

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

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In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., et al.,¹	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
-----	X	Ref. Docket Nos. 50 and 59

**SECOND SUPPLEMENT TO NOTICE OF PROPOSED POTENTIAL ASSUMPTION
AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED
LEASES IN CONNECTION WITH THE SALE OF
SUBSTANTIAL ASSETS OF THE DEBTORS**

PLEASE TAKE NOTICE THAT on June 25, 2012, Cinram International ULC, in its capacity as the authorized foreign representative (the “**Foreign Representative**”) for the above-captioned debtors (collectively, the “**Debtors**”), filed the *Foreign Representative’s Motion for Entry of an Order (I) Recognizing the Canadian Sale Order, (II) Authorizing and Approving the Sale Free and Clear of Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* (Dkt. No. 9) (the “**Motion**”) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”).

PLEASE TAKE FURTHER NOTICE THAT on July 12, 2012, the Ontario Superior Court of Justice (the “**Canadian Court**”) will consider the proposed Approval and Vesting Order (the “**Canadian Sale Order**”) approving the sale of substantially all of the property and assets used in connection with the business carried on by the Debtors in North America.

PLEASE TAKE FURTHER NOTICE THAT the Bankruptcy Court has scheduled a hearing before the Honorable Kevin J. Carey in Room 5 of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on **July 25, 2012 at 10:00 a.m.** (prevailing Eastern time) to consider the relief requested by the Foreign Representative in the Motion and any timely filed objections thereto.

PLEASE TAKE FURTHER NOTICE THAT the Motion contemplates that in addition to the sale of assets to be approved by the Canadian Sale Order, upon approval of the Motion by the Bankruptcy Court, the Debtors will be authorized to sell certain of their assets located within

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number, as applicable, of each of the Debtors follow in parentheses: (a) Cinram International Inc. (4583); (b) Cinram (U.S.) Holding’s Inc. (4792); (c) Cinram, Inc. (7621); (d) Cinram Distribution LLC (3854); (e) Cinram Manufacturing LLC (2945); (f) Cinram Retail Services LLC (1741); (g) Cinram Wireless LLC (5915); (h) IHC Corporation (4225); and (i) One K Studios, LLC (2132). The Debtors’ executive headquarters is located at 2255 Markham Road, Toronto, Ontario, M1B 2W3, Canada.

the territorial jurisdiction of the United States (the “Sale”) pursuant to the terms and conditions set forth in that certain Asset Purchase Agreement (the “APA”) between Cinram International Inc. and Cinram Acquisition, Inc. (the “Purchaser”).

PLEASE TAKE FURTHER NOTICE THAT upon the closing of the Sale following entry of the Canadian Sale Order and entry of a sale order by the Bankruptcy Court, the Debtors may assume and assign to the Purchaser, among others, any of the executory contracts and unexpired leases (collectively, the “Assigned Contracts”) identified on Schedule 1 hereto (the “Second Supplemental Assumption Schedule”).

PLEASE TAKE FURTHER NOTICE THAT the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the Second Supplemental Assumption Schedule for assumption and assignment. As set forth more fully in the Motion, the determination to assume and assign a contract is subject to change by the Purchaser. Specifically, among other things, the Purchaser has reserved all rights with respect to removing any executory contract or unexpired lease from the Second Supplemental Assumption Schedule.

PLEASE TAKE FURTHER NOTICE THAT the Debtors will file a final list of the Assigned Contracts that were actually assumed and assigned to the Purchaser at closing with the Bankruptcy Court within one business day after the closing of the Sale.

PLEASE TAKE FURTHER NOTICE THAT you are receiving this notice (this “Notice”) because the Debtors’ records reflect that you are a party to an Assigned Contract listed on the Second Supplemental Assumption Schedule. Therefore, you are advised to review carefully the information contained in this Notice. If you have any questions about this Notice or the Second Supplemental Assumption Schedule and proposed cure amounts, you may contact the **Monitor** appointed by the Canadian Court: **FTI CONSULTING, INC.**, TD Waterhouse Tower, 79 Wellington Street West, Suite 2010, P.O. Box 104, Toronto, ON M5K 1G8 Canada, **toll free at 1-855-718-5255**, fax 1-416-649-8601, or email **Cinram@fticonsulting.com**.

