

**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)**
: :
: **(Jointly Administered)**
: :
----- X **Re: Docket No. 9**

**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**

Upon consideration of 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 All Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Certain Related Relief dated June 25, 2012 (the "**Motion**") filed by 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, 365, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code, as

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.

amended from time to time (the "**Bankruptcy Code**"), Rules 2002, 6004, and 6006 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 (the "**Local Rules**"), (a) recognizing the Approval and Vesting Order entered by the Canadian Court on July 12, 2012 (the "**Canadian Sale Order**"), (b) authorizing and approving the sale (the "**Sale**") of substantially all of the Asset Sellers' property and assets used in connection with the business carried on by the Asset Sellers in North America (collectively, the "**Assets**"), excluding, without limitation, the Olyphant Facility, the Excluded Assets, and such other assets identified in the APA, pursuant to the terms and conditions of that certain Asset Purchase Agreement (the "**APA**")² between Cinram International Inc. and Cinram Group, Inc. (the "**Purchaser**"), a copy of which is attached to the Motion as Exhibit B, free and clear of liens, claims, encumbrances, and other interests, (c) authorizing the assumption and assignment of the Assumed Contracts (as defined in the APA), Real Property Leases, Personal Property Leases for property located in the United States, and Assumed Employee Plans (collectively, the "**Assumed Contracts**") to the Purchaser, 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,

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

and other parties in interest; and this Court having reviewed and considered the (a) *Declaration of John Bell in Support of (I) Verified Chapter 15 Petitions, (II) Foreign Representative's Motion for Order Granting Provisional and Final Relief in Aid of Foreign CCAA Proceeding and (III) Certain Related Relief*, and (b) *Declaration of Mark Hootnick in Support of 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 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*; 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 APA 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 Rules 6004(h), 6006(d), or 6006(g), this Court

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 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.

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), 365, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, and 6006, and Local Rule 6004-1.

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 Canadian Sale Order and approval of the APA, consummation of the Sale to the Purchaser, and assumption and assignment of the Assumed Contracts 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 July 12, 2012, the Canadian Court entered the Canadian Sale Order, wherein the Canadian Court, among other things, (a) approved the APA and certain ancillary agreements thereto, (b) authorized and directed the Debtors and their Canadian affiliates to take all steps necessary to consummate the transactions contemplated by the APA, (c) vested in the Purchaser absolute, clear, and unencumbered title in and to the Assets 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 Assets, and (d) found that the APA is commercially reasonable and is in the best interests of the Debtors, their Canadian affiliates, and all of their stakeholders.

The Purchaser

G. The APA, each of its terms, and each of the transactions contemplated therein were negotiated, proposed and entered into by Cinram International Inc. 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 Assets in good faith, and, accordingly, is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

H. 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 Foreign Representative, the Debtors, nor the Purchaser has engaged in any conduct that would cause or permit the APA 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 Purchaser for the Assets was not controlled by any agreement among bidders or potential bidders.

No Fraudulent Transfer

I. The consideration provided by the Purchaser pursuant to the APA: (a) is fair and reasonable; (b) is the highest and best offer for the Assets; (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 APA also constitutes fair consideration under the Bankruptcy Code and the laws of the United States, any state, territory, possession, or the District of Columbia. No other person, entity, or group of entities has offered to purchase the Assets for greater economic value to the Debtors than the

Purchaser. The Debtors' determinations that the APA constitutes the highest and best offer for the Assets were a valid, sound, and reasonable exercise of the Debtors' business judgment.

J. 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 Purchaser and the Debtors.

Validity of Transfer

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

L. The APA 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 state, territory, or possession, or the District of Columbia. Neither the Debtors nor the Purchaser are fraudulently entering into the transactions contemplated by the APA.

M. The Debtors have good and marketable title to the Assets and are the lawful owners of the Assets. Subject to section 363(f) of the Bankruptcy Code, the transfer of the Assets to the Purchaser will be, as of the closing of the transactions contemplated by the APA (the "**Closing Date**"), a legal, valid, and effective transfer of the Assets, which transfer vests or will vest the Purchaser with all right, title, and interest in the Assets 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 APA.

N. On 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 Assets. This Order is and shall be effective as a determination that, on the Closing Date and except to the extent expressly set forth in the APA, all Liens, Claims, and other interests of any kind or nature whatsoever existing as to the Assets 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 Assets.

O. 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 transactions contemplated by the APA.

P. 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 Assets, 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.

Q. 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 Assets 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 APA.

