

Court File No. CV12-9767-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CINRAM INTERNATIONAL INC.,
CINRAM INTERNATIONAL INCOME FUND, CII TRUST
AND THE COMPANIES LISTED IN SCHEDULE "A"**

August 10, 2012

To Whom It May Concern

Re: Cinram International Inc. ("CII"), Cinram International Income Fund, CII Trust, and the parties listed in Schedule "A" hereto (collectively, the "Applicants") and Cinram International Limited Partnership (together with the Applicants, the "CCAA Parties")

And Re: Motion before the Ontario Superior Court of Justice (the "Canadian Court") for Assignment of Certain Contracts to which CII is a Party scheduled for August 21, 2012

We are counsel to the CCAA Parties in connection with proceedings that the Applicants have commenced under the *Companies' Creditors Arrangement Act*, as amended (the "CCAA").

You are receiving this notice because you are a counterparty to one or more Contracts (defined below) that are the subject matter of a motion before the Canadian Court scheduled for August 21, 2012.

On June 25, 2012, the Applicants obtained an initial order (the "**Initial Order**") under the CCAA, which, among other things, provided a stay of proceedings under the CCAA against the CCAA Parties, appointed FTI Consulting Canada Inc. as the Monitor of the CCAA Parties, and appointed Cinram International ULC as the foreign representative of the CCAA Parties.

On June 26, 2012, Cinram International ULC, as foreign representative of the CCAA Parties in their CCAA proceedings, sought and obtained an order under chapter 15 of title 11 of the United States Bankruptcy Code (the "**U.S. Bankruptcy Code**") from the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**"), which, among other things, recognized the CCAA proceedings as the "foreign main proceedings" of the CCAA Parties and recognized the Initial Order.



On July 12, 2012, the Canadian Court approved the sale of substantially all of the assets of the CCAA Parties to Cinram Group, Inc. (formerly known as Cinram Acquisition, Inc., the “**Purchaser**”) pursuant to an Asset Purchase Agreement dated June 22, 2012, between CII and the Purchaser (the “**APA**”). On July 25, 2012, the U.S. Court recognized the approval by the Canadian Court of the sale to the Purchaser.

On July 6, 2012, pursuant to requirements of section 365(b)(1) of the U.S. Bankruptcy Code, Cinram International ULC, as foreign representative of the CCAA Parties in their CCAA proceedings, provided a copy of the *Notice of Proposed Potential Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale of Substantial Assets of the Debtors* (collectively with the supplemental notices thereto dated July 13, 2012, July 18, 2012, July 19, 2012, July 20, 2012, July 23, 2012, and July 24, 2012, the “**Assignment Notice**”) to counterparties of executory contracts and unexpired leases (the “**Contracts**”) relating to assets being purchased by the Purchaser under the APA. You were identified as a counterparty to one or more of such Contracts and were provided with a copy of the Assignment Notice.

The Assignment Notice was filed with the U.S. Court and was served upon counterparties to the Contracts whether or not the Purchaser had then designated such Contracts for assumption and assignment. The Assignment Notice indicated: (i) that all of the Contracts listed in the schedules to the Assignment Notice were subject to possible designation by the Purchaser for assumption and assignment to the Purchaser in accordance with the APA on closing of the sale transaction thereunder (the “**Closing**”); (ii) proposed amounts to cure any defaults that may be existing under such Contracts; (iii) that July 20, 2012 was the deadline for any objections to the assignment of such Contracts to the Purchaser and the associated cure amounts; and (iv) the right of the Purchaser under the APA to designate additional Contracts from those schedules to be assumed after Closing in accordance with the APA and the procedures available to object to the assumption of any such additional Contracts.

On July 25, 2012, the U.S. Court issued an Order authorizing the assumption and assignment of the Contracts to the Purchaser free and clear of all claims in accordance with the procedures set forth in the Order and the APA.

Please take notice that on August 21, 2012, the Applicants will be bringing a motion pursuant to section 11.3 of the CCAA before the Canadian Court in the CCAA Parties’ CCAA proceedings for an order by the Canadian Court assigning to the Purchaser certain Contracts to which CII is a party and in respect of which counterparty consent is required for assignment thereunder that are designated (both before and after Closing) for assignment and assumption by the Purchaser. **The motion is currently scheduled to be heard at 10:00 a.m. on August 21, 2012, at 8th Floor, 330 University Ave, Toronto, Ontario.**

You are being provided with this additional notice as you have been identified as a counterparty to one or more Contracts to which CII is a party that **may be assigned to and assumed by the Purchaser** pursuant to the order being sought from the Canadian Court on August 21, 2012 (the “**Assignment Order**”).



Court materials in connection with this motion, including the Applicants' Motion Record, will be made available on the website of FTI Consulting Canada Inc., the Court-appointed Monitor in the CCAA proceedings of the CCAA Parties: <http://cfcanada.fticonsulting.com/Cinram>. A copy of the Applicants' Motion Record may also be requested from counsel for the CCAA Parties or the Monitor. To request a copy of the Court materials or if you have any questions in connection with the motion, you may contact counsel to the CCAA Parties at the contact information set out below or the Monitor by calling (416) 649-8096 or 1 (855) 718-5255 or by e-mailing cinram@fticonsulting.com.

A list of Contracts designated by the Purchaser for assignment at Closing to which CII is a party and in respect of which counterparty consent is required for assignment thereunder and that are proposed to be assigned to the Purchaser pursuant to section 11.3 of the CCAA will be made available on the Monitor's website once available (the "Assumed Closing Contracts List"). A copy of the Assignment Order once granted by the Canadian Court will be provided to applicable Contract counterparties and will also be made available on the Monitor's website.

Please take notice that pursuant to the terms of the APA, the Purchaser has the right to designate Contracts for assumption and assignment up to and following the Closing in addition to those that may be designated by the Purchaser on the Assumed Closing Contracts List (the "Additional Contracts"). Following the receipt of such designation of any Additional Contracts to which CII is a party by CII for assumption and assumption by the Purchaser, CII will provide notice to the applicable counterparties of such designation and the right to object in connection with the assignment of any such Additional Contracts. If no objection is received by the CCAA Parties and the Monitor in respect of the assignment of any such Additional Contracts by the time period specified in the notice, such Additional Contracts shall be assigned to and assumed by the Purchaser pursuant to the Assignment Order.

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Additional CCAA Parties

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

Cinram (U.S.) Holding's Inc.

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC