

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

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In re	:	Chapter 15
	:	
C INTERNATIONAL INC., et al.,¹	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
	:	Hearing Date: April 30, 2013 at 10:00 a.m. (ET)
	:	Objection Deadline: April 12, 2013 at 4:00 p.m. (ET)
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**FOREIGN REPRESENTATIVE’S MOTION FOR ENTRY OF AN ORDER
(I) RECOGNIZING THE TRANSITION ORDER, (II) RECOGNIZING THE
PROPOSED CANADIAN APPROVAL AND VESTING ORDER, (III) AUTHORIZING
AND APPROVING THE SALE OF CERTAIN EQUIPMENT FREE AND CLEAR OF
ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER
INTERESTS, AND (IV) GRANTING CERTAIN RELATED RELIEF**

CRW International ULC (f/k/a Cinram International ULC), in its capacity as the authorized foreign representative (the “**Foreign Representative**”) for the above-captioned debtors (collectively, the “**Debtors**”) in a proceeding (the “**CCAA Proceeding**”) commenced under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and pending before the Ontario Superior Court of Justice (the “**Canadian Court**”), respectfully submits this motion (this “**Motion**”), pursuant to sections 363, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code, as amended from time to time (the “**Bankruptcy Code**”), rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and rule 6004-1(b) of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware

¹ The Debtors in these cases are as follows: (a) C International Inc.; (b) CUSH Inc.; (c) CIHV, Inc.; (d) CDIST LLC; (e) CMFG LLC; (f) CRSMI LLC; (g) Cinram Wireless LLC; (h) IHC Corporation; and (i) One K Studios, LLC. Concurrently with this Motion, the Foreign Representative has filed the *Foreign Representative’s Motion to Amend the Caption of the Debtors’ Cases Pursuant to 11 U.S.C. § 105(a); Fed. R. Bankr. P. 1005, 2002(m), and 2002(n); and Del Bank. L.R. 9004-1(a)* seeking approval of this revised caption of the Debtors’ cases.

(the “**Local Rules**”) for entry of an order (the “**Proposed Order**”), a copy of which is attached hereto as Exhibit A, (a) recognizing the Administrative Reserve / Distribution / Transition Order entered by the Canadian Court (the “**Transition Order**”), a copy of which is attached hereto as Exhibit B, (b) recognizing the proposed Equipment Sale Approval and Vesting Order to be entered by the Canadian Court (the “**Proposed Canadian Sale Order**”),² a copy of which is attached hereto as Exhibit C, (c) authorizing and approving the sale (the “**Proposed Sale**”) of the Equipment, representing substantially all of the property and assets (the “**Equipment**”) used in connection with the business carried on by Cinram Wireless LLC (“**Wireless**”) pursuant to the terms and conditions set forth in that certain Termination Agreement (the “**Termination Agreement**”),³ dated as of March 14, 2013, among C International Inc. (f/k/a Cinram International Inc.) (together with Wireless, “**Cinram**”), Wireless, and Motorola Mobility LLC (“**Motorola**”), a copy of which is attached hereto as Exhibit D, free and clear of liens, claims, encumbrances, and other interests (collectively, “**Liens**”), and (d) granting certain relief related thereto. In support of this Motion, the Foreign Representative refers the Court to the statements contained in the *Declaration of Paul Bishop in Support of (A) Foreign Representative’s Motion for Entry of an Order (I) Recognizing the Transition Order, (II) Recognizing the Proposed Canadian Approval and Vesting Order, (III) Authorizing and Approving the Sale of Certain Equipment Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, and (IV) Granting Certain Related Relief and (B) Motion for an Order Authorizing the Foreign Representative to File the Termination Agreement Under Seal* filed contemporaneously herewith

² The Foreign Representative expects that the Proposed Canadian Sale Order will be approved and entered by the Canadian Court before the hearing on this Motion. The Foreign Representative will file a notice of entry of the Proposed Canadian Sale Order on the docket in these cases as soon as practicable after its entry by the Canadian Court.

³ Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Termination Agreement.

(together with all the exhibits thereto, the “**Bishop Declaration**”), which is fully incorporated herein by reference. In further support of the relief requested herein, the Foreign Representative respectfully represents as follows:

Jurisdiction and Venue

1. The Court has jurisdiction to consider this Motion pursuant to sections 157 and 1334 of title 28 of the United States Code and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated February 29, 2012. These cases were properly commenced pursuant to section 1504 of the Bankruptcy Code by the filing of petitions for recognition of the CCAA Proceeding pursuant to section 1515 of the Bankruptcy Code. This is a core proceeding pursuant to section 157(b)(2)(P) of title 28 of the United States Code. Venue is proper in this District pursuant to section 1410 of title 28 of the United States Code. The statutory predicates for the relief requested herein are sections 363, 1501, 1507, 1520, 1521, 1525, 1527 and 105(a) of the Bankruptcy Code.

Background

2. The Debtors are wholly owned indirect subsidiaries of C International Income Fund (f/k/a Cinram International Income Fund), which, together with its affiliates, was one of the world’s largest providers of pre-recorded multimedia products and related logistics services prior to the commencement of these cases.

3. Wireless is a limited liability company existing under the laws of the State of Delaware. Its sole business is the provision to Motorola of repair, programming, packaging, and related logistics services for mobile devices in the United States pursuant to the terms of certain contracts between Cinram and Motorola.

4. On June 25, 2012 (the “**Petition Date**”), the Foreign Representative commenced these chapter 15 cases by filing, among other things, verified chapter 15 petitions seeking recognition by the Court of the CCAA Proceeding as a foreign main proceeding under chapter 15 of the Bankruptcy Code.

5. On July 25, 2012, the Court granted the Debtors’ voluntary chapter 15 petitions, recognized the CCAA Proceeding as a foreign main proceeding, and approved the sale of substantially all of the Debtors’ assets (excluding, among other things, assets related to the Wireless business) to Cinram Group, Inc. (f/k/a Cinram Acquisition, Inc.). That sale closed on August 31, 2012. On February 5, 2013, the sale of the Debtors’ European affiliates to Cinram Group, Inc., pursuant to an order of the Canadian Court, also closed.

6. On October 19, 2012, the Canadian Court entered the Transition Order. Among other things, the Transition Order grants FTI Consulting Canada Inc., in its role as the court-appointed monitor in the CCAA Proceeding (the “**Monitor**”), the power and authority to (a) “in consultation with the Pre-Petition First Lien Agent or its advisors, market, collect, monetize, liquidate, realize upon, sell, or otherwise dispose of any” assets excluded from the prior sales (including assets owned by Wireless), and (b) supervise the management of the business and affairs of Wireless. *Transition Order* at ¶ 14.

7. Cinram and Motorola executed the Termination Agreement as of March 14, 2013. Shortly thereafter, on March 26, 2013, the Debtors filed a motion for approval of the Proposed Canadian Sale Order with the Canadian Court. The hearing on that motion is scheduled for April 10, 2013.

Relief Requested

8. By this Motion, the Foreign Representative respectfully requests the Court to enter the Proposed Order, pursuant to sections 363, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002 and 6004, and Local Rule 6004-1(b), (a) recognizing the Transition Order, (b) recognizing the Proposed Canadian Sale Order, (c) authorizing and approving the Proposed Sale free and clear of Liens, and (d) granting certain relief related thereto.

9. As set forth in the Bishop Declaration and as discussed further below, the Foreign Representative believes that the Proposed Sale will generate the highest possible value for the Debtors and their creditors, that no alternative third-party transaction for monetization of the Equipment is possible under the circumstances, and that the Court's recognition of the Transition Order and the Proposed Canadian Sale Order as well as approval of the Proposed Sale free and clear of Liens is a critical step in these cases.

10. The Proposed Sale facilitates the orderly transition of the services provided by Wireless to Motorola's new service provider. As described in the Bishop Declaration, the only significant business activity carried on by Wireless is the provision of repair, programming, packaging and related logistics services for mobile devices in the United States to Motorola under the Operative Agreements (as defined below), which are set to expire by their terms on June 15, 2013. Motorola does not intend to extend its agreements with Wireless. Motorola has requested that the transition of the services provided by Wireless to Motorola's new service provider be accelerated, and as a result the parties engaged in good faith arms'-length negotiations that resulted in the parties' agreement to execute the Termination Agreement, which contemplates, among other things, the transition of such services and other

related matters, including the acceleration of payment of accounts payable owing by Motorola to Wireless and the Proposed Sale. Consummation of the Proposed Sale and the other matters contemplated by the Termination Agreement will result in, among other things, accelerated payments to the Wireless estate and reduced costs for the Wireless estate.

A. The Termination Agreement

11. Cinram and Motorola are party to a Relationship Agreement dated as of June 18, 2007, a Fulfillment Services Agreement dated as of June 18, 2007, and a Letter Agreement dated as of March 5, 2012 (collectively, as amended or revised, the “**Operative Agreements**”). Pursuant to the Operative Agreements, Wireless provides certain mobile device repair, programming, packaging, and related logistics services to Motorola. The services that Wireless provides pursuant to the Operative Agreements constitute all of the business activities of Wireless. By their terms, the Operative Agreements are set to expire on June 15, 2013. Beginning in late 2012, Motorola made its intention not to extend the Operative Agreements clear, and requested that Wireless facilitate an early and orderly transition of its business to Motorola. As a result, Wireless and Motorola entered into negotiations that ultimately resulted in execution of the Termination Agreement, which modifies certain terms of the Operative Agreements.