PLEASE TAKE FURTHER NOTICE that the Debtors currently are proposing to potentially assume an executory contract(s) or unexpired lease(s) listed on the Second Supplemental Assumption Schedule to which you may be a party.²

PLEASE TAKE FURTHER NOTICE THAT section 365(b)(1) of the Bankruptcy Code requires the Debtors to cure, or provide adequate assurance that they will promptly cure, any defaults under executory contracts and unexpired leases at the time of their assumption.

² Neither the exclusion nor inclusion of any executory contract or unexpired lease on the Assumption Schedule shall constitute an admission by the Debtors that any such contract or lease is in fact an executory contract or unexpired lease capable of assumption, that any Debtor(s) has any liability thereunder, or that such executory contract or unexpired lease is necessarily a binding and enforceable agreement. Further, the Debtors expressly reserve the right to (a) remove any executory contract or unexpired lease from the Assumption Schedule, in coordination with the Purchaser as stated above, and reject such executory contract or unexpired lease and (b) contest any claim (or cure amount) asserted in connection with the assumption of any executory contract or unexpired lease.

Accordingly, the Debtors have conducted a thorough review of their books and records and have determined the amounts required to cure defaults, if any, under the executory contract(s) or unexpired lease(s), which amounts are listed on the Second Supplemental Assumption Schedule. **Please note that if no amount is stated for a particular executory contract or unexpired lease, the Debtors believe that there is no cure amount outstanding for such contract or lease.**

PLEASE TAKE FURTHER NOTICE THAT the Debtors reserve all rights with respect to amending the Second Supplemental Assumption Schedule, including any necessary changes to the proposed cure amounts listed.

PLEASE TAKE FURTHER NOTICE THAT absent any pending dispute, the monetary amounts required to cure any existing defaults arising under the executory contract(s) or unexpired lease(s) identified on the Second Supplemental Assumption Schedule will be satisfied by the Purchaser in cash upon the closing of the Sale. In the event of a dispute, however, payment of the cure amount would be made following the entry of a final order resolving the dispute and approving the assumption. If an objection to the proposed assumption or related cure amount is sustained by the Bankruptcy Court, the Debtors may elect to reject such executory contract or unexpired lease, in coordination with the Purchaser, instead of assuming it.

PLEASE TAKE FURTHER NOTICE THAT if you would like to obtain a copy of the Motion, the Canadian Sale Order, the APA, or any related documents, you should contact Kurtzman Carson Consultants LLC, the claims and noticing agent retained by the Debtors in these chapter 15 cases, by: (a) visiting the Debtors' restructuring website at: www.kccllc.net/cinram; (b) e-mailing the Debtors at CinramInfo@kccllc.com, and/or (c) writing to Cinram Claims Processing c/o Kurtzman Carson Consultants LLC, 2335 Alaska Ave., El Segundo, CA 90245. You may also obtain copies of any pleadings filed in these chapter 15 cases for a fee via PACER at: <http://www.deb.uscourts.gov>.

PLEASE TAKE FURTHER NOTICE THAT the deadline for filing objections to the assumption and assignment of the Assigned Contracts and the associated cure amount listed in the Second Supplemental Assumption Schedule is July 20, 2012 at 4:00 p.m. prevailing Eastern Time. Any objections must: (a) be made in writing; (b) conform to the Bankruptcy Rules, the Local Rules, and any orders of the Bankruptcy Court; (c) state with particularity the legal and factual basis for the objection and if practicable, a proposed modification to the cure amount listed in this Notice that would resolve such objection; and (d) be filed with the Bankruptcy Court (contemporaneously with a proof of service) and served upon the following parties so as to be **actually received** by **July 20, 2012 at 4:00 p.m. prevailing Eastern Time**:

SHEARMAN & STERLING LLP
Attn: Douglas P. Bartner, Esq.
Attn: Robert Britton, Esq.
599 Lexington Avenue
New York, New York 10022
*Co-Counsel to the Foreign
Representative*

