Vice Stock:

- a. Any person or entity that currently is or becomes a 50-Percent Shareholder (as defined below) must file with the Court, and serve upon the Equity Notice Parties, a notice of such status, in the form of **Exhibit 1D** attached to the Equity Procedures in the Motion, on or before the later of (i) 20 calendar days after the date of the Notice of Final Order and (ii) 10 calendar days after becoming a 50-Percent Shareholder; *provided* that, for the avoidance of doubt, the other procedures set forth herein shall apply to any 50-Percent Shareholder.
- a. At least 14 days prior to filing any federal or state tax return, or any amendment to such a return, claiming any deduction for worthlessness of the Vice Stock, for a tax year ending before the Debtors’ emergence from chapter 11 protection, such 50-Percent Shareholder must file with the Court, and serve upon the Equity Notice Parties, an advance

³ As used in the Equity Procedures, “shares” shall include all forms of equity interests, including shares of capital stock, partnership interests, membership interests, participations and other equivalents.

written notice in the form of **Exhibit 1E** attached to the Equity Procedures in the Motion (a “Declaration of Intent to Claim a Worthless Stock Deduction”) of the intended claim of worthlessness.

- b. The Debtors will have seven (7) business days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction to file with the Court and serve on such 50-Percent Shareholder an objection to any proposed claim of worthlessness described in the Declaration of Intent to Claim a Worthless Stock Deduction on the grounds that such claim could adversely affect the Debtors’ ability to utilize their Tax Attributes. Any such objection must identify with reasonable specificity the manner and the extent to which such Tax Attributes are expected to be used. During such seven (7) business-day period, and while any objection by the Debtors to the proposed claim is pending (except as provided below), such 50-Percent Shareholder shall not claim, or cause to be claimed, the proposed worthless stock deduction to which the Declaration of Intent to Claim a Worthless Stock Deduction relates and thereafter in accordance with the Court’s ruling, and, as applicable, any appellate rules and procedures. The Substantial Shareholder that filed the Declaration of Intent to Claim a Worthless Stock Deduction may file a reply within seven (7) business days after receiving such objection. If the Debtors do not object within seven (7) business days after receipt of a Declaration of Intent to Claim a Worthless Stock Deduction, or the Substantial Shareholder provides an indemnity in a form mutually agreeable as between such Substantial Shareholder and the Debtors, the filing of the tax return with such claim would be permitted as set forth in the Declaration of Intent to Claim a Worthless Stock Deduction. Additional tax returns (other than any tax returns covered by a previously provided indemnity described in the immediately preceding sentence) within the scope of this paragraph must be the subject of additional notices as set forth herein, with an additional five business-day waiting period. In the event that a dispute with respect to a proposed Worthless Stock Deduction is pending at the time a tax return on which an Equity Notice Party proposes to take a Worthless Stock Deduction is due, such Equity Notice Party may take such Worthless Stock Deduction and shall amend such return in the event that the dispute is resolved in a manner that renders such Worthless Stock Deduction null and void pursuant to this Final Order.

- c. For purposes of the procedures a “50-Percent Shareholder” is any person or entity that is or becomes a “50-percent shareholder” with respect to Vice Stock within the meaning of section 382(g)(4)(D) of the IRC and the applicable Treasury Regulations.

NOTICING AND OTHER PROCEDURES

The following notice procedures apply to the foregoing Equity Procedures:

- a. No later than two business days following entry of the Final Order, the Debtors shall serve by first class mail a notice, substantially in the form of **Exhibit 2** attached to the Final Order (the “Notice of Final Order”), on: (i) the Office of the United States Trustee for Region 2 (the “U.S. Trustee”); (ii) the parties identified on the Debtors’ consolidated list of 30 largest unsecured creditors; (iii) all holders of record (with instructions to serve down to the beneficial owners, if applicable) of Vice Stock; (iv) counsel to any statutory committee appointed in these Chapter 11 Cases; and (v) all parties who, as of the filing of the Interim Order, have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002.
- b. Within five business days after receiving a Notice of Final Order, as applicable, all holders of record of Vice Stock, or broker or other agent or nominee of such holder of record (each a “Nominee”), and any known Substantial Shareholder of Vice Stock shall be required to serve the Notice of Interim Order or Notice of Final Order, as applicable, on any holder for whose benefit such registered holder or Nominee holds in excess of 4.5 percent of issued and outstanding shares of any class of Vice Stock down the chain of ownership for all such holders in excess of 4.5 percent of issued and outstanding shares of any class of Vice Stock.⁴
- c. Any entity or Nominee acting on such entity or individual’s behalf who sells in excess of approximately 4.5 percent of issued and outstanding shares of any class of Vice Stock to another entity shall be required to serve a copy of the Notice of Final Order on such purchaser

⁴ For purposes of these Equity Procedures, “any class of Vice Stock” means each class listed in the definition of Substantial Shareholder.

of such Vice Stock or any broker or agent acting on such purchaser's behalf.

- d. To the extent confidential information is required in any declaration described in these Equity Procedures, such confidential information may be filed and served in redacted form; *provided, however,* that any such declarations served on the Debtors **shall not** be in redacted form. The Debtors shall keep all information provided in such declarations strictly confidential and shall not disclose the contents thereof to any person except (i) to the extent necessary to respond to a petition or objection filed with the Court; (ii) to the extent otherwise required by law; or (iii) to the extent that the information contained therein is already public; *provided, however,* that the Debtors may disclose the contents thereof to their professional advisors, who shall keep all such notices strictly confidential and shall not disclose the contents thereof to any other person, subject to further Court order. To the extent confidential information is necessary to respond to a petitioner objection filed with the Court, such confidential information shall be filed under seal or in a redacted form.
- e. If a party has already filed a declaration pursuant to the Interim Order, it need not file a new declaration pursuant to this Final Order.