12. The Termination Agreement, which the Debtors intend to file under seal, contains confidential business terms that are sensitive to both the Debtors and Motorola. Pursuant to this Motion, the only aspect of the Termination Agreement that the Debtors seek this Court’s independent approval of (as opposed to mere recognition of the orders of the Canadian Court) is the sale of the Equipment to Motorola, representing a sale of substantially all of the assets of Wireless, free and clear of Liens.

13. In order to carry out its contractual obligations to Motorola, Wireless purchased a significant amount of manufacturing and technical equipment, which is described in Schedule A to the Termination Agreement. Over time, Motorola has made amortization payments on this equipment. Upon expiration of the Operative Agreements in June, 2013, Motorola would have, subject to the terms of the Operative Agreements, the option to purchase the Equipment from Wireless at net book value of the Equipment. As part of the Termination Agreement, the parties have agreed to accelerate Motorola's remaining scheduled amortization payments and cost of capital of \$1,358,722.22 on the Equipment to the effective date of the Termination Agreement and to transfer the Equipment to Motorola. Pursuant to section 3.5 of the Termination Agreement, the Debtors are obligated to seek the Court's approval of the transfer of the Equipment to Motorola free and clear of all Liens.

B. The Transition Order and the Proposed Canadian Sale Order

14. In connection with the closing of the sale of the Debtors' North American assets to Cinram Group, Inc., the Canadian Court entered the Transition Order on October 19, 2012. Among other things, the Transition Order gives the Monitor power and authority to supervise the management of the business and affairs of Wireless and, in consultation with the Pre-Petition First Lien Agent or its advisors, market, collect, monetize, liquidate, realize upon, sell or otherwise dispose of certain assets, including those of Wireless.

15. On March 26, 2013, the Debtors filed the Proposed Canadian Sale Order with the Canadian Court, and requested a hearing on the Proposed Canadian Sale Order which is set for April 10, 2013. The Proposed Canadian Sale Order provides, among other things, (a) for the approval of the sale of the Equipment by Wireless to Motorola, (b) that Wireless is authorized to consummate the sale of the Equipment contemplated by the Termination

Agreement and to take such additional steps and execute such additional documents as may be necessary for the completion of such sale and the conveyance of the Equipment to Motorola, (c) that all of Wireless' right, title, and interest in and to the Equipment shall vest absolutely in Motorola, free and clear of security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts, or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered, or filed and whether secured, unsecured, or otherwise, (d) that the Termination Agreement be sealed, kept confidential and not form part of the public record, and (e) that the aid and recognition of any court, tribunal, regulatory, or administrative body having jurisdiction in Canada or in the United States is requested to give effect to the Proposed Canadian Sale Order and to assist the Foreign Representative and its agents in carrying out the terms of the Proposed Canadian Sale Order. As permitted by the terms of the Proposed Canadian Sale Order and required by the terms of the Termination Agreement, by this Motion the Foreign Representative seeks entry of the Proposed Order recognizing the Transition Order and the Proposed Canadian Sale Order, and approving the Proposed Sale in the United States.

Basis for Relief

A. The Court Should Recognize the Transition Order and the Proposed Canadian Sale Order and Authorize and Approve the Proposed Sale Pursuant to Sections 363, 1521, 1525, and 1527 of the Bankruptcy Code

1. Recognition of the Transition Order and the Proposed Canadian Sale Order is Authorized under Sections 1521, 1525, and 1527 of the Bankruptcy Code

16. Section 1521 of the Bankruptcy Code sets forth various forms of relief that may be granted upon recognition of a foreign proceeding. Specifically, section 1521(b) of the Bankruptcy Code provides, in pertinent part, that:

[u]pon recognition of a foreign proceeding . . . where necessary to effectuate the purpose of this chapter and to protect the assets of the debtor or the interests of the

creditors the court may, at the request of the foreign representative, entrust the distribution of all or part of the debtor's assets located in the United States to the foreign representative.

11 U.S.C. § 1521(b).

17. Further, sections 1525 and 1527 of the Bankruptcy Code, when read in conjunction, direct the Court to “cooperate to the maximum extent possible” with the Canadian Court regarding the “coordination of the administration and supervision” of the Debtors’ assets and affairs. 11 U.S.C. §§ 1525, 1527(3); *see also In re Metcalfe & Mansfield Alt. Invs.*, 421 B.R. 685 (Bankr. S.D.N.Y. 2010) (generally recognizing, on the basis of the statutory provisions of chapter 15 and the principles of comity, orders entered in a CCAA Proceeding). Indeed, a Bankruptcy Court is not required to “make an independent determination about the propriety of individual acts of a foreign court The key determination required by [U.S. bankruptcy courts] is whether the procedures used in Canada meet our fundamental standards of fairness.” *Id.* at 697.

18. The Canadian Court has authorized the Monitor, in its role as a court officer, to, among other things, supervise the management of the business and affairs of Wireless, pursuant to the terms of the Transition Order. The Canadian Court will also have the opportunity to scrutinize the Termination Agreement and the Proposed Sale, which is a result of the collective efforts of the Monitor, the Foreign Representative, and Cinram to sell the Equipment. After extensive negotiations with Motorola and consultation with the Debtors’ advisors and the advisors of the Monitor and significant stakeholders in these cases, the Foreign Representative has determined that the Proposed Sale provides the highest and best possible return on the Equipment to the Debtors, their creditors, and their stakeholders. Indeed, the Debtors’ prepetition secured lenders also support the Termination Agreement, including the Proposed Sale.

19. No marketing of the Equipment to third-parties other than Motorola has occurred and the Debtors do not intend to run a marketing process or auction for the Equipment. As set forth above and in the Bishop Declaration, under the Operative Agreements, Motorola had the option to acquire the Equipment at net book value upon the expiry of the Operative Agreements in any event. The Equipment, as a whole, was originally purchased by Wireless for the benefit of Motorola and is used in the provision of services by Wireless to Motorola, its sole customer, which does not intend to extend its relationship with Wireless beyond June 2013. Under these facts, the Debtors submit that no third-party would purchase the Equipment for a higher or better price than that agreed to by Motorola. Moreover, the Proposed Sale is only one key aspect of the Termination Agreement, which includes other obligations such as the payment by Motorola to Wireless of transition services fees. Such payments would be impossible to secure if Wireless attempted to sell the Equipment to a third party. For these reasons, the Debtors respectfully submit that the price proposed by Motorola for the Equipment is the highest and best possible offer and that any marketing of the Equipment to third-parties would be costly and detrimental to the Debtors and their creditors.

20. The Proposed Canadian Sale Order authorizes the Proposed Sale to Motorola, in accordance with the terms of the Termination Agreement, and provides Motorola with all of Wireless' right, title and interest in and to the Equipment free and clear of all Liens and claims, with such Liens and claims attaching to the proceeds generated from the sale of the Equipment in the order of their priority, with the same validity, force, and effect which they now have against the Equipment.

21. The Foreign Representative seeks recognition and affirmation of the Transition Order and Proposed Canadian Sale Order (after it has been entered by the Canadian

Court), so that those orders will be clearly effective under the laws of the United States. Effective coordination and administration of the CCAA Proceeding and the chapter 15 cases can only be achieved through recognition of the Transition Order and the Proposed Canadian Sale Order in the United States. Moreover, the extensive nature of the negotiations between Motorola and Cinram carried out by the Debtors and the Monitor with assistance from their advisors, and overseen by the Canadian Court and the Foreign Representative, ensures that a fair result is achieved by the Proposed Sale. Accordingly, the Foreign Representative respectfully submits that the Court should recognize and give full effect and force under the laws of the United States to the findings, authorities, and provisions set forth in the Transition Order and the Proposed Canadian Sale Order entered by the Canadian Court.

2. *Approval of the Proposed Sale is Authorized under Sections 363, 1507, 1520, and 1521 of the Bankruptcy Code*

22. Pursuant to section 1520 of the Bankruptcy Code, section 363 of the Bankruptcy Code is applicable “[u]pon recognition of a foreign proceeding that is a foreign main proceeding . . . to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States.” 11 U.S.C. § 1520(a)(2).

23. Section 1507 of the Bankruptcy Code further provides that “[s]ubject to the specific limitations stated elsewhere in [chapter 15 of the Bankruptcy Code] the court, if recognition is granted, may provide additional assistance to a foreign representative under [chapter 15] or under other laws of the United States.” 11 U.S.C. § 1507(a).

24. Similarly, section 1521 of the Bankruptcy Code provides, in relevant part, that:

[u]pon recognition of a foreign proceeding, whether main or nonmain, where necessary to effectuate the purpose of [chapter 15 of the Bankruptcy Code] and to protect the assets of the debtor or the interests of the creditors, the court may, at

the request of the foreign representative, grant any appropriate relief, including . . . granting any additional relief that may be available to a trustee

with certain inapplicable exceptions. 11 U.S.C. § 1521(a)(7).

25. Section 363(b)(1) of the Bankruptcy Code, which is incorporated by section 1520 of the Bankruptcy Code, provides, in relevant part, that a debtor “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts in this and other jurisdictions have required that the decision to sell assets outside the ordinary course of business be based upon the proponent’s sound business judgment. *See Myers v. Martin (In re Martin)*, 91 F.3d 389, 395 (3d Cir. 1996); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *Dai-Ichi Kangyo Bank Ltd. v. Montgomery Ward Holding Corp. (In re Montgomery Ward Holding Corp.)*, 242 B.R. 147, 153 (D. Del. 1999); *Off. Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 656 (S.D.N.Y. 1992).

