



**First Report of
KSV Kofman Inc.
as Receiver and Receiver and Manager of
DragonWave Inc.**

August 10, 2017

Contents	Page
1.0 Introduction	1
1.1 Purposes of this Report	2
1.2 Currency	2
2.0 Background	2
3.0 Creditors	3
3.1 The Senior Lenders	3
3.2 Unsecured Creditors	4
4.0 Funding of these Proceedings	4
5.0 Pre-Filing Marketing Processes	4
6.0 Sale Process	5
6.1 Sale Process Recommendation	6
7.0 Overview of the Receiver’s Activities	7
8.0 Service and Notice of this Motion	9
9.0 Conclusion and Recommendation	9

Appendices

Appendix	Tab
Receivership Order dated July 31, 2017	A
Letter to Service List dated August 9, 2017	B

COURT FILE NO: CV-17-579715-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

COMERICA BANK

APPLICANT

- AND -

DRAGONWAVE INC.

RESPONDENT

**FIRST REPORT OF
KSV KOFMAN INC.
AS RECEIVER AND RECEIVER AND MANAGER
OF DRAGONWAVE INC.**

AUGUST 10, 2017

1.0 Introduction

1. This report ("Report") is filed by KSV Kofman Inc. ("KSV") in its capacity as receiver and receiver and manager (the "Receiver") of the properties, assets and undertakings of DragonWave Inc. (the "Company").
2. Pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on July 31, 2017 (the "Receivership Order"), KSV was appointed Receiver. A copy of the Receivership Order is attached as Appendix "A".
3. The primary purpose of these receivership proceedings is to allow the Company's business to continue to operate on a going-concern basis while a Court-supervised sale process for the Company's business and assets is carried out by the Receiver in a stabilized environment ("Sale Process").

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) Provide background information about the Company and these proceedings, including the basis on which it is contemplated that these receivership proceedings will be funded;
 - b) Summarize the pre-filing sale and investor solicitation efforts undertaken by the Company and its advisors since early 2016;
 - c) Summarize the proposed Sale Process pursuant to which the Company's business and assets would be marketed for sale;
 - d) Provide an overview of the Receiver's activities since its appointment on July 31, 2017; and
 - e) Recommend that this Honourable Court issue an Order (the "Proposed Order") approving the Sale Process and authorizing and directing the Receiver to conduct the Sale Process on the basis detailed in Schedule "A" to the Proposed Order.