Section 363(f)

R. 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 Assets free and clear of all Liens,

Claims, encumbrances, and interests, in each case to the fullest extent permitted by law and except as otherwise provided in the APA or the Canadian Sale Order. The Purchaser would not have entered into the APA and would not consummate the transactions contemplated thereby if the Sale and the assumption of liabilities and obligations as set forth in the APA by the Purchaser were not free and clear of Liens and Claims as provided herein.

S. Except to the extent expressly set forth in the APA, the Purchaser shall not be responsible for any Liens or Claims, including, without limitation, in respect of (a) any labor or employment agreements, (b) any mortgages, deeds of trust and security interests, (c) intercompany loans and receivables between the Debtors and any non-debtor subsidiary, (d) any pension, welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plan of any Debtors, (e) any other employee, worker's compensation, occupational disease or unemployment or temporary disability related claim, including, without limitation, claims that might otherwise arise under or pursuant to (i) the Employee Retirement Income Security Act of 1974, as amended, (ii) the Fair Labor Standards Act, (iii) Title VII of the Civil Rights Act of 1964, (iv) the Federal Rehabilitation Act of 1973, (v) the National Labor Relations Act, (vi) the Worker Adjustment and Retraining Act of 1988, (vii) the Age Discrimination and Employee Act of 1967 and the Age Discrimination in Employment Act, as amended, (viii) the Americans with Disabilities Act of 1990, (ix) the Consolidated Omnibus Budget Reconciliation Act of 1985, (x) state discrimination laws, (xi) state unemployment compensation laws or any other similar state laws, or (xii) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors, (f) Claims or Liens arising under any environmental laws with respect to any assets owned or operated by Debtors or any of their predecessors at any time prior to the Closing

Date and any of the Debtors' liabilities other than those assumed under the APA, (g) any bulk sales or similar law, (h) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and (i) any other theories of successor liability, except as expressly set forth in the APA.

T. Except to the extent expressly stated in the APA, the Purchaser shall have no 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 Assets or assumption of any liabilities identified in the APA.

U. Upon entry of this Order, the Debtors may sell the Assets free and clear of all Liens and Claims against the Debtors or any of the Assets to the extent provided in the APA and this Order 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 Assets 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 act 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 Assets shall not have delivered to the Debtors prior to the Closing Date, 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 Assets, 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 Assets.

Compelling Circumstances for an Immediate Sale

X. Good and sufficient reasons for approval of the APA and 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 APA, and (b) compelling circumstances for the Sale outside of (i) the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, and (ii) a plan of reorganization, in that, among other things, the immediate consummation of the Sale to the Purchaser is necessary and appropriate to maximize the value of the Debtors' Assets and distributions to their creditors.

Y. To maximize the value of the Assets and preserve the viability of the business to which the Assets relate, it is essential that the Sale occur within the time constraints set forth in the APA. Time is of the essence in consummating the Sale.

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

General Authorization of Assumption and Assignment

AA. The consummation of the Sale and the assumption and assignment of the Closing Assumed Contracts (as hereinafter defined) designated by Purchaser for assumption and assignment at Closing and the Open Contracts and the Olyphant Contracts designated by Purchaser after Closing for assumption and assignment, are legal, valid, and properly authorized

under all applicable provisions of the Bankruptcy Code, including sections 363(b), 363(f), 363(m), 365, and 105(a) thereof. Good and sufficient notice of the assumption and assignment of the Closing Assumed Contracts at Closing and the procedures for the assumption and assignment of the Open Contracts and Olyphant Contracts after Closing was provided to contract counterparties by service of (a) the Motion and (b) the notice of potential assumption and assignment of Closing Assumed Contracts. The Assumption and Assignment Procedures (as defined in the Motion) are good and sufficient under the circumstances, including in light of the CCAA Proceeding and the Canadian Sale Order.

BB. Pursuant to sections 365 and 105(a) of the Bankruptcy Code, and subject to and conditioned upon the closing of the Sale, and subject to the designation rights and procedures contained in this Order and section 9.2 of the APA, the Debtors and Foreign Representatives' assumption and assignment to the Purchaser, and the Purchaser's assumption of the Closing Assumed Contracts, the Open Contracts and the Olyphant Contracts is hereby approved.