26. Courts consider a variety of factors in determining whether a debtor has justified the sale or lease of property under section 363(b). Among the factors a court considers are whether (a) a “sound business purpose” justifies the sale of assets outside the ordinary course of business; (b) adequate and reasonable notice has been provided to interested persons; (c) the trustee or debtor in possession has obtained a fair and reasonable price; and (d) good faith exists. *See In re Del. & Hudson Ry. Co.*, 124 B.R. 169, 175-76 (D. Del. 1991); *Montgomery Ward*, 242 B.R. at 153; *See also Titusville Country Club v. Pennbank (In re Titusville Country Club)*, 128 B.R. 396, 399 (Bankr. W.D. Pa. 1991); *In re Sovereign Estates, Ltd.*, 104 B.R. 702, 704 (Bankr. E.D. Pa. 1989).

27. Further, section 105(a) of the Bankruptcy Code provides the court with broad powers in the administration of a chapter 15 case, providing that “[t]he court may issue

any order, process, or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a).

28. The Foreign Representative submits that ample business justification exists to sell the Equipment to Motorola. The Debtors and their Canadian affiliates, together with the Monitor, and in consultation with their advisors and the advisors of significant stakeholders in these cases, engaged in lengthy and thorough negotiations with Motorola that resulted in the Termination Agreement. The Foreign Representative believes that the Proposed Sale embodied in the Termination Agreement represents the highest and best offer for the Equipment available to maximize their value for the benefit of the Debtors and their creditors.

29. Absent the relief requested herein, the Debtors could suffer irreparable harm from Motorola’s withholding of certain agreed payments pursuant to the terms of the Termination Agreement. In contrast, granting the relief requested herein fulfills the public policy embodied in chapter 15 of the Bankruptcy Code, which is “to provide effective mechanisms” to promote cooperation in cross-border insolvency cases. 11 U.S.C. § 1501(a). Entry of the Proposed Order will permit the Foreign Representative to maximize value for the benefit of the Debtors’ creditors.

30. Relief similar to that requested in this Motion has been entered previously in this case, and in other chapter 15 cases in this District. *See, e.g., In re Catalyst Paper Corp.*, Case No. 12-10221 (PJW) (Bankr. D. Del. Apr. 17, 2012) [D.I. 119]; *In re Wellpoint Sys. Inc.*, Case No. 11- 10423 (MFW) (Bankr. D. Del. Feb. 25, 2011) [D.I. 30]; *In re EarthRenew IP Holdings LLC*, Case No. 10-13363 (CSS) (Bankr. D. Del. Feb. 18, 2011) [D.I. 68]; *In re Grant Forest Prods., Inc.* Case No. 10-11132 (PJW) (Bankr. D. Del. Apr. 26, 2010) [D.I. 57]; *In re*

Fraser Papers Inc., Case No. 09-12123 (KJC) (Bankr. D. Del. Jan. 5, 2010) [D.I. 122]; *In re Destinator Techs. Inc.*, Case No. 08-11003 (CSS) (Bankr. D. Del. July 8, 2008) [D.I. 63].

31. For all of the foregoing reasons, the Foreign Representative respectfully submits that there is more than ample justification for the Court to (a) recognize the Transition Order, (b) recognize the Proposed Canadian Sale Order, and (c) authorize and approve the Proposed Sale pursuant to section 363 of the Bankruptcy Code.

B. The Court Should Authorize and Approve the Proposed Sale Free and Clear of Liens Pursuant to Section 363(f) of the Bankruptcy Code

32. The Foreign Representative respectfully requests the Court, pursuant to section 363(f) of the Bankruptcy Code, to authorize and approve the Proposed Sale free and clear of Liens.

33. Under Section 363(f) of the Bankruptcy Code a trustee or a debtor in possession may sell all or any part of a debtor's property free and clear of liens, claims, encumbrances, and other interests in such property if (a) the sale is permitted under applicable non-bankruptcy law; (b) the party asserting such a lien, claim, or interest consents; (c) the interest is a lien and the purchase price for the property is greater than the aggregate amount of all liens on the property; (d) the interest is the subject of a *bona fide* dispute; or (e) the party asserting the lien, claim, or interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction for such interest. 11 U.S.C. § 363(f).

34. The Foreign Representative believes, at a minimum, that the second and fifth of these requirements are satisfied with respect to the Proposed Sale. Therefore, the Court's authorization and approval of the Proposed Sale free and clear of Liens (except as otherwise provided in the Termination Agreement or the Proposed Canadian Sale Order) is warranted. Several courts have also held that they have the equitable power to authorize sales free and clear

of interests that are not specifically covered by section 363(f). *See, e.g., In re Trans World Airlines, Inc.*, 2001 WL 1820325, at *3 (Bankr. D. Del. Mar. 27, 2001); *Volvo White Truck Corp. v. Chambersburg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987).

C. The Court Should Grant Motorola All Protections Available to a Good Faith Purchaser Pursuant to Section 363(m) of the Bankruptcy Code

35. The Foreign Representative requests that the Court find that Motorola is entitled to the benefits and protections provided by section 363(m) of the Bankruptcy Code in connection with the Proposed Sale. Section 363(m) of the Bankruptcy Code provides, in pertinent part:

The reversal or modification on appeal of an authorization under subsection (b) . . . of this section of a sale . . . of property does not affect the validity of a sale . . . under such authorization to an entity that purchased . . . such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale . . . were stayed pending appeal.

11 U.S.C. § 363(m). Section 363(m) of the Bankruptcy Code protects a good faith purchaser of assets sold pursuant to section 363 of the Bankruptcy Code from the risk that it will lose its interest in the purchased assets if the order allowing the sale is reversed on appeal.

36. While the Bankruptcy Code does not define “good faith,” the Third Circuit has stated:

The requirement that a purchaser act in good faith . . . speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a purchaser’s good faith status at a judicial sale involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.

In re Abbots Dairies of Pa., Inc., 788 F.2d 143, 147 (3d Cir. 1986) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978)).

37. The Foreign Representative submits that, as described in the Bishop Declaration, the Termination Agreement was negotiated, proposed, and entered into by Cinram and Motorola without collusion, in good faith, and from arm's-length. Accordingly, the Foreign Representative requests that the Court find that Motorola has purchased the Equipment in good faith within the meaning of section 363(m) of the Bankruptcy Code.

D. Waiver of Bankruptcy Rule 6004(h)

38. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." The Foreign Representative requests that the Proposed Order, once entered, be effective immediately by providing that the 14-day stay under Bankruptcy Rule 6004(h) is waived.

39. The purpose of Bankruptcy Rule 6004(h) is to provide sufficient time for an objecting party to appeal before an order can be implemented. *See* Fed. R. Bankr. P. 6004(h). Advisory Committee's Note. Although Bankruptcy Rule 6004(h) and the Advisory Committee Notes are silent as to when a court should "order otherwise" and eliminate or reduce the 14-day stay period, *Collier on Bankruptcy* ("Collier's") suggests that the 14-day stay period should be eliminated to allow a sale or other transaction to close immediately "where there has been no objection to the procedure." 10 *Collier ON BANKRUPTCY*, ¶ 6004.11 (Alan N. Resnick & Henry J. Sommer eds., 16th ed. 2010). Furthermore, *Collier's* provides that if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal, the stay imposed by Bankruptcy Rule 6004(h) may be reduced to the amount of time actually necessary to file such appeal. *Id.*

40. Time is of the essence with respect to the relief embodied in the Proposed Order and consummating the Proposed Sale. To achieve the highest and best value for the

Equipment, the Foreign Representative must obtain final relief under the Proposed Order and the Proposed Canadian Sale Order, in accordance with the terms of the Termination Agreement, without undue disruption or delay. Therefore, the Foreign Representative requests that the Court waive the 14-day stay period under Bankruptcy Rule 6004(h) to the extent applicable to the Proposed Order.

Notice

41. Notice of this Motion has been provided to: (a) all persons or bodies authorized to administer foreign proceedings of the Debtors; (b) counsel to JPMorgan Chase Bank, N.A., as administrative agent under the Debtors' proposed debtor in possession financing facility; (c) counsel to JPMorgan Chase Bank, N.A., as administrative agent under that certain Amended and Restated Credit Agreement, dated April 11, 2011, among the Debtors, their affiliates party thereto, and the lenders party thereto, as amended from time to time and under that Second Lien Credit Agreement, dated April 11, 2011, among the Debtors, their affiliates party thereto, and the lenders party thereto, as amended from time to time; (d) the Office of the United States Trustee for the District of Delaware; (e) Motorola; (f) all parties known or reasonably believed to have asserted any lien, claim, interest, or encumbrance on any of the Equipment; (g) all parties contained in the consolidated list filed with the Court pursuant to Bankruptcy Rule 1007(a)(4); and (h) all parties appearing or requesting notice in these cases. In light of the relief requested herein, the Foreign Representative respectfully submits that no other or further notice of this Motion is necessary under the circumstances.

No Prior Request

42. No previous request for the relief requested herein has been made to this or any other court.

Conclusion

WHEREFORE, the Foreign Representative respectfully requests that the Court
(a) enter the Proposed Order, substantially in the form attached hereto as Exhibit A and (b) grant
such other and further relief as may be just and proper.