**YOUNG CONWAY
STARGATT & TAYLOR, LLP**
Attn: Pauline K. Morgan, Esq.
Attn: Kenneth J. Enos, Esq.
Rodney Square
1000 North King Street
Wilmington, Delaware 19801
*Co-Counsel to the Foreign
Representative*

**THE OFFICE OF THE UNITED
STATES TRUSTEE FOR THE
DISTRICT OF DELAWARE**
Attn: David Klauder
844 King Street, Suite 2207
Wilmington, Delaware 19801

**MORRIS, NICHOLS, ARSHT &
TUNNELL LLP**
Attn: Derek C. Abbott
1201 North Market Street, 18th Floor
Wilmington, Delaware 19899
*Co-Counsel to the Debtors' Prepetition
Secured Lenders and DIP Lenders*

**WACHTELL, LIPTON,
ROSEN & KATZ LLP**
Attn: Richard G. Mason, Esq.
Attn: Joshua A. Feltman, Esq.
51 West 52nd Street
New York, NY 10019
*Co-Counsel to the Debtors'
Prepetition Secured Lenders
and DIP Lenders*

BALLARD SPAHR LLP
Attn: Matthew G. Summers, Esq.
919 N. Market Street, 11th Floor
Wilmington, Delaware 19801
Counsel to the Proposed Purchaser

PLEASE TAKE FURTHER NOTICE THAT any counterparty to an Assigned Contract that fails to object timely to the proposed assumption or cure amount set forth on Schedule 1 will be deemed to have agreed to such assumption and cure amount without any further order of or action by the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE THAT ASSUMPTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE IN CONNECTION WITH THE SALE OR OTHERWISE SHALL RESULT IN THE FULL RELEASE AND SATISFACTION OF ANY CLAIMS OR DEFAULTS, WHETHER MONETARY OR NONMONETARY (INCLUDING DEFAULTS OF PROVISIONS RESTRICTING THE CHANGE IN CONTROL OR OWNERSHIP INTEREST COMPOSITION, OR OTHER BANKRUPTCY-RELATED DEFAULTS) ARISING UNDER ANY ASSUMED EXECUTORY CONTRACT OR UNEXPIRED LEASE AT ANY TIME BEFORE THE DATE THAT THE DEBTORS ASSUME SUCH EXECUTORY CONTRACT OR UNEXPIRED LEASE.

Dated: Wilmington, Delaware
July 18, 2012

SHEARMAN & STERLING LLP
Douglas P. Bartner
Jill Frizzley
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

SCHEDULE 1 TO THE CONTRACT ASSUMPTION NOTICE

Second Supplemental Assumption Schedule

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty Line 1	Address of Counterparty Line 2	Address of Counterparty Line 3	Address of Counterparty Line 4	Cure Amount
1	Cinram Inc.	General Electric Capital Corporation	Equipment Lease Agreement # 7630842-001	1010 Thomas Edison Blvd. SW	Cedar Rapids	IA	52404	\$1,617.43
2	Cinram, Inc.	Crown Credit Company	Lease Schedule No. 40189774 pursuant to the terms of the Master Lease Agreement	115 NORTH MAIN STREET	New Bremen	OH	45869	\$9,173.60 [1]
3	Cinram, Inc.	Crown Credit Company	Lease Schedule No. 40201869 pursuant to the terms of the Master Lease Agreement and Purchase Option Rider to Lease Schedule	115 NORTH MAIN STREET	New Bremen	OH	45869	Included in Contract No. 2 above [1]
4	Cinram, Inc.	Yale Leasing - NMHG Financial Services, Inc.	Master Lease Agreement No. 8487075	10 Riverview Drive	Danbury	CT	06810	\$23,128.88 [1]
5	Cinram, Inc.	Twentieth Century Fox Home Entertainment LLC; Twentieth Century Fox Home Entertainment Canada Limited	Facility Sublease Agreement	2121 Avenue of the Stars, Suite 1441 Attn: Laura Cook	Los Angeles	CA	90061	\$0.00

Notes:

[1] This contract was included in the original "Notice of Proposed Potential Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale of Substantial Assets of the Debtors." The Cure Amounts noted in this amended schedule reflect a revised cure amount reached after discussion between the parties.