CC. Except as otherwise set forth herein and subject to the procedures set forth herein, the Debtors are hereby authorized and directed in accordance with sections 363, 365, and 105(a) of the Bankruptcy Code to assume and assign to the Purchaser the Closing Assumed Contracts free and clear of all Claims, Liens, or other interests of any kind or nature whatsoever, without the need for any further documentation. The Debtors and the Purchaser have cured, or have provided adequate assurance that they will cure on or prior to the Closing Date as to each Closing Assumed Contract (or for each Open Contract and Olyphant Contract that becomes an Assumed Contract after the Closing Date as a result of designation by the Purchaser, have provided adequate assurance that they will promptly cure as to each Open Contract and Olyphant Contract being designated by the Purchaser for assumption and assignment and becoming an

Assumed Contract, subject to the applicable counterparty's right to object in accordance with the procedures set forth herein) all defaults existing as of or prior to assumption and assignment to the Purchaser.

Assumption and Assignment of Closing Assumed Contracts

DD. On July 6, 2012, the Debtors and the Foreign Representative, in compliance with section 9.2 of the APA, filed with this Court and served upon counterparties to all unexpired leases and executory contracts related to the Purchased Assets (without regard to whether the Purchaser had then designated such leases and executory contracts for assumption and assignment) a notice that such unexpired leases and executory contracts may be designated for assumption and assignment to the Purchaser in connection with the Closing, including cure amounts proposed to be paid to the applicable counterparty in the event that such contracts are assumed and assigned to the Purchaser in connection with the Closing. Pursuant to the terms of such notice, counterparties were provided ten Business Days to object to the assumption and assignment of their unexpired leases and executory contracts. Such notice is good, sufficient, and appropriate under the circumstances. If an objection to assumption and assignment of any executory contract or unexpired lease set forth on such notice is timely filed, a hearing on such objection shall be held before this Court as soon as reasonably practicable thereafter and, in any case, prior to the Closing Date. Any executory contract or unexpired lease set forth on such notice that is not assumed and assigned to the Purchaser in connection with the Closing shall be treated in accordance with the procedures set forth below for Open Contracts.

EE. The Purchaser shall have the right, consistent with section 9.2 of the APA, to determine at any time before or at Closing which of the executory contracts and unexpired leases will be assumed and assigned to it at Closing. Within one Business Day after the Closing, the

Foreign Representative shall file with this Court a list of all Assumed Contracts for which this Court authorized and approved assumption and assignment and that were actually assumed and assigned to the Purchaser at the Closing (the “**Closing Assumed Contracts**”), and shall serve notice of such assumption and assignment upon all counterparties to such Closing Assumed Contracts.

Assumption and Assignment of Open Contracts

FF. Notwithstanding anything to the contrary herein, from and after the Closing Date the Purchaser shall have the right, exercisable without limitation at any time and from time to time, to notify the Seller that it is designating any Assumed Contracts, Real Property Leases Personal Property Leases, or Assumed Employee Plans not assigned to the Purchaser on the Closing Date (each, an “**Open Contract**”) for assumption and assignment to the Purchaser. Within three Business Days of their receipt of such a notice, the Debtors shall file with this Court notice of such designation and serve a notice (a “**Designation Notice**”) upon the applicable counterparty to such Open Contract of the assumption and assignment of its contract, including an updated cure amount to be paid in connection with such assumption and assignment. Such counterparties shall have seven Business Days from receipt of such Designation Notice to file an objection to such assumption and assignment with this Court. If no such objection is filed, the Debtors shall be authorized to assume and assign such Open Contract to the Purchaser and pay such cure amount in full satisfaction of all defaults under the Open Contract without any further order of this Court. The applicable date of assumption shall be the date of service of the Designation Notice. If such an objection is filed, a hearing shall be scheduled before this Court as soon as reasonably practicable thereafter. The Purchaser shall endeavor in good faith to complete the assumption and assignment or rejection process for all Open Contracts by September 15, 2012.

GG. Notwithstanding anything herein, the Debtors may, on not fewer than ten Business Days' prior written notice to the Purchaser (each such notice, a "**Rejection Notice**"), cause to be rejected any Open Contract set forth in the Rejection Notice, subject to the right of the Purchaser, upon receipt of the Rejection Notice and prior to the rejection of the applicable Open Contract, to either (a) designate such Open Contract for assumption and assignment in accordance with the procedures set forth in Section 9.2(j) of the APA and herein, as applicable, or (b) agree in writing to reimburse the applicable Debtors for the out-of-pocket expenses incurred under such Open Contract from and after the date of the Rejection Notice until the date on which the Purchaser provides the Debtors with notice of the Purchaser's decision as to whether to assume such Open Contract or permit its rejection, in which case the Debtors shall refrain from rejecting such Open Contract until the date they receive notification of such decision by the Purchaser. The Debtors shall act reasonably and in good faith in providing any Rejection Notices, including with respect to the quantity of Open Contracts set forth therein, and shall cooperate with the Purchaser in determining whether or not to assume any Open Contract.