Dated: Wilmington, Delaware
March 28, 2013

Respectfully submitted,

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Co-Counsel to the Foreign Representative

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : **Chapter 15**
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C INTERNATIONAL INC., et al.,¹ : **Case No. 12-11882 (KJC)**
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NOTICE OF MOTION

TO: (A) ALL PERSONS OR BODIES AUTHORIZED TO ADMINISTER FOREIGN PROCEEDINGS OF THE DEBTORS; (B) COUNSEL TO JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT UNDER THE DEBTORS' PROPOSED DEBTOR IN POSSESSION FINANCING FACILITY; (C) COUNSEL TO JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT UNDER THAT CERTAIN AMENDED AND RESTATED CREDIT AGREEMENT, DATED APRIL 11, 2011, AMONG THE DEBTORS, THEIR AFFILIATES PARTY THERETO, AND THE LENDERS PARTY THERETO, AS AMENDED FROM TIME TO TIME AND UNDER THAT SECOND LIEN CREDIT AGREEMENT, DATED APRIL 11, 2011, AMONG THE DEBTORS, THEIR AFFILIATES PARTY THERETO, AND THE LENDERS PARTY THERETO, AS AMENDED FROM TIME TO TIME; (D) THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE; (E) MOTOROLA; (F) ALL PARTIES KNOWN OR REASONABLY BELIEVED TO HAVE ASSERTED ANY LIEN, CLAIM, INTEREST, OR ENCUMBRANCE ON ANY OF THE EQUIPMENT; (G) ALL PARTIES CONTAINED IN THE CONSOLIDATED LIST FILED WITH THE COURT PURSUANT TO BANKRUPTCY RULE 1007(A)(4); AND (H) ALL PARTIES APPEARING OR REQUESTING NOTICE IN THESE CASES

CRW International ULC (f/k/a Cinram International ULC), in its capacity as the authorized foreign representative (the "**Foreign Representative**") for the above-captioned debtors in a proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and pending before the Ontario Superior Court of Justice has filed the attached **Foreign Representative's Motion for entry of an Order (i) Recognizing the**

¹ The Debtors in these cases are as follows: (a) C International Inc.; (b) CUSH Inc.; (c) CIHV, Inc.; (d) CDIST LLC; (e) CMFG LLC; (f) CRSMI LLC; (g) Cinram Wireless LLC; (h) IHC Corporation; and (i) One K Studios, LLC. Concurrently with this Motion, the Foreign Representative has filed the *Foreign Representative's Motion to Amend the Caption of the Debtors' Cases Pursuant to 11 U.S.C. § 105(a); Fed. R. Bankr. P. 1005, 2002(m), and 2002(n); and Del Bank. L.R. 9004-1(a)* seeking approval of this revised caption of the Debtors' cases.

Transition Order, (ii) Recognizing the Proposed Canadian Approval and Vesting Order, (iii) Authorizing and Approving the Sale of Certain Equipment Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, and (iv) Granting Certain Related Relief (the “Motion”).

Responses, if any, to the relief requested in the Motion must be filed with the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **April 12, 2013 at 4:00 p.m. (ET)** (the “Objection Deadline”). At the same time, you must serve a copy of your response upon the undersigned counsel.

A HEARING ON THE RELIEF REQUESTED IN THE MOTION WILL BE HELD ON APRIL 30, 2013 AT 10:00 A.M. (ET) BEFORE THE HONORABLE KEVIN J. CAREY, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 N. MARKET STREET, 5TH FLOOR, COURTROOM 5, WILMINGTON, DELAWARE 19801.

IF YOU FAIL TO RESPOND TO THE MOTION IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED THEREIN WITHOUT FURTHER NOTICE OR A HEARING.

Dated: Wilmington, Delaware
March 28, 2013

Respectfully submitted,

SHEARMAN & STERLING LLP
Douglas P. Bartner
Robert Britton
599 Lexington Avenue
New York, New York 10022
Telephone: (212) 848-4000
Facsimile: (646) 848-8174

-and-

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Kenneth J. Enos

Pauline K. Morgan (No. 3650)
Kenneth J. Enos (No. 4544)
Rodney Square
1000 North King Street
Wilmington, DE 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

Co-Counsel to the Foreign Representative

EXHIBIT A

Proposed Order

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

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In re	:	Chapter 15
	:	
C INTERNATIONAL INC., et al.,¹	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
-----	x	Re: Docket No. ____

ORDER (I) RECOGNIZING THE TRANSITION ORDER, (II) RECOGNIZING THE CANADIAN SALE ORDER, (III) AUTHORIZING AND APPROVING THE SALE FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, AND (IV) GRANTING CERTAIN RELATED RELIEF

Upon consideration of the *Foreign Representative’s Motion for Entry of an Order*

(I) Recognizing the Transition Order, (II) Recognizing the Canadian Sale Order, (III) Authorizing and Approving the Sale Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, and (IV) Granting Certain Related Relief dated March 28, 2013 (the “**Motion**”)² filed by CRW International ULC (f/k/a Cinram International ULC) (the “**Foreign Representative**”), in its capacity as the court-appointed and duly authorized foreign representative for the above-captioned debtors (collectively, the “**Debtors**”) in a proceeding commenced under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA Proceeding**”) pending before the Ontario Superior Court of Justice (the “**Canadian Court**”), for entry of an order (this “**Order**”), pursuant to sections 363, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code, as amended from time to time (the “**Bankruptcy Code**”), rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and rule 6004-1(b) of the Local Rules of

¹ The Debtors in these cases are as follows: (a) C International Inc.; (b) CUSH Inc.; (c) CIHV, Inc.; (d) CDIST LLC; (e) CMFG LLC; (f) CRSMI LLC; (g) Cinram Wireless LLC; (h) IHC Corporation; and (i) One K Studios, LLC.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), (a) recognizing the Administrative Reserve / Distribution / Transition Order entered by the Canadian Court on October 19, 2012 (the “**Transition Order**”) (b) recognizing the Approval and Vesting Order entered by the Canadian Court on April ____, 2013 (the “**Canadian Sale Order**”), (c) authorizing and approving the sale (the “**Sale**”) of substantially all of the property and assets (the “**Equipment**”) used in connection with the business carried on by Cinram Wireless LLC (“**Wireless**”) in North America, pursuant to the terms and conditions of that certain Termination Agreement (the “**Termination Agreement**”) among C International Inc. (f/k/a Cinram International Inc.) (together with Wireless, “**Cinram**”), Wireless, and Motorola Mobility, LLC (the “**Purchaser**”), free and clear of liens, claims, encumbrances, and other interests, and (d) granting certain relief related thereto; and upon sufficient and adequate notice of the Motion; and no other or further notice of the Motion needing to be provided; and it appearing that this Court has jurisdiction over this matter pursuant to sections 157 and 1334 of title 28 of the United States Code, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and it appearing that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest; and this Court having reviewed and considered the *Declaration of Paul Bishop in Support of (A) Foreign Representative’s Motion for Entry of an Order (I) Recognizing the Transition Order, (II) Recognizing the Proposed Canadian Approval and Vesting Order, (III) Authorizing and Approving the Sale of Certain Equipment Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, and (IV) Granting Certain Related Relief and*

(B) Motion for an Order Authorizing the Foreign Representative to File the Termination Agreement Under Seal; and upon the record of the hearings on the Motion and all other pleadings and proceedings in these chapter 15 cases; and after due deliberation thereon and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND DETERMINES THAT:³

Jurisdiction, Final Order, and Statutory Predicates

A. This Court has jurisdiction over the Motion, the transactions contemplated by the Termination Agreement, including the Sale, and any other ancillary documents and agreements related thereto pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a), and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 15 cases and the Motion in this Court and this District is proper under 28 U.S.C. § 1410.

B. This Order constitutes a final and appealable order as set forth in 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rule 6004(h), this Court finds that there is no reason for delay in the implementation of this Order, and directs entry of judgment as set forth herein.

C. The bases for the relief sought in the Motion are sections 363(b), (f) and (m), 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002 and 6004, and Local Rule 6004-1.

³ The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by this Court at any hearing on the Motion (the "**Sale Hearing**") and any other proceeding related to the Motion are incorporated herein to the extent not inconsistent herewith. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

D. The relief granted herein is necessary and appropriate, serves the public interest and the interests of international comity, is consistent with the public policy of the United States, is warranted pursuant to sections 1520 and 1521 of the Bankruptcy Code, and will not cause any hardship to any parties in interest that is not outweighed by the benefits of the relief granted.

E. The relief requested in the Motion, including recognition of the Transition Order, recognition of the Canadian Sale Order, approval of the Sale, and consummation of the Sale to the Purchaser, is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest in these chapter 15 cases.

F. On October 19, 2012, the Canadian Court entered the Transition Order, wherein the Canadian Court, among other things, granted FTI Consulting Canada Inc., in its role as the court-appointed monitor in the CCAA Proceeding (the “**Monitor**”), the power and authority to (a) “in consultation with the Pre-Petition First Lien Agent or its advisors, market, collect, monetize, liquidate, realize upon, sell, or otherwise dispose of any” assets excluded from the prior sales (including assets owned by Wireless), and (b) supervise the management of the business and affairs of Wireless.

G. On April ___, 2013, the Canadian Court entered the Canadian Sale Order, wherein the Canadian Court, among other things, (a) approved the sale of the Equipment by Wireless to the Purchaser, (b) authorized and directed Wireless to consummate the sale of the Equipment contemplated by the Termination Agreement and to take such additional steps and execute such additional documents as may be necessary for the completion of such sale and the conveyance of the Equipment to the Purchaser, and (c) vested in the Purchaser Wireless’ right, title and interest in and to the Equipment free and clear of all liens and encumbrances relating to, accruing or arising any time prior to the Closing Date (collectively, the “**Liens**”), claims and

other interests, with such Liens, claims, and interests attaching to the proceeds generated from the sale of the Equipment.

The Purchaser

H. The Termination Agreement, each of its terms, and each of the transactions contemplated therein were negotiated, proposed, and entered into by Cinram and the Purchaser in good faith, without collusion, and from arm's-length bargaining positions. The Purchaser is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code, is purchasing the Equipment in good faith, and, accordingly, is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

I. The Purchaser is not an "insider" or "affiliate" of the Foreign Representative or the Debtors as those terms are defined in the Bankruptcy Code. None of the Monitor, the Foreign Representative, the Debtors, nor the Purchaser has engaged in any conduct that would cause or permit the Termination Agreement or the Sale to be avoided or permit any award of attorney's fees, costs, or damages under section 363(n) of the Bankruptcy Code. The Purchaser has not acted in a collusive manner with any person and the aggregate price paid by the Purchaser for the Equipment was not controlled by any agreement among bidders or potential bidders.

