

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

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

Applicants

**MOTION RECORD  
(Motion Returnable August 21, 2012)**

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**SCHEDULE "A"**

**Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

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

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

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Court File No. CV12-9767-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF CINRAM INTERNATIONAL INC., CINRAM  
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LISTED IN SCHEDULE "A"**

Applicants

**NOTICE OF MOTION  
(Returnable August 21, 2012)**

The Applicants will bring a motion before a Judge of the Commercial List on August 21, 2012, at 10:00 a.m. or as soon after that time as the matter may be heard at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**1. THE APPLICANTS MAKE A MOTION FOR AN ORDER:**

- (a) abridging the time for and validating the service of this Notice of Motion and the Motion Record and dispensing with further service thereof;
- (b) assigning the rights and obligations of Cinram International Inc. ("CII") under certain contracts, agreements and leases to Cinram Group, Inc., formerly known as Cinram Acquisition, Inc. (the "Purchaser") and/or one or more entities nominated to take assignment of such contracts in accordance with the Asset Purchase Agreement (defined below) pursuant to section 11.3 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCA"); and
- (c) such further and other relief as counsel may request and this Honourable Court deems just.



**2. THE GROUNDS FOR THE MOTION ARE:**

- (a) On June 25, 2012, this Honourable Court made an Order (the “**Initial Order**”), *inter alia*: (i) granting a stay of proceedings under the CCAA against the Applicants, Cinram International Limited Partnership (together with the Applicants, the “**CCAA Parties**”) and the subsidiaries of the CCAA Parties that are also party to agreements to which the CCAA Parties are parties; (ii) appointing FTI Consulting Canada Inc. as the monitor (the “**Monitor**”) of the CCAA Parties in these CCAA proceedings; and (iii) appointing Cinram International ULC (“**Cinram ULC**”) as the foreign representative of the CCAA Parties.
- (b) On July 12, 2012, this Honourable Court made an order (the “**Approval and Vesting Order**”), *inter alia*: (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram Fund and its direct and indirect subsidiaries (collectively, “**Cinram**”) in North America contemplated by an asset purchase agreement between CII and the Purchaser dated June 22, 2012 (the “**Asset Purchase Agreement**”); (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA pursuant to the binding purchase offer dated June 22, 2012 (the “**Purchase Offer**”) provided by the Purchaser to CII and 1362806 Ontario Limited (together with CII, the “**Share Sellers**”); (iii) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Purchase Offer; (iv) authorizing CII, Cinram Inc., Cinram Retail Services LLC, One K Studios, LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the “**Asset Sellers**”) to complete the transactions contemplated by the Asset Purchase Agreement (the “**Asset Sale Transaction**”); and (v) authorizing the Share Sellers to complete the transactions contemplated by the Purchase Offer (the “**Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Sale Transaction**”).
- (c) On July 25, 2012, Cinram ULC obtained an order under chapter 15 of title 11 of the United States Code, as amended from time to time (the “**Bankruptcy Code**”) from the United States Bankruptcy Code from the United States Bankruptcy

Court for the District of Delaware (the “**U.S. Court**”), *inter alia*, recognizing on a final basis these CCAA proceedings as the “foreign main proceedings” of the CCAA Parties and recognizing on a final basis the Initial Order.

- (d) On July 25, 2012, Cinram ULC obtained an order (the “**Sale Recognition Order**”) under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Approval and Vesting Order, authorizing the assumption and assignment of certain executory contracts and unexpired leases, and granting certain related relief.
- (e) The CCAA Parties, with the assistance of their advisors and the Monitor, have continued to work with the Purchaser with respect to the Sale Transaction, including working to satisfy the closing conditions to the Sale Transaction.
- (f) The Asset Purchase Agreement requires the Applicants to seek and obtain Canadian and U.S. court approval with respect to the assignment of certain contracts designated by the Purchaser for assignment and assumption prior to and after Closing.
- (g) The Applicants are seeking the assignment of those contracts, agreements and leases relating to the business and assets being sold under the Asset Purchase Agreement to which CII is a party and in respect of which consent is required but not obtained that have been designated by the Purchaser up to and following Closing for assignment and assumption in accordance with the terms of the Asset Purchase Agreement (collectively, the “**Assigned Contracts**”).
- (h) Assignment of contracts and agreements with Material Customers and European Material Customers (each as defined in the Asset Purchase Agreement) and contracts designated by the Purchaser for assignment that do not require consent to assignment pursuant to their terms is not being sought as part of this motion as these will be addressed through consents in accordance with the Asset Purchase Agreement and/or will be transferred as part of the general transfer of assets under the Approval and Vesting Order and Sale Recognition Order.