Assumption and Assignment of Olyphant Contracts

HH. Notwithstanding anything to the contrary herein, from and after the Closing Date the Purchaser shall have the right, exercisable without limitation at any time and from time to time, to notify the Seller that it is designating any Olyphant Contract for assumption and assignment to the Purchaser. Within three Business Days of their receipt of such a notice, the Debtors shall file with this Court notice of such designation and serve a Designation Notice upon the applicable counterparty to such Olyphant Contract, including the proposed cure amount to be paid in connection with such assumption and assignment. Such counterparties shall have seven Business Days from receipt of such Designation Notice to file an objection to such assumption and assignment with this Court. If no such objection is filed, the Debtors shall be authorized to

assume and assign such Olyphant Contract to the Purchaser and pay such cure amount in full satisfaction of all defaults under the Olyphant Contract without any further order of this Court. The applicable date of assumption shall be the date of service of the Designation Notice. If such an objection is filed, a hearing shall be scheduled before this Court as soon as reasonably practicable thereafter.

Assumption and Assignment Generally

II. The Assumed Contracts, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, shall be transferred to, and remain in full force and effect for the benefit of, the Purchaser in accordance with their respective terms, notwithstanding any provision in any such Assumed Contract (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer. In addition, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability with respect to the Assumed Contracts for any breach of such Assumed Contract occurring after such assignment to, and assumption by, the Purchaser, except as provided in the APA.

JJ. No sections or provisions of any Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, that purport to provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor counterparty to the Assumed Contracts based on assignment of the Assumed Contract, the commencement of these cases, or the financial condition or insolvency of any of the Debtors shall have any force or effect with respect to the Sale and assignments authorized by this Order. Such provisions constitute unenforceable anti-assignment provisions under section 365(f) of the

Bankruptcy Code and are otherwise unenforceable under section 365(e) of the Bankruptcy Code. No assignment of any such Assumed Contract to the Purchaser shall in any respect constitute a default under any such Assumed Contract. The non-debtor party to each Assumed Contract to be assumed and assigned at the Closing received notice as set forth in the Motion and shall be deemed to have consented to such assignment under section 365(c)(1)(B) of the Bankruptcy Code and the Purchaser shall enjoy all of the Debtors' rights and benefits under each such Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, as of the applicable date of assumption without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

KK. The failure of the Foreign Representative, Debtors, or Purchaser to enforce at any time one or more terms or conditions of any Assumed Contract, Open Contract, or Olyphant Contract shall not be a waiver of such terms or conditions or of the Foreign Representative's, Debtors', or Purchaser's rights to enforce every term and condition of such contract.

LL. Subject to the procedures set forth herein, all parties to the Assumed Contracts, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, are forever barred and enjoined from raising or asserting against the Purchaser any assignment fee, default, breach, Claim, pecuniary loss, or condition to assignment arising under or related to such contract existing as of the Closing Date or arising by reason of the Sale, these chapter 15 cases, or the CCAA Proceeding.

MM. Subject to the rights of contract counterparties to file objections as set forth herein, the Purchaser has demonstrated adequate assurance of future performance with respect to

the Assumed Contracts pursuant to sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code.

NN. In the event that the Purchaser shall determine to reject or refuse assignment of any Assumed Contracts in accordance with the procedures set forth in this Order, the Purchaser shall have no obligations with respect thereto, including any obligation to cure defaults thereunder.

Prohibition of Actions Against the Purchaser

OO. Except as otherwise specifically provided herein or in the APA 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 Assets prior to the Closing Date.

PP. 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 Assets, such persons' or entities' Liens, Claims, or interests in and to the Assets that arose prior to the Closing Date, including the following actions: (a) commencing or continuing in any manner any action or other proceeding against the Purchaser, any of its

affiliates, its successors, assets, or properties; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Purchaser, any of its affiliates, its successors, assets, or properties; (c) creating, perfecting, or enforcing any Lien or other Claim against the Purchaser, any of its affiliates, its successors, assets, or properties; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Purchaser, any of its affiliates, or successors; (e) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the provisions of this Order, other orders of this Court or the Canadian Court, the APA, or actions contemplated or taken in respect thereof; or (f) revoking, terminating, failing, or refusing to transfer or renew any license, permit, or authorization to operate any of the Assets or conduct any of the businesses operated with the Assets.