No Fraudulent Transfer

J. The consideration provided by the Purchaser pursuant to the Termination Agreement: (a) is fair and reasonable under the circumstances; (b) is the highest and best possible offer for the Equipment under the circumstances; (c) will provide a greater recovery to the Debtors' creditors than would be provided by any other available alternative; and (d) constitutes reasonably equivalent value (as those terms are defined in each of the Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, and section 548 of the

Bankruptcy Code). The consideration provided by the Purchaser pursuant to the Termination Agreement also constitutes fair consideration under the Bankruptcy Code and the laws of the United States, any United States' state, territory, or possession, or the District of Columbia. No other person, entity, or group of entities has offered to purchase the Equipment for greater economic value to the Debtors than the Purchaser. The Debtors' determination that the Termination Agreement constitutes the highest and best offer for the Equipment was a valid, sound, and reasonable exercise of the Debtors' business judgment.

K. The Purchaser is not a mere continuation of the Debtors, and there is no continuity of enterprise between the Debtors and the Purchaser. The Purchaser is not holding itself out to the public as a continuation of the Debtors. The Purchaser is not a successor to the Debtors and the Sale does not amount to a consolidation, merger, or *de facto* merger of the Purchaser and the Debtors.

Validity of Transfer

L. The Foreign Representative, Debtors, and Monitor, as applicable, (a) have full corporate power and authority to execute and deliver the Termination Agreement and all other documents contemplated thereby, (b) have all corporate authority necessary to consummate the transactions contemplated by the Termination Agreement, and (c) are authorized to take all corporate action necessary to authorize and approve the Termination Agreement and the consummation of the transactions contemplated thereby. No consents or approvals, other than those expressly provided for in the Termination Agreement, are required for the Debtors to consummate the Sale, the Termination Agreement, or the transactions contemplated thereby.

M. The Termination Agreement was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any United States' state, territory, or possession, or the District of Columbia. Neither the

Debtors nor the Purchaser are fraudulently entering into the Sale or the other transactions contemplated by the Termination Agreement.

N. Subject to section 363(f) of the Bankruptcy Code, the transfer of the Equipment to the Purchaser will be, as of the closing of the Sale (the “**Closing Date**”), a legal, valid, and effective transfer of the Equipment, which transfer vests or will vest the Purchaser with all of Wireless’ right, title, and interest in the Equipment free and clear of (a) all Liens, and (b) all debts arising under, relating to, or in connection with any act of the Debtors or claims (as that term is defined in section 101(5) of the Bankruptcy Code and herein), liabilities, obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests, matters, or any similar rights of any kind or nature, whether (i) arising prior to or subsequent to the commencement of this case, (ii) imposed by agreement, understanding, law, equity, or otherwise, (iii) known or unknown, (iv) secured or unsecured, or in the nature of setoff or recoupment, (v) choate or inchoate, (vi) filed or unfiled, (vii) scheduled or unscheduled, (viii) noticed or unnoticed, (ix) recorded or unrecorded, (x) perfected or unperfected, (xi) allowed or disallowed, (xii) contingent or non-contingent, (xiii) liquidated or unliquidated, (xiv) matured or unmatured, (xv) material or nonmaterial, (xvi) disputed or undisputed, (xvii) arising prior to or subsequent to the commencement of the CCAA Proceeding or these chapter 15 cases, or (xviii) imposed by agreement, understanding, law, equity, or otherwise, including claims otherwise arising under the doctrines of successor liability, in each case to the fullest extent permitted by law (collectively as described in this subclause (b), (the “**Claims**”), relating to, accruing, or arising any time prior to the Closing Date, except to the extent expressly set forth in the Termination Agreement.

O. As of the Closing Date, this Order shall be construed, and shall constitute for any and all purposes, a full and complete general assignment, conveyance, and transfer of the

Debtors' interests in the Equipment. This Order is and shall be effective as a determination that, as of the Closing Date and except to the extent expressly set forth in the Termination Agreement, all Liens, Claims, and other interests of any kind or nature whatsoever existing as to the Equipment prior to the Closing Date shall have been unconditionally released, discharged, and terminated, in each case to the fullest extent permitted by law, and that the conveyances described herein have been effected; *provided*, that such Liens, Claims, and other interests shall attach to the proceeds of the Sale in the order of their priority, with the same validity, force, and effect which they now have against the Equipment.

P. This Order is and shall be binding upon and govern the acts of all persons and entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the Sale.

Q. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Equipment, and upon entry of this Order, all such licenses, permits, registrations, and governmental authorizations and approvals shall be deemed to be transferred to the Purchaser as of the Closing Date.

R. To the extent permitted by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Equipment sold, transferred, or conveyed to the Purchaser on account of the filing or pendency of these chapter 15 cases or the consummation of the transactions contemplated by the Termination Agreement.

Section 363(f)

S. The conditions of section 363(f) of the Bankruptcy Code have been satisfied in full and, upon entry of this Order, the Debtors may sell the Equipment as of the Closing Date free and clear of all Liens and Claims to the fullest extent permitted by law and except as otherwise provided in the Termination Agreement or the Canadian Sale Order. The Purchaser would not have entered into the Termination Agreement and would not consummate the transactions contemplated thereby if the Sale were not free and clear of Liens and Claims as provided herein.

T. Except to the extent expressly set forth in the Termination Agreement, and to the fullest extent permitted by law, the Purchaser shall not be responsible for any Liens or Claims, including any liability, obligation, or responsibility under the WARN Act (29 U.S.C. §§ 210 et seq.), the Comprehensive Environmental Response Compensation and Liability Act, or any foreign, federal, state, or local labor, employment, or environmental law by virtue of the Purchaser's purchase of the Equipment or assumption of any liabilities identified in the Termination Agreement.

U. The Debtors' sale of the Equipment free and clear of all Liens and Claims against the Debtors or any of the Equipment to the extent provided in the Termination Agreement and this Order is proper because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of Liens or

Claims against the Debtors or any of the Equipment who did not object or who withdrew their objections to the Sale or the Motion are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

V. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to cancel any Liens and other encumbrances of record.

W. If any person or entity which has filed statements or other documents or agreements evidencing Liens on, or interests in, all or any portion of the Equipment shall not deliver to the Debtors, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of Liens, and any other documents necessary for the purpose of documenting the release of all Liens or interests which the person or entity has or may assert with respect to all or any portion of the Equipment, the Foreign Representative is hereby authorized and directed, and the Purchaser is hereby authorized, on behalf of the Debtors and each of the Debtors' creditors, to execute and file such statements, instruments, releases, and other documents on behalf of such person or entity with respect to the Equipment.

Compelling Circumstances for an Immediate Sale

X. Good and sufficient reasons for approval of the Sale have been articulated. The relief requested in the Motion is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest. The Debtors have demonstrated (a) good, sufficient, and sound business purposes and justifications for approving the Sale, and (b) compelling circumstances for the Sale outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, in that, among other things, the immediate consummation of the Sale to the Purchaser is necessary and appropriate to maximize the value of the Equipment and distributions to their creditors.

Y. To maximize the value of the Equipment and obtain the other benefits to the Wireless estate set forth in the Termination Agreement, it is essential that the Order become a final order as soon as possible.

Z. Given all of the circumstances of these chapter 15 cases and the adequacy and fair value of the consideration provided under the Termination Agreement, the Sale constitutes a reasonable and sound exercise of the Debtors' business judgment and should be approved.

Prohibition of Actions Against the Purchaser

AA. Except as otherwise specifically provided herein or in the Termination Agreement and to the fullest extent permitted by law, the Purchaser shall not be liable for any Claims against the Foreign Representative or the Debtors, or any of their predecessors or affiliates, and the Purchaser shall have no successor or vicarious liabilities of any kind or character, including pursuant to any theory of antitrust, environmental, successor, or transferee liability, labor law, de facto merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, whether asserted or unasserted, whether legal or equitable, whether liquidated or unliquidated, including liabilities on account of warranties, intercompany loans and receivables between the Debtors and any non-debtor subsidiary, liabilities relating to or arising from any environmental laws, and any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of any of the Equipment prior to the Closing Date.

BB. Upon entry of this Order, all persons and entities are forever barred, estopped, and permanently enjoined from asserting against the Purchaser, any of its successors or assigns, their property, or the Equipment, such persons' or entities' Liens, Claims, or interests in and to the Equipment that arose prior to the Closing Date.

CC. On the Closing Date, or as soon as possible thereafter, each creditor is authorized and directed, and the Purchaser is hereby authorized, on behalf of each of the Debtors' creditors, to execute such documents and take all other actions as may be necessary to release Liens, Claims, and other interests in or on the Equipment, if any, as provided for herein, as such Liens may have been recorded or may otherwise exist.

DD. Upon entry of this Order, all persons and entities shall be forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Equipment to the Purchaser in accordance with the terms of the Termination Agreement and this Order.

EE. The Purchaser has given substantial consideration under the Termination Agreement for the benefit of the Debtors and their creditors. The consideration given by the Purchaser shall constitute valid and valuable consideration for the releases of any potential Claims and Liens pursuant to this Order, which releases shall be deemed to have been given in favor of the Purchaser by all holders of Liens against or interests in, or Claims against the Debtors, or any of the Equipment.