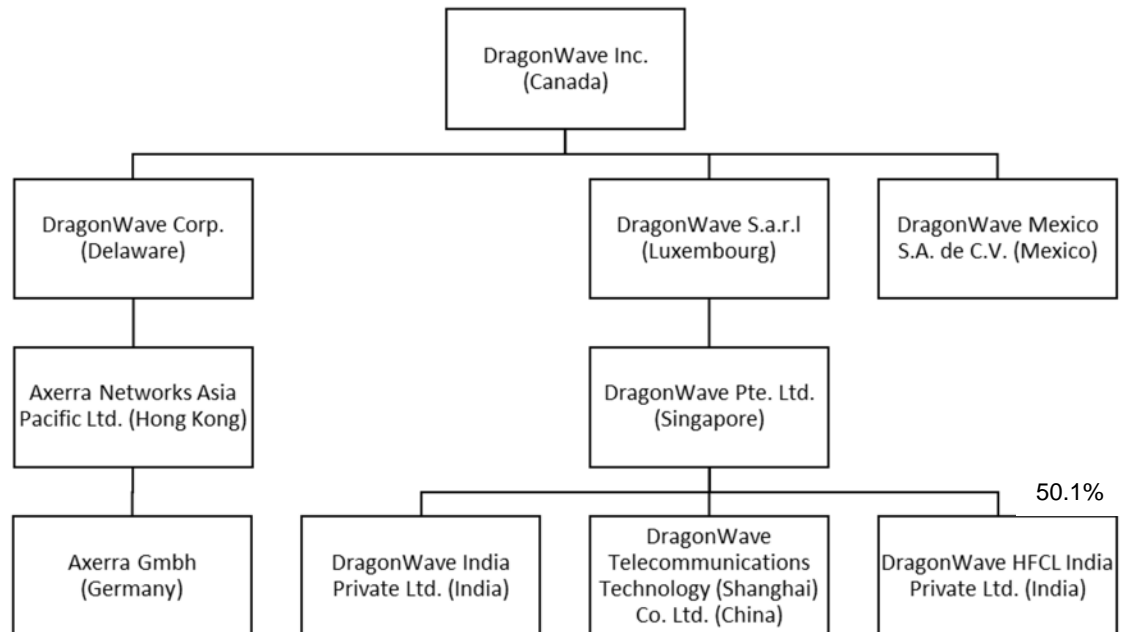
1.2 Currency

1. Unless otherwise noted, all currency references in this Report are in US dollars.

2.0 Background

1. The Company was incorporated in 2000 under the *Canada Business Corporations Act*. The Company is a provider of high capacity wireless ethernet equipment used in internet protocol (IP) networks - it develops, markets and sells proprietary microwave radio frequency networking equipment designed to wirelessly transmit broadband voice, video and other data. The Company's ethernet links are designed to function as a wireless extension to existing fiber and global optic core telecommunications networks. This wireless extension allows wireless service providers, government agencies and other organizations to meet increasing internet bandwidth requirements.
2. The Company's head office and registered office is located at 411 Leggett Drive, Suite 600, Ottawa, Ontario. As at August 9, 2017, the Company's employee headcount was 124 and its foreign subsidiaries (discussed below) employed 27 individuals. The Company's workforce is not unionized and it does not maintain a pension plan.
3. Until recently, the Company's shares traded on the Toronto Stock Exchange (the "TSX") and the NASDAQ Capital Market ("NASDAQ") under the symbol DRWI. Trading of the Company's shares on the TSX was suspended on July 20, 2017. On July 31, 2017, the Continued Listing Committee of the TSX advised the Company that its common shares would be delisted effective at the close of market on August 30, 2017. In addition, NASDAQ issued a notice to the Company dated July 31, 2017 indicating its decision to delist the Company's common shares and to suspend trading in the common shares effective August 2, 2017.

4. The Company operates a worldwide business and holds numerous direct and indirect foreign subsidiaries, as reflected in its corporate chart below. The foreign subsidiaries are not subject to these receivership proceedings – each is continuing to operate their respective businesses in the normal course.



5. Further information about the Company, its background and copies of materials filed in the receivership proceedings is available on the Receiver's website at <http://www.ksvadvisory.com/insolvency-cases/dragonwave-inc>.

3.0 Creditors

3.1 The Senior Lenders

1. As at the date of the Receivership Order, the Company's indebtedness under a Revolving Credit Agreement dated as of June 1, 2012, as amended (the "Credit Agreement") with Comerica Bank ("Comerica") in its capacity as agent (the "Agent") and each of Comerica and Export Development Canada as lenders (jointly, the "Senior Lenders") totalled approximately \$17.2 million, plus interest and fees which continue to accrue.
2. The Senior Lenders have also issued approximately \$2 million in Letters of Credit under the Credit Agreement. As at the date of this Report, the Receiver understands that a letter of credit in the amount of \$1.5 million was drawn upon and is in the process of being funded by the Senior Lenders.

3. The Company has been in default under the Credit Agreement for over two years. Over that time, the Company and the Agent entered into five forbearance agreements. The Senior Lenders are the Company's senior secured creditors (and the only registered secured creditors, other than two equipment lessors, Dell Financial Services Canada Limited and Ford Credit Canada Limited) and appear to be the only parties with an economic interest in these proceedings, as detailed in the affidavits and other documents filed by the Agent as part of its receivership application materials.

3.2 Unsecured Creditors

1. According to the Company's accounts payable listing, unsecured obligations totaled approximately \$17.7 million as at the date of the Receivership Order. Trade creditors are principally comprised of third party manufacturers and inventory suppliers.

4.0 Funding of these Proceedings

1. The Senior Lenders have committed to fund the Company's operations over the course of these proceedings, provided that the contemplated Sale Process is approved by this Court and provided that the Sale Process is conducted on an expedited basis.
2. To the extent required, the Receivership Order authorizes the Receiver to borrow up to C\$500,000 pursuant to Receiver's Certificates. These advances, if any, would be granted a charge on the assets of the Company subject only to the Receiver's Charge (as defined in the Receivership Order). As at the date of this Report, the Receiver has not required any borrowings as the cash on deposit in the Company's bank accounts as at the date of the Receivership Order (approximately \$1.3 million) has been, and is projected to continue to be, sufficient to fund the Company's normal course operations until the completion of the Sale Process.