QQ. 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 Assets, if any, as provided for herein, as such Liens may have been recorded or may otherwise exist.

RR. 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 Assets to the Purchaser in accordance with the terms of the APA and this Order.

SS. The Purchaser has given substantial consideration under the APA 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 Assets.

TT. 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 Assets and to give receipts and releases for and in respect of the Assets, 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 Assets.

Notice of the Motions, Sale, and Sale Hearing

UU. As evidenced by the certificates of service filed with this Court: (a) proper, timely, adequate, and sufficient notice of the Motions 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 proposed Sale, or the Sale Hearing is or shall be required.

VV. A reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein, including the assumption and assignment of the Assumed Contracts and any cure costs related thereto under section 365 of the Bankruptcy Code, has been afforded to all interested persons and entities.

WW. The disclosures made by the Foreign Representative concerning the Motion, the Sale Hearing, and the assumption and assignment of the Assumed Contracts 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, the relief requested therein, or (to the extent filed prior to the date hereof) the assumption and assignment of a Closing Assumed Contract 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 Canadian Sale Order is hereby recognized and affirmed in all respects, and shall be fully enforceable pursuant to its terms.
4. The APA, all transactions contemplated therein, and all of the terms and conditions thereof are hereby approved.
5. Pursuant to sections 363 and 105 of the Bankruptcy Code, the Foreign Representative and the Debtors are authorized to enter into and perform all of their obligations under and comply with the terms of the APA and consummate the Sale, pursuant to and in accordance with the terms and conditions of the APA and this Order, and to take any and all actions necessary and appropriate to implement the Canadian Sale Order, the APA, and this Order.
6. The Debtors are authorized in accordance with sections 365 and 105(a) of the Bankruptcy Code to assume and assign the Assumed Contracts, Open Contracts, and Olyphant Contracts to the Purchaser free and clear of all Claims in accordance with the procedures set forth in this Order and section 9.2 of the APA, all of which such procedures are approved.
7. The Assumed Contracts shall be transferred to, and remain in full force and effect for the benefit of the Purchaser in accordance with their respective terms, notwithstanding any

provision in any such Assumed Contract (including those of the type described in sections 365(e)(1) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer. There shall be no rent accelerations, assignment fees, increases, or any other fees charged to the Purchaser or the Debtors as a result of the assumption or assignment of Assumed Contracts, the commencement of these chapter 15 cases, or the commencement of the CCAA Proceeding. No Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, may be terminated, or the rights of any party modified in any respect, including pursuant to any “change of control” clause, by any other party thereto, as a result of the transactions contemplated by the APA.

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

9. This Order and the APA shall be binding in all respects upon the Foreign Representative, the Debtors, all creditors and equity-holders of the Debtors, all counterparties to the Assumed Contracts, 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 under the Bankruptcy Code. The APA shall not be subject to rejection or avoidance under any circumstances.

10. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Foreign Representative to transfer the Assets to the Purchaser in accordance with the APA and this Order.

11. The transactions contemplated by the APA are 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.

12. 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 Assets.

13. The failure specifically to include any particular provision of the APA 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 APA and any related agreements are authorized and approved in their entirety, and in the case of the APA and any related agreements, with such amendments thereto as may be made by the parties in accordance with the terms and conditions of the APA and this Order.

14. The APA, and any related agreements, documents, or other instruments, may be waived, modified, amended, or supplemented by agreement of Cinram International Inc. 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 APA and does not have a material adverse effect on the Debtors.

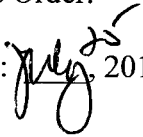
15. Nothing in this Order or the APA releases, nullifies, precludes, or enjoins the enforcement of any liability to a governmental unit under police and regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the date of entry of this Order. Nothing in this Order or the Asset Purchase Agreement authorizes transfer to the Purchaser of any licenses, permits, registrations, or other governmental authorizations and approvals without the Purchaser's compliance with all applicable legal requirements under non-bankruptcy law governing such transfers.


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

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

18. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), and 6006(g), this Order shall not be stayed after the entry of this Order and shall be effective immediately upon entry, and the Foreign Representative and the Purchaser are authorized to close the Sale immediately upon entry of this Order.

19. 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:  2012


UNITED STATES BANKRUPTCY JUDGE