FF. Effective as of the Closing Date, the Purchaser and its successors and assigns shall be designated and appointed the Debtors' true and lawful attorney and attorney-in-fact, with full power of substitution, in the Debtors' name and stead, on behalf of and for the benefit of the Purchaser, its successors and assigns, for the limited purposes of demanding and receiving from any third party any and all of the Equipment and to give receipts and releases for and in respect of the Equipment, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Purchaser and its successors and assigns any and all

proceedings at law, in equity, or otherwise, which the Purchaser and its successors and assigns may deem proper for the collection or reduction to possession of any of the Equipment.

Notice of the Motion, Sale, and Sale Hearing

GG. As evidenced by the certificates of service filed with this Court: (a) proper, timely, adequate, and sufficient notice of the Motion and the Sale Hearing has been provided by the Foreign Representative; (b) such notice was good, sufficient, and appropriate under the circumstances; and (c) no other or further notice of the Motion, the Sale, or the Sale Hearing is or shall be required.

HH. A reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities.

II. The disclosures made by the Foreign Representative concerning the Motion and the Sale Hearing were good, complete, and adequate.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted.
2. All objections, if any, to the Motion or the relief requested therein that have not been withdrawn, waived, or settled as announced to this Court at the Sale Hearing, or by stipulation filed with this Court, and all reservations of rights included therein, are hereby overruled on the merits, except as expressly provided herein.
3. The Transition Order is hereby recognized and affirmed in all respects, and shall be fully enforceable pursuant to its terms.
4. The Canadian Sale Order is hereby recognized and affirmed in all respects, and shall be fully enforceable pursuant to its terms.

5. The Sale and all of the terms and conditions related thereto that are set forth in the Termination Agreement are hereby approved.

6. Pursuant to sections 363 and 105 of the Bankruptcy Code, the Foreign Representative, the Debtors, and the Monitor are authorized to enter into and perform all of their obligations under and comply with the terms of the Termination Agreement and consummate the Sale, pursuant to and in accordance with the terms and conditions of the Termination Agreement and this Order, and to take any and all actions necessary and appropriate to implement the Canadian Sale Order, the Termination Agreement, and this Order.

7. The sale of the Equipment to the Purchaser shall constitute a legal, valid, and effective transfer of the Foreign Representative's and all of Wireless' right, title, and interest in the Equipment notwithstanding any requirement for approval or consent by any person or entity and shall vest the Purchaser with any and all of Wireless' right, title, and interest in and to the Equipment free and clear of all Liens and Claims pursuant to section 363(f) of the Bankruptcy Code except as otherwise provided in the Termination Agreement, with such Liens and Claims attaching to the proceeds generated from the sale of the Equipment in the order of their priority, with the same validity, force, and effect which they now have against the Equipment.

8. This Order and the Termination Agreement shall be binding in all respects upon the Foreign Representative, the Debtors, all creditors and equityholders of the Debtors, all successors and assigns of the Debtors and their affiliates and subsidiaries, and any trustees, examiners, "responsible persons," or other fiduciaries that are or may be appointed in these chapter 15 cases. The Termination Agreement shall not be subject to rejection or avoidance under any circumstances.

9. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Foreign Representative or the Monitor to transfer the Equipment to the Purchaser in accordance with the Termination Agreement and this Order.

10. The Sale contemplated by the Termination Agreement is undertaken by the Purchaser in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein of the Sale shall not affect the validity of the Sale to the Purchaser, unless such authorization is duly stayed pending such appeal.

11. The terms and provisions of this Order shall be binding upon and govern the acts of any and all filing agents, filing officers, administrative agencies and units, governmental departments and units, secretaries of state, federal, state, and local officials, and other persons or entities which may be required by operation of law, the duties of their office, or contract to accept, file, register, or otherwise record or insure any title or state of title in or to the Equipment.

12. The failure specifically to include any relevant provision of the Termination Agreement in this Order or any related agreements in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of this Court, the Foreign Representative, and the Purchaser that the Sale contemplated by the Termination Agreement and any related agreements are authorized and approved in their entirety, with such amendments thereto as may be made by the parties in accordance with the terms and conditions of the Termination Agreement and this Order.

13. The Termination Agreement, and any related agreements, documents, or other instruments, may be waived, modified, amended, or supplemented by agreement of Cinram and

the Purchaser, and in accordance with the terms thereof, without further order of the Court; *provided, however*, that any such waiver, modification, amendment, or supplement does not materially change the terms of the Termination Agreement and does not have a material adverse effect on the Debtors.

14. In the event that there is a direct conflict between the terms of this Order and the Termination agreement, the terms of this Order shall govern and control.

15. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

16. Notwithstanding Bankruptcy Rule 6004(h), this Order shall not be stayed and shall be effective immediately upon entry, and the Foreign Representative, the Monitor, Cinram and the Purchaser are authorized to close the Sale immediately upon entry of this Order.

17. This Court shall retain jurisdiction with respect to any and all matters, claims, rights, or disputes arising from or related to the Motions or the implementation or interpretation of this Order.

Dated: Wilmington, Delaware
_____, 2013

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Transition Order

Court File No. CV12 – 9767 – 00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.) FRIDAY, THE 19TH
)
JUSTICE MORAWETZ) DAY OF OCTOBER, 2012
)

**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"**

Applicants

ADMINISTRATIVE RESERVE / DISTRIBUTION / TRANSITION ORDER

THIS MOTION, made by C International Inc., formerly Cinram International Inc., C International Income Fund, formerly Cinram International Income Fund, CII Trust and the companies listed in Schedule "A" hereto (collectively, the "**Applicants**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Neill May sworn October 12, 2012, the Fourth Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the "**Monitor**") dated 12, 2012 (the "**Monitor's Fourth Report**"), the Affidavit of Paul Bishop sworn October 12, 2012 (the "**Bishop Affidavit**") and the Affidavit of Daphne MacKenzie sworn October 11, 2012 (the "**MacKenzie Affidavit**"), and on hearing the submissions of counsel for the Applicants and Cinram International Limited Partnership (together with the Applicants, the "**CCAA Parties**"), the Monitor, the Pre-Petition First Lien Agent (as defined in the Initial Order) and the Pre-Petition Second Lien Agent (as defined in the Initial Order, together with

the Pre-Petition First Lien Agent, the “**Agent**”), and with the consent of the Ad Hoc Committee of Former Canadian Cinram Employees, and no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of Jesse Mighton sworn October 15, 2012, filed,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Monitor’s Fourth Report and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

CAPITALIZED TERMS

2. THIS COURT ORDERS that unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Monitor’s Fourth Report or in the Initial Order.

ADMINISTRATIVE RESERVE

3. THIS COURT ORDERS that the Monitor shall be and is hereby authorized and directed to deposit the amount of US\$4.2 million (the “**Administrative Reserve Amount**”) from the sale proceeds received and held by it arising from the closing of the Asset Sale Transaction (the “**August Asset Sale Proceeds**”), and any additional amount, from time to time, as agreed to by the Pre-Petition First Lien Agent or upon further Order of this Court, from Additional Proceeds (defined below) and/or available cash on hand at any of the CCAA Parties, into a segregated account established by the Monitor for the payment of Administrative Reserve Costs (the “**Administrative Reserve Account**”). “**Administrative Reserve Costs**” shall mean all professional costs and expenses associated with the completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them, including, without limitation: (a) fees of the Monitor, the Receiver, their respective counsel, Canadian and U.S. counsel to the CCAA Parties, Canadian and U.S. counsel to the Agent and the financial advisor to the Agent, and such other Persons retained by the Monitor; and (b) directors’ and trustees’ fees.

4. THIS COURT ORDERS AND DECLARES that the Administrative Reserve Account shall constitute “Charged Property” within the meaning of and in accordance with the Initial Order and the applicable provisions of the Initial Order shall apply *mutatis mutandis* thereto.

5. THIS COURT ORDERS that the Monitor is hereby authorized and directed to make payments out of the Administrative Reserve Account, on behalf of the CCAA Parties, to the following Persons in the following amounts in respect of the payment of Administrative Reserve Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance with the wire instructions provided by such Persons to the Monitor at least three (3) business days prior to the payment date set by the Monitor):

- (a) the Monitor, its Canadian and U.S. counsel, the Receiver, its counsel, Canadian and U.S. counsel to the CCAA Parties, Canadian and U.S. counsel to the Agent and the financial advisor to the Agent in amounts sufficient to satisfy payment in full of their respective reasonable professional fees and disbursements incurred at their respective standard rates and charges in respect of their performance of their respective duties and obligations relating to completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them;
- (b) payments to directors and trustees of the CCAA Parties of fees owing to them for acting as directors or trustees of a CCAA Party in amounts sufficient to satisfy payment in full of amounts owing thereto; and
- (c) such other fees and costs properly incurred by Persons retained by the Monitor in connection with completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them as determined by the Monitor in its sole and unfettered discretion, after consultation with the Pre-Petition First Lien Agent or its advisors.

6. THIS COURT ORDERS that notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor set forth in the Initial Order or the CCAA, the Monitor shall have no obligation to make any payment, and nothing in this Order shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the amount at any time in the Administrative Reserve Account is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

TRANSITIONAL COSTS RESERVE

7. THIS COURT ORDERS that the Monitor shall be and is hereby authorized and directed to deposit the amount of US\$2.3 million (the “**Transitional Costs Amount**”) from the August Asset Sale Proceeds, and any additional amount, from time to time, as agreed to by the Pre-Petition First Lien Agent or upon further Order of this Court, from Additional Proceeds and/or available cash on hand at any of the CCAA Parties, into a segregated account established by the Monitor for the payment of Transitional Costs (the “**Transitional Costs Account**”). “**Transitional Costs**” shall mean: (a) costs and expenses relating to the Excluded Assets, including, without limitation, property taxes, insurance, utilities, maintenance costs, security costs, property management fees (collectively the “**Excluded Assets Costs**”); and (b) costs incurred for transitional services relating to the Share Sale Transaction, the Excluded Assets and administration of these proceedings.