5.0 Pre-Filing Marketing Processes

1. As a result of its liquidity and other issues, since early 2016, the Company has been formally pursuing restructuring, refinancing, sale or other strategic alternatives. In this regard:
 - in early 2016, CIBC Capital Markets ("CIBC") was engaged to review all strategic and financial alternatives that may be available, including a potential sale of the Company, debt or equity financing, business combination, joint venture or strategic alliance; and
 - in May, 2017, the Company engaged Alvarez and Marsal Canada ULC ("Alvarez") to, *inter alia*, explore potential going concern transactions and a sale process.
2. In respect of the Company's pre-filing efforts to canvass the market, the Receiver understands that:
 - 43 parties were approached to participate in the CIBC and/or Alvarez processes; and

- 16 parties executed confidentiality agreements and performed diligence on the Company, including reviewing information in a data room and/or attending meetings with management.
3. Notwithstanding an extensive canvassing by both CIBC and Alvarez of going concern solutions, no viable transaction acceptable to the Senior Lenders to refinance, restructure or sell the Company resulted from those efforts.

6.0 Sale Process

1. A copy of the Sale Process is attached as Schedule “A” to the Proposed Order. A summary of the proposed Sale Process is as follows:
- Immediately following the making of the Proposed Order, the Receiver would distribute an interest solicitation letter detailing this opportunity to prospective purchasers identified by the Receiver, including those parties that were approached by the Company, CIBC and/or Alvarez in their pre-filing sale efforts. The Receiver has also been contacted by numerous parties on an unsolicited basis since its appointment – these parties have all been included in the Receiver’s prospective purchaser listing;
 - Attached to the interest solicitation letter will be a form of confidentiality agreement (“CA”) and an acknowledgment of the Sale Process (the “Acknowledgment”). Upon execution of the CA and Acknowledgment, prospective purchasers will be provided with the opportunity to commence diligence, including reviewing information in an online data room (the “Data Room”) to be maintained by the Receiver;
 - The Receiver is of the view that the information necessary to submit a bid for the Company’s business and assets will either be in the Data Room or is available in the public domain. As such, it does not intend to incur the cost and time to prepare a comprehensive confidential information memorandum. The Company’s senior management team and the Receiver will be available to meet with interested parties throughout the Sale Process, as required;
 - The Receiver will facilitate diligence efforts by, *inter alia*, arranging site visits and meetings between key employees and interested parties, provided that such meetings are supervised by the Receiver, and the Receiver is of the view that such prospective purchasers are *bona fide*, in the Receiver’s sole discretion;
 - Prospective purchasers will have access to a form of offer, in the form of an asset purchase agreement (“APA”) that will be available in the Data Room. Prospective purchasers will be requested to submit offers in the form of the APA together with a blacklined version of their offer against the APA;
 - Offers will be required to be submitted to the Receiver by 5:00 pm (Eastern time) on September 15, 2017, being one month from the return date of the motion for approval of the Sale Process;

- Among other items, bids will be required to be submitted with a cash deposit in an amount equal to 15% of the purchase price, provide the payment method of the purchase price, including whether it is to be satisfied by cash, credit bid, assumption of liabilities or other form of consideration, and the detailed structure and financing of the proposed transaction;
- The Receiver will have the right to extend or amend the Sale Process as it considers appropriate, in consultation with the Senior Lenders and with the consent of Comerica; however, the Receiver would seek the Court's approval to materially amend or terminate the Sale Process; and
- Subject to Court approval and the number and complexity of offers submitted on the offer deadline, the Receiver's objective is to complete a transaction on or around September 29, 2017. The following table sets out the anticipated Sale Process timeline:

Milestone	Timeline
Motion for approval of Sale Process	August 14, 2017
Offer deadline under Sale Process	September 15, 2017
Sale Approval Motion	September 27, 2017
Target closing date of a transaction	September 29, 2017

