

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

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

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF PPL ENERGYPLUS,
LLC AND PPL ELECTIC UTILITIES 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**

PPL EnergyPlus, LLC (“PPL”) and PPL Electric Utilities (collectively, “Objectors”) by their undersigned counsel file this Limited Objection and Reservation of Rights to the Notice of Proposed Potential Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale of Substantial Assets of the Debtors [D.I. 50] (“Proposed Potential Assumption Notice”), stating to the Court as follows:

I. BACKGROUND

1. On June 25, 2012, Cinram International ULC (the “Foreign Representative”), in its capacity as the foreign representative for the above-captioned debtors (the “Debtors”), commenced these chapter 15 cases by filing verified chapter 15 petitions seeking recognition by the Court of the 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, as a foreign main proceeding under chapter 15 of the Bankruptcy Code.

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, M1B2W3, Canada.

2. Also on June 25, 2012, the Foreign Representative filed a Motion for Entry of an Order (i) Recognizing the Canadian Sale Order, (ii) Authorizing and Approving the Sale Free and Clear of all Liens, Claims, Encumbrances, and Other Interests, (iii) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (iv) Granting Related Relief (the “Sale Motion”).

3. On July 6, 2012, the Foreign Representative filed the Proposed Potential Assumption Notice.

4. Schedule 1 attached to the Proposed Potential Assumption Notice identifies PPL as a contract counter-party on two retail electricity agreements (the “PPL Contracts”).² The Proposed Potential Assumption Notice is clear that the Purchaser has not yet determined to designate any of the contracts on Schedule 1 for assumption and assignment, and that the Purchaser has reserved its rights to remove any executory contract from the list. Further, while not entirely clear, it would appear that the PPL Contracts are Olyphant Contracts.

II. OBJECTION

5. By their terms, the PPL Contracts are “forward contracts” as that term is defined in section 101(25) of the United States Bankruptcy Code (the “Bankruptcy Code”). Thus, the PPL Contracts enjoy the benefits of the “safe harbor” provisions set forth in section 556 of the United States Bankruptcy Code.

6. PPL objects to the statements contained on page 4 of the Assumption Notice, and to the proposed order to approve the sale (“Proposed Order”), including paragraph JJ thereof in two respects as they apply to the PPL Contracts. First, PPL objects to the extent these provisions are inconsistent with the procedures for assumption and assignment of Olyphant Contracts,

² PPL Electric Utilities is the electric distribution company with respect to the PPL Contracts, and provides distribution services to one of the Debtors pursuant to tariff. Debtors have not purported to address this arrangement in the Proposed Potential Assumption Notice, and thus PPL Electric Utilities objects to any provision of the Proposed Order which would purport to affect its rights.

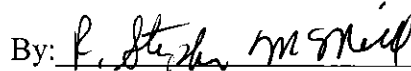
which contemplate another notice and opportunity to object. See Proposed Order, ¶HH. Second, PPL objects to the extent these provisions purport to eviscerate PPL's rights under section 556 to terminate, liquidate or accelerate the PPL Contracts. In particular, PPL cannot be "deemed to have agreed" or "deemed to have consented" to the assumption and assignment of the PPL Contracts.

III. CONCLUSION

WHEREFORE, PPL respectfully requests that this Court (1) deny the Sale Motion to the extent inconsistent herewith; and (2) grant PPL such further and additional relief as the Court may deem just and proper.

Dated: July 24, 2012

POTTER ANDERSON & CORROON LLP

By: 
Laurie Selber Silverstein (DE Bar No. 2396)
R. Stephen McNeill (DE Bar No. 5210)
P.O. Box 951
1313 North Market Street, 6th Floor
Wilmington, DE 19801
Tel: (302) 984-6000
Fax: (302) 658-1192
E-mail: lsilverstein@potteranderson.com
rmcneill@potteranderson.com

Attorneys for PPL EnergyPlus, LLC.

CERTIFICATE OF SERVICE

I, R. Stephen McNeill, hereby certify that on this 24th day of July 2012, I caused a true and correct copy of the foregoing **Limited Objection and Reservation of Rights of PPL EnergyPlus, LLC 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** to be served on the parties listed below in the manner indicated.

Via Email

SHEARMAN & STERLING LLP
Douglas P. Bartner, Esquire
Robert Britton, Esquire 599
Lexington Avenue
New York, NY 10022

Via Email and Hand Delivery

YOUNG CONWAY STARGATT & TAYLOR, LLP
Pauline K. Morgan, Esquire
Kenneth J. Enos, Esquire
Rodney Square
1000 North King Street
Wilmington, DE 19801

Via Hand Delivery

Office of the United States Trustee
David Klauder, Esquire 844
King Street, Suite 2207
Wilmington, DE 19801

Via Email and Hand Delivery

MORRIS, NICHOLS, ARSHT & TUNNELL LLP
Derek C. Abbott
1201 North Market Street, 18th Floor
Wilmington, DE 19899

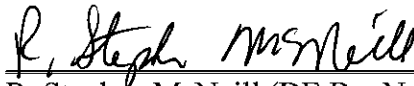
Via Email

WACHTELL, LIPTON, ROSEN & KATZ LLP
Richard G. Mason, Esquire
Joshua A. Feltman, Esquire
51 West 52nd Street
New York, NY 10019

Via Email and Hand Delivery

BALLARD SPAHR LLP
Matthew G. Summers, Esquire
919 N. Market Street, 11th Floor
Wilmington, DE 19801

Under penalty of perjury, I declare the foregoing is true and correct.



R. Stephen McNeill (DE Bar No. 5210)