8. THIS COURT ORDERS AND DECLARES that the Transitional Costs Account shall constitute “Charged Property” within the meaning of and in accordance with the Initial Order and the applicable provisions of the Initial Order shall apply *mutatis mutandis* thereto.

9. THIS COURT ORDERS that the Monitor is hereby authorized and directed to make payments out of the Transitional Costs Account, on behalf of the CCAA Parties, to the following Persons in the following amounts in respect of the payment of Transitional Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance

with the wire instructions provided by such Persons to the Monitor at least three (3) business days prior to the payment date set by the Monitor):

- (a) payments to applicable Persons relating to Excluded Assets Costs in amounts sufficient to satisfy payment in full of Excluded Assets Costs;
- (b) payments to the Purchaser for amounts owing by the CCAA Parties pursuant to the Transition Services Agreement in connection with any costs incurred for the provision of transitional services relating to the Share Sale Transaction, the Excluded Assets and administration of these proceedings; and
- (c) payments to applicable counterparties under contracts and agreements with the CCAA Parties that are not Excluded Assets and which are incurred following the Closing of the Asset Sale Transaction and prior to their assumption or disclaimer pursuant to the provisions of the CCAA;

10. THIS COURT ORDERS that notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor set forth in the Initial Order or the CCAA, the Monitor shall have no obligation to make any payment, and nothing in this Order shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the amount at any time in the Transitional Costs Account is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

DISTRIBUTION TO THE PRE-PETITION FIRST LIEN AGENT

11. THIS COURT ORDERS that the Monitor is hereby authorized and directed to: (a) distribute on behalf of the CCAA Parties US\$24,890,000 from the August Asset Sale Proceeds to the Pre-Petition First Lien Agent on behalf of the Pre-Petition First Lien Lenders; and (b) take all necessary steps and actions to effect the foregoing distribution.

12. THIS COURT ORDERS that the Monitor is hereby authorized to make one or more further distributions, at such time(s) as the Monitor may deem appropriate, without further order of this Honourable Court, to the Pre-Petition First Lien Agent on behalf of the Pre-Petition First Lien Lenders from: (a) additional sale proceeds received by the Monitor from the Asset Sale Transaction subsequent to the Closing; (b) sale proceeds received by the Monitor from the Share Sale Transaction; (c) any additional funds that come into the Monitor's possession in respect of the assets or property of the CCAA Parties (clauses (a), (b), and (c) collectively, the "**Additional Proceeds**"); (d) any available cash on hand at any of the CCAA Parties in such amount(s) as the Monitor deems appropriate; (e) any net balance remaining in the Administrative Reserve Account following payment therefrom of the Administrative Reserve Costs enumerated in paragraphs 3 and 5 of this Order and (f) any net balance remaining in the Transitional Costs Account following payment therefrom of the Transitional Costs enumerated in paragraphs 7 and 9 of this Order (the amounts in clauses (a) to (f) above, collectively, the "**Excess Funds**"); provided that in no circumstance shall the aggregate amount of the distributions to the Pre-Petition First Lien Agent contemplated in paragraphs 11 and 12 of this Order exceed the total amount of the secured indebtedness plus interest accrued thereon owing by the CCAA Parties to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement. The Monitor is hereby authorized to take all necessary steps and actions to effect the distributions described in this paragraph.

13. THIS COURT ORDERS AND DECLARES that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any one or more of the CCAA Parties and any bankruptcy order issued pursuant to any such application; or
- (c) any assignment in bankruptcy made in respect of any of the CCAA Parties,

the distributions and payments made pursuant to paragraphs 5, 9, 11 and 12 of this Order are final and irreversible and shall be binding upon any trustee in bankruptcy that may be

appointed in respect of any of the CCAA Parties and shall not be void or voidable by creditors of any of the CCAA Parties, nor shall the payments constitute or be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances, or other reviewable transactions under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor do they constitute conduct which is oppressive, unfairly prejudicial to or which unfairly disregards the interests of any person.

TRANSITION POWERS OF THE MONITOR

14. THIS COURT ORDERS that in addition to its prescribed rights in the CCAA and the powers granted by the Initial Order, the Monitor is empowered and authorized, *nunc pro tunc*, but not obligated, to take such actions and execute such documents, in the name of and on behalf of the CCAA Parties, as the Monitor considers necessary or desirable in order to:

- (a) perform its functions and fulfill its obligations under this Order or the Initial Order;
- (b) facilitate the completion of the Share Sale Transaction;
- (c) in consultation with the Pre-Petition First Lien Agent or its advisors, market, collect, monetize, liquidate, realize upon, sell or otherwise dispose of any of the Excluded Assets, pay any commissions and marketing expenses incurred in connection therewith and apply the net proceeds thereof in accordance with this Order or further Order of the Court;
- (d) facilitate the completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them;
- (e) supervise the management of the business and affairs of Cinram Wireless LLC;
- (f) issue notices of disclaimer of contracts pursuant to section 32 of the CCAA;
- (g) effect liquidation, bankruptcy, winding-up or dissolution of the CCAA Parties;

- (h) act, if required, as trustee in bankruptcy, liquidator, receiver or a similar official of such entities; and
- (i) perform such other functions as the Court may order from time to time on a motion brought on at least three (3) days' notice to the Pre-Petition First Lien Agent or such other notice as deemed appropriate by the Court,

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons including the CCAA Parties, and without interference from any other Person, including any trustee in bankruptcy of any of the CCAA Parties; provided that in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to the exercise of powers by the Monitor under this paragraph 14 (except subsection (e)), the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions in connection with the exercise of such powers.

15. THIS COURT ORDER that from and after the date of this Order, the Monitor is authorized, empowered and directed, to the exclusion of all other Persons including the CCAA Parties, to:

- (a) take control of the existing bank account(s) of the CCAA Parties outlined in Schedule "B" (the "**Bank Accounts**"), and the funds credited thereto or deposited therein;
- (b) give instructions from time to time to transfer the funds credited to or deposited in such existing Bank Accounts (net of any fees to which the financial institutions maintaining such Bank Accounts are entitled) to such other account as the Monitor may direct and give instructions to close the existing Bank Accounts; and
- (c) execute and deliver such documentation and take such other steps as are necessary to give effect to the powers set out in this paragraph 15(a) and 15(b) above; and

- (d) the financial institutions maintaining such Bank Accounts shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor or as to the use or application of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions and such financial institutions shall be authorized to act in accordance with and in reliance upon such instructions without any liability in respect thereof to any Person. For greater certainty and except to the extent that any of the terms of the documentation applicable to the Banking and Cash Management System (as defined in the Initial Order) are inconsistent with the authorities granted to the Monitor pursuant to paragraphs 15(a) and 15(b) above, nothing in this Order shall or shall be deemed to derogate from, limit, restrict or otherwise affect the protections granted pursuant to paragraph 5 of the Initial Order in favour of any bank providing cash management services to the CCAA Parties.

16. THIS COURT ORDERS that notwithstanding any other provisions of this Order, the Monitor shall consult with the Pre-Petition First Lien Agent or its advisors with respect to the Administrative Reserve Account, the Transitional Costs Account, the Bank Accounts and any payments therefrom, and with respect to the Excess Funds and any distributions therefrom, and in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to any of the foregoing, the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions in connection with any of the foregoing, including the making of proposed payment from any of the Administrative Reserve Account, the Transitional Costs Account and the Bank Accounts, and any failure to make, or in respect of the amount of, one or more additional distributions from the Excess Funds pursuant to paragraph 12 of this Order.

17. THIS COURT ORDERS that from and after the date of this Order, the Monitor is authorized, but not required, to prepare and file the CCAA Parties' employee-related remittances, T4 statements and records of employment for the CCAA Parties' former employees on behalf of the CCAA Parties based solely upon information provided by the

CCAA Parties and on the basis that the Monitor shall incur no liability or obligation to any Person with respect to such returns, remittances, statements, records or other documentation.

18. THIS COURT ORDERS that the Monitor shall be at liberty, after consultation with the Pre-Petition First Lien Agent, to engage such Persons (including any Persons currently representing or retained by the CCAA Parties), in its capacity as Monitor, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under the Initial Order and this Order and to facilitate the completion of these proceedings, and in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to the engagement of any such Persons, the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions.

19. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, the CCAA Parties shall remain in possession and control of the Property (as defined in the Initial Order) which remains following completion of the Sale Transaction (other than the Limited Receivership Property as defined and described in the Appointment Order granted by this Court on October 19, 2012) and the Monitor shall not be deemed to be in possession and/or control of any such remaining Property.

20. THIS COURT ORDERS that all employees of the CCAA Parties shall remain the employees of the CCAA Parties until such time as the Monitor, on the CCAA Parties' behalf, may terminate the employment of such employees. The Monitor 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 *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, other than such amounts as the Monitor may specifically agree in writing to pay.

21. THIS COURT ORDERS that all Persons in possession or control of the Property which remains following completion of the Sale Transaction, other than the Limited Receivership Property, shall forthwith advise the Monitor of such and shall grant immediate and continued access to such property to the Monitor and shall forthwith deliver all such property as directed by the Monitor upon the Monitor's request, other than documents or information which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

22. THIS COURT ORDERS AND DECLARES that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representatives of any of the CCAA Parties within the meaning of any relevant legislation.