6.1 Sale Process Recommendation

1. The Receiver recommends that this Court issue an Order approving the Sale Process for the following reasons:
 - a) In the Receiver's view, the Sale Process is commercially reasonable;
 - b) Prior to formalizing the Sale Process, the Receiver engaged extensively with a potential stalking horse bidder; however, given the complexity of the proposed transaction, the level of unsolicited interest expressed by other parties and the need to conduct a timely sale process, the Receiver, after consulting with the Senior Lenders, decided to seek the Court's approval of the Sale Process without a stalking horse;
 - c) In the Receiver's view, the duration of the Sale Process - while expedited - is sufficient to allow interested parties to perform diligence and submit offers. This is particularly the case given the extent of the Company's pre-filing canvassing of the market. Many of the parties that will be contacted by the Receiver during the Sale Process are familiar with this opportunity given their participation in the Company's pre-filing process and, accordingly, should not require a prolonged diligence period to determine whether they are prepared to submit an offer;

- d) An expedited Sale Process is required for the following reasons:
- The Company operates in a highly competitive industry in which customers require certainty, including in respect of the Company's service and warranty obligations. There is urgency to complete a transaction in order to preserve the Company's customer and highly-skilled employee base, being two of the Company's principal assets;
 - The global nature of the Company's projects and operations. In this regard, certain of the Company's key stakeholders, including major customers and suppliers, are located in various foreign jurisdictions, including India, China, Mexico and Saudi Arabia. These parties are not necessarily familiar with the implications of a Canadian receivership proceeding - an expedited sale process will assist these stakeholders to understand that the outcome of the Sale Process is expected by the end of September, 2017; and
 - The Company is projected to generate operating losses during the receivership period. The Senior Lenders have agreed to allow their collateral to fund these losses for a limited period provided the Proposed Order is granted;
- e) The Receiver does not have access to funding for a prolonged period - absent funding, the Company's operations would be discontinued; and
- f) Subject to the Receiver's security review¹, it appears that the Senior Lenders are the Company's principal secured creditors and likely the only stakeholders with an economic interest in the Sale Process. The Senior Lenders have consented to the Sale Process, including its timelines.

7.0 Overview of the Receiver's Activities

1. The Receiver's activities since the commencement of these proceedings have included the following:
 - Reviewing and commenting on all Court materials filed in the context of the receivership application;
 - Carrying out the Receiver's duties and responsibilities in accordance with the Receivership Order, including overseeing the Company's operations in Canada;
 - Opening receivership bank accounts, transferring funds from the Company's bank accounts and controlling receipts and disbursements in accordance with the Receivership Order;

¹ The Receiver's legal counsel is in the process of preparing an opinion on the validity and enforceability of the Senior Lenders' security.

- Dealing with employee issues in accordance with the Receivership Order, including convening employee meetings at the Company's premises immediately following its appointment, discussing with employees the terms of their ongoing retention with the Company and addressing issues resulting from the CEO's resignation on August 1, 2017;
- Attending at the Company's premises on a near daily basis;
- Dealing with cash management issues, including paying post-filing expenses from the receivership accounts;
- Assisting the Company to prepare cash flow and other financial projections and analyses and reporting to the Senior Lenders thereon;
- Monitoring the Company's funding requirements on a daily basis;
- Corresponding extensively with key stakeholders in these proceedings, including the Agent and the Company's employees, customers, suppliers and landlord;
- Negotiating post-filing supply arrangements with the Company's key suppliers, including Jabil Inc., the Company's most significant supplier and largest known unsecured creditor;
- Carrying out certain of the Company's reporting obligations in accordance with securities legislation, including issuing press releases, filing material change reports and other US filings with the SEC;
- Preparing for the Sale Process, including in respect of a potential offer to be used in the Sale Process, drafting all Sale Process materials and compiling information for the Data Room;
- Corresponding with the Company's Indian counsel in connection with ongoing arbitration proceedings in India involving the Company;
- Corresponding extensively with legal counsel to the Receiver and the Agent on receivership matters generally;
- Placing on its website copies of materials filed in these proceedings and carrying out the Receiver's duties in accordance with the "E-Service Protocol";
- Preparing and circulating, to all known creditors and the office of the Superintendent of Bankruptcy, the Notice and Statement of the Receiver as required under Subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act*;
- Drafting this Report; and
- Addressing all other matters pertaining to the administration of these receivership proceedings.