- (i) It is not practically possible for CII to obtain consensual assignment agreements relating to each of the Assigned Contracts to be assigned on Closing prior to the expected timing of Closing.
- (j) The CCAA Parties have made extensive efforts to notify parties whose contracts, agreements and/or leases may be subject to designation for assignment and assumption by the Purchaser in accordance with the Asset Purchase Agreement.
- (k) The Purchaser intends to carry out substantially the same business as Cinram and to do that, it requires an assignment of the Assigned Contracts.
- (l) The principal objectives of these CCAA proceedings include ensuring the ongoing operations of Cinram and completing the sale and transfer of substantially all of Cinram's business as a going concern to the Purchaser.
- (m) The Sale Transaction represents the best available alternative in the circumstances to Cinram and its stakeholders as a whole and the best opportunity to normalize its capital structure and preserve the value of the Cinram business.
- (n) The Purchaser and/or a Purchaser Nominee are able to perform the obligations under the Assigned Contracts.
- (o) The Purchaser is an appropriate counterparty to these Contracts and there is no reason to believe that any prejudice will be caused to the counterparties of the Assigned Contracts as a result of the assignment thereof to the Purchaser and/or a Purchaser Nominee.
- (p) All monetary defaults in relation to the Assigned Contracts will be remedied in accordance with the CCAA, the notices provided to contract counterparties and the Asset Purchase Agreement.
- (q) The provisions of the CCAA, including Section 11.3, and this Honourable Court's equitable and statutory jurisdiction thereunder.

- (r) Rules 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended.
- (s) Such further and other grounds as counsel may advise and this Honourable Court permit.

**3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:**

- (a) the Affidavit of John H. Bell sworn August 14, 2012, and the exhibits attached thereto;
- (b) the Second Report of FTI and any exhibits attached thereto, to be filed; and
- (c) such further and other material as counsel may advise and this Honourable Court may permit.

Date: August 14, 2012

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**SCHEDULE "A"**

**Additional Applicants**

Cinram International General Partner Inc.

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1362806 Ontario Limited

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Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

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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: CV12-9767-00CL

**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

**NOTICE OF MOTION**

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Court File No. CV12-9767-00CL

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Applicants

**AFFIDAVIT OF JOHN H. BELL  
(sworn August 14, 2012)**

I, John H. Bell, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND  
SAY:**

**I. INTRODUCTION**

1. I am the Chief Financial Officer of Cinram International Inc. ("CII"). I am also a director and/or an officer of certain of the subsidiaries that are owned either directly or indirectly by CII. As such, I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and in all such cases believe it to be true.

2. This Affidavit is sworn in support of a motion made by CII, Cinram International Income Fund ("Cinram Fund"), CII Trust and the companies listed in Schedule "A" (collectively, the "Applicants") for an Order pursuant to Section 11.3 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") in the form



attached as Tab 3 of the Motion Record of the Applicants (the “**Assignment Order**”) assigning the rights and obligations of CII under certain contracts, agreements and leases to Cinram Group, Inc., formerly known as Cinram Acquisition, Inc. (the “**Purchaser**”), or one or more entities nominated by the Purchaser to take assignment of such contracts, notwithstanding any restrictions on transfer contained in such contracts, as part of the sale of assets to the Purchaser pursuant to an asset purchase agreement between CII and the Purchaser dated June 22, 2012 (the “**Asset Purchase Agreement**”, a copy of which is attached hereto as Exhibit “A”, without schedules or exhibits).

3. As described in further detail below, there are two main categories of contracts that are sought to be assigned pursuant to the proposed Assignment Order to the Purchaser and/or a Purchaser Nominee in accordance with the terms of the Asset Purchase Agreement: (i) Listed Closing Assigned Contracts, being those contracts, agreements and leases designated by the Purchaser for assignment and assumption up to the date of the Assignment Order and listed in a schedule attached as an Exhibit hereto, as such schedule may be updated up to the date of the Assignment Order; and (ii) any Additional Assigned Contracts, comprised of (a) those contracts, agreements and leases designated by the Purchaser for assignment and assumption after the date of the Assignment Order but prior to the date of Closing (as defined in the Asset Purchase Agreement) (referred to herein as Additional Closing Assigned Contracts), and (b) any other contracts, agreements and leases designated by the Purchaser for assignment and assumption after the date of Closing. Only those contracts, agreements and leases to which CII is a party and in respect of which consent for assignment is required from the counterparty will constitute the Listed Closing Assigned Contracts and any Additional Assigned Contracts.

4. Counterparties to all Listed Closing Assigned Contracts have