23. THIS COURT ORDERS that from and after the date of this Order, the stay of proceedings provided for in the Initial Order may be lifted by Court Order or with the written consent of the Monitor and no further consent of any other Person shall be required to commence or continue a proceeding or enforcement process in any court or tribunal against or in respect of any of the CCAA Parties.

MONITOR PROTECTIONS

24. THIS COURT ORDERS AND DECLARES that the Monitor is not a legal representative within the meaning of Section 159(3) of the *Income Tax Act* (Canada), as amended (the “ITA”) or a person subject to Section 150(3) of the ITA and that the Monitor shall have no obligation to prepare or file any tax returns of the CCAA Parties with any taxing authority.

25. THIS COURT ORDERS AND DECLARES that any distributions under this Order shall not constitute a “distribution” for the purposes of section 159 of the ITA, section 270 of the *Excise Tax Act* (Canada), section 107 of the *Corporations Tax Act* (Ontario), section 22 of the *Retail Sales Tax* (Ontario), section 117 of the *Taxation Act, 2007* (Ontario) or any other similar federal, provincial or territorial tax legislation (collectively, the “**Tax Statutes**”), and the Monitor in making any such payments is not “distributing”, nor shall be considered to “distribute” nor to have “distributed”, such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of its making any payments ordered or permitted under this Order, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under this Order and any claims of this nature are hereby forever barred.

26. THIS COURT ORDERS that in addition to the rights and protections afforded to the Monitor under the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor, or any reliance thereon, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties under this Order or as requested by the CCAA Parties or with respect to any other duties or obligations set out in this Order or the Initial Order, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA, any other applicable legislation or the Initial Order.

27. THIS COURT ORDERS that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on prior written notice to the Monitor.

28. THIS COURT ORDERS that upon fulfilment of its obligations under this Order, the Monitor is hereby authorized and directed to apply to Court for its discharge.

RELEASE

29. THIS COURT ORDERS that the former and current trustees, directors and officers of the CCAA Parties (collectively, the “**Directors and Officers**”, and each a “**Director**” or “**Officer**”) are hereby fully, finally, irrevocably and forever released and discharged from any and all claims, obligations and liabilities that they may have incurred or may have become subject to as Directors or Officers of the CCAA Parties after the commencement of the within proceedings, provided that nothing herein shall release or discharge any of the Directors or Officers if such Director or Officer is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed gross negligence, fraud or wilful misconduct in its capacity as a Director or Officer.

EXTENSION OF THE STAY PERIOD

30. THIS COURT ORDERS that the Stay Period (as defined in the Initial Order) be and is hereby extended to 11:59 p.m. on February 1, 2013.

TITLE OF PROCEEDINGS

31. THIS COURT ORDERS that the title of these proceedings is amended to reflect the new names of the Applicants as follows:

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 C INTERNATIONAL INC., C INTERNATIONAL INCOME FUND, CII TRUST AND THE COMPANIES LISTED IN SCHEDULE "A"

Applicants

APPROVAL OF MONITOR'S REPORTS, ACTIVITIES AND FEES

32. THIS COURT ORDERS that the First Report of the Monitor dated July 9, 2012, the Second Report of the Monitor dated August 17, 2012, the Third Report of the Monitor dated September 9, 2012 and the Monitor's Fourth Report and the activities described therein are hereby approved.

33. THIS COURT ORDERS that the fees and disbursements of the Monitor for the period June 25, 2012 to September 30, 2012 and its counsel, Stikeman Elliott LLP, for the period June 25, 2012 to August 31, 2012, all as particularized in the Bishop Affidavit and the MacKenzie Affidavit are hereby approved.

SEALING

34. THIS COURT ORDERS that pursuant to Section 10(3) of the CCAA the cash flow forecast attached as Appendix "A" to the Confidential Supplement to the Monitor's Fourth Report be sealed and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

ADDITIONAL PROVISIONS

35. THIS COURT ORDERS that the CCAA Parties or the Monitor may apply to this Court for advice and directions, or to seek relief in respect of, any matters arising from or under this Order.

36. THIS COURT ORDERS that any interested party (including the CCAA Parties and the Monitor) may apply to this Court to vary or amend this Order, provided that no order shall be made varying, rescinding or otherwise affecting the provisions of this Order unless notice of a motion is served on the Service List in these proceedings on not less than five (5) days' notice, or upon such other notice, if any, as this Court may order, returnable November 2, 2012.

37. THIS COURT ORDERS that the amount of the Directors' Charge may be decreased upon the consent of the Pre-Petition First Lien Agent, counsel to the CCAA Parties and the Monitor or upon further Order of this Court.

38. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or in any other foreign jurisdiction, to give effect to this Order and to assist the CCAA Parties, the Monitor and their respective 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 CCAA Parties and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to CRW International ULC, formerly Cinram International ULC in any foreign proceeding, or to assist the CCAA Parties and the Monitor and their respective agents in carrying out the terms of this Order.

39. THIS COURT ORDERS that each of the CCAA Parties and the Monitor 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 any other Order issued in these proceedings.

A handwritten signature in black ink, appearing to read "A. D. Brown", is written over a horizontal line.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

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OCT 19 2012

SCHEDULE A

Additional Applicants

C International General Partner Inc., formerly Cinram International General Partner Inc.
CRW International ULC, formerly Cinram International ULC
1362806 Ontario Limited
CUSH Inc., formerly Cinram (U.S.) Holding's Inc.
CIHV Inc., formerly Cinram, Inc.
IHC Corporation
CMFG LLC, formerly Cinram Manufacturing LLC
CDIST LLC, formerly Cinram Distribution LLC
Cinram Wireless LLC
CRSMI LLC, formerly Cinram Retail Services, LLC
One K Studios, LLC

SCHEDULE B

Bank Accounts

CUSH Inc.'s USD Concentration/Funding account at JPMorgan Chase

CUSH Inc.'s USD Benefits payments account at JPMorgan Chase

CUSH Inc.'s USD Money Market Account at Community Bank

CUSH Inc.'s USD account at JPMorgan Chase, N.A., Toronto Branch

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"

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE-
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

GOODMANS LLP

Barristers & Solicitors
333 Bay Street, Suite 3400
Toronto, Canada M5H 2S7

Robert J. Chadwick LSUC#: 35165K
Melaney J. Wagner LSUC#: 44063B
Caroline Descours LSUC#: 58251A

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

EXHIBIT C

Proposed Canadian Sale Order

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- (ii) authorizing Wireless, *nunc pro tunc*, to complete the sale of Equipment contemplated by the Termination Agreement to the Purchaser (the “**Sale Transaction**”);
- (iii) vesting all of Wireless’ right, title and interest in and to the Equipment in the Purchaser, free and clear of all interests, liens, charges and encumbrances; and
- (iv) sealing the Termination Agreement to be provided to the Court by way of a confidential supplement to the Monitor’s Eighth Report,

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Monitor’s Eighth Report, and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the Pre-Petition First Lien Agent and the Pre-Petition Second Lien Agent (each as defined in the Monitor’s Eighth Report), no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of ● sworn March ●, 2013, filed:

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Sale Transaction is hereby approved, *nunc pro tunc*, and Wireless is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale Transaction and for the conveyance of the Equipment to the Purchaser.
3. THIS COURT ORDERS AND DECLARES that all of Wireless’ right, title and interest in and to the Equipment shall hereby vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Morawetz dated June 25, 2012; and (ii) all charges, security interests or claims evidenced by registrations pursuant to

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the *Personal Property Security Act* (Ontario) (the “**PPSA**”) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Equipment are hereby expunged and discharged as against the Equipment.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Equipment (the “**Net Proceeds**”) shall be paid to the Monitor and shall stand in the place and stead of the Equipment, and that all Claims and Encumbrances relating to the Equipment shall attach to the net proceeds from the sale of the Equipment with the same priority as they had with respect to the Equipment immediately prior to the sale, as if the Equipment had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The Net Proceeds shall be distributed by the Monitor in accordance with paragraph 12 of the Order of Justice Morawetz dated October 19, 2012 in these proceedings.

5. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants or Cinram International Limited Partnership (together with the Applicants, the “**CCAA Parties**”) and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the CCAA Parties;

the vesting of the Equipment in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the CCAA Parties and shall not be void or voidable by creditors of the CCAA Parties, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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6. THIS COURT ORDERS AND DECLARES that the Sale Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

7. THIS COURT ORDERS that the Termination Agreement contained in the confidential supplement of the Monitor's Eighth Report be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

8. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or in any other foreign jurisdiction to give effect to this Order and to assist the CCAA Parties and their 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 CCAA Parties as may be necessary or desirable to give effect to this Order or to assist the CCAA Parties and their agents in carrying out the terms of this Order.

SCHEDULE "A"

Additional Applicants

C International General Partner Inc., formerly Cinram International General Partner Inc.

CRW International ULC, formerly Cinram International ULC

1362806 Ontario Limited

CUSH Inc., formerly Cinram (U.S.) Holding's Inc.

CIHV Inc., formerly Cinram, Inc.

IHC Corporation

CMFG LLC, formerly Cinram Manufacturing LLC

CDIST LLC, formerly Cinram Distribution LLC

Cinram Wireless LLC

CRSMI LLC, formerly Cinram Retail Services, LLC

One K Studios, LLC

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

Court File No: CV12-9767-00CI

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

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE-
COMMERCIAL LIST**

Proceeding commenced at Toronto

**EQUIPMENT SALE APPROVAL
AND VESTING ORDER**

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Lawyers for the Applicants

5, 2013 at 2:52 PM

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EXHIBIT D

Termination Agreement

[To be filed under seal with the Court]