8.0 Service and Notice of this Motion

1. In order to provide as much notice as possible to the Service List, the Receiver's legal counsel sent a letter to the Service List on August 9, 2017 which, *inter alia*, advised that the Receiver's motion to seek approval of a sale process is scheduled to be heard on August 14, 2017 (the "August 9th Letter") and that the motion materials in connection therewith would be served and filed later that week. A copy of the August 9th Letter is attached as Appendix "B".
2. On August 9, 2017, the Receiver posted on its website the August 9th Letter.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (1)(e) of this Report.

* * *

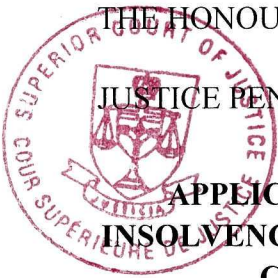
All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Kofman Inc." in a cursive, stylized font.

**KSV KOFMAN INC.
IN ITS CAPACITY AS RECEIVER AND
RECEIVER AND MANAGER OF
DRAGONWAVE INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE MR.

)

MONDAY, THE 31ST

JUSTICE PENNY

)

DAY OF JULY, 2017

)

APPLICATION PURSUANT TO SECTION 243 OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101(1) OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

COMERICA BANK

Applicant

- and -

DRAGONWAVE INC.

Respondent

ORDER
(appointing Receiver)

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing KSV Kofman Inc. as receiver and receiver and manager (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of DragonWave Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of David Ferree sworn July 26, 2017 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one else on the service list appearing although duly served as appears from the affidavit of service of Caitlin Fell sworn July 27, 2017 and on reading the consent of KSV Kofman Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, KSV Kofman Inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
 - (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$300,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;
- and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required;
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
 - (m) to oversee, manage, settle, instruct local counsel and deal generally with any litigation or arbitration proceedings involving the Debtor, including the ongoing dispute with Bharti Airtel Limited;
 - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
 - (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to assign the Debtor into bankruptcy;
- (r) to make or cause to be made such an appraisal and investigation of the affairs and Property of the Debtor as to enable the Receiver to examine any disposition or transfer of the Debtor's Property prior to the date here;
- (s) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (t) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have, including, but not limited to, any rights to pass unanimous shareholders declarations or agreements; and
- (u) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant

immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. THIS COURT ORDERS that Royal Bank of Canada, HSBC Bank and any other banks holding bank accounts in the name of DragonWave Inc. shall provide KSV Kofman Inc., in its capacity as Receiver, with immediate access to, and full authorization over, such bank accounts.

7. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and

providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

8. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

9. NO PROCEEDINGS AGAINST THE RECEIVER

10. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

11. THIS COURT ORDERS that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

12. THIS COURT ORDERS that all rights and remedies against the Debtor, the Receiver, or affecting the Property are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment,

(iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

13. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

14. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

15. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided

for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

16. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

17. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

18. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release

or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

19. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

22. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow from the Applicant by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

25. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

26. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

27. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://ksvadvisory.com/dragonwave-inc>.

28. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

SEALING

29. THIS COURT ORDERS that Confidential Affidavit of David Ferree be and is hereby sealed until further Order of the Court.

GENERAL

30. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

31. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

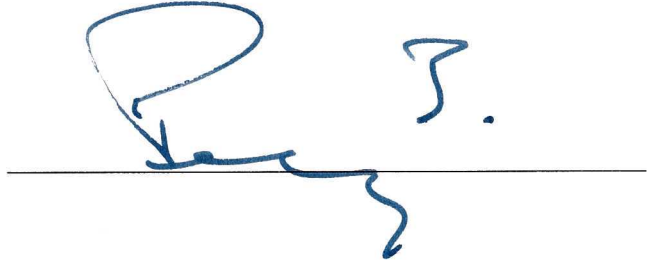
32. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, India, and Luxembourg to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

33. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

34. THIS COURT ORDERS that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

35. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party

likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

A handwritten signature in blue ink, consisting of a large, stylized 'R' followed by a smaller 'J' and a period, is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 31 2017

PER / PAR:

A handwritten signature in blue ink, appearing to be 'JL' or similar, is written next to the 'PER / PAR:' label.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

36. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 20__ (the "Order") made in an action having Court file number ____-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

37. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

38. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

39. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

40. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

41. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

42. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per:

Name:

Title:


COMERICA BANK
Applicant and

DRAGONWAVE NC.
Respondent

Court File No.: CV-17-579715-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Caitlin Fell LSUC# 60091H
email: Caitlin.Fell@mcmillan.ca
Tel: 416-865-7841
Fax: 416-865-7048

Lawyers for the Applicant

COMERICA BANK
Applicant and

DRAGONWAVE INC.
Respondent

Court File No.: CV-17-579715-00CL

July 31, 2017

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

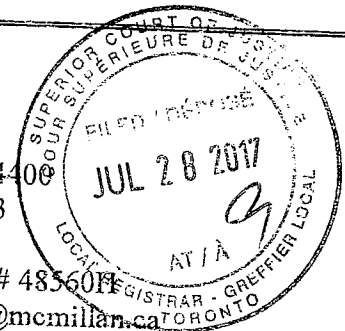
APPLICATION RECORD
(Returnable July 31, 2017)

McMILLAN LLP
Brookfield Place
181 Bay Street, Suite 4400
Toronto, ON, M5J 2T3

Adam Maerov LSUC# 48560FF
email: Adam.Maerov@mcmillan.ca
Tel: 403-215-2752

Caitlin Fell LSUC# 60091H
email: Caitlin.Fell@mcmillan.ca
Tel: 416-865-7841 / Fax: 416-865-7048

Lawyers for the Applicant

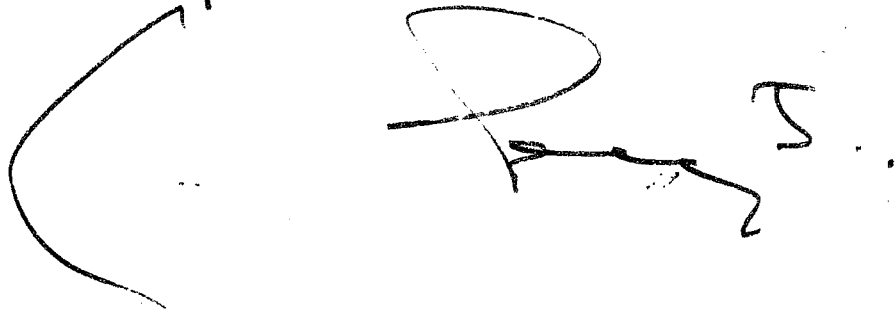


July 31, 2017

I am satisfied that the best interests of the respondent of a receiver has been met. There is substantial indebtedness owing and the ability of the Applicant to seek the appointment is not in question. I make this finding without comment on the question of co-operation ~~with me~~ from management and the like as it is not central to the application which is not opposed.

I am satisfied that the
various amendments to the
Model Order are warranted
in the circumstances.

Order to sign in the form
signed by me this day.



The Science Club ~~has~~
has been met with
respect to the
valuation and since, which
shall remain under seal.

Appendix “B”



CASSELS BROCK
LAWYERS

August 9, 2017

VIA EMAIL

TO: SERVICE LIST

jdietrich@casselsbrock.com

tel: 416.860.5223

fax: 416.640.3144

**Re: Comercia Bank and Dragonwave Inc.
Court File No. CV-17-579715-00CL**

We are counsel to KSV Kofman Inc. in its capacity as court-appointed receiver and receiver and manager ("**Receiver**") over all of the property, assets and undertakings of Dragonwave Inc. (the "**Company**") pursuant to an order of the Ontario Superior Court of Justice (Commercial List) dated July 31, 2017.

We write to advise that court time has been booked for this matter on August 14, 2017 at 10:00am at 330 University Avenue, Toronto. At that time the Receiver intends to seek, among other things, approval of a sale process for the Company's business and assets.

The Receiver intends to serve a motion record in connection with the above later this week.

If you have any questions please contact the undersigned.

Yours truly,

Cassels Brock & Blackwell LLP

Jane Dietrich
Partner
/ mjc
LEGAL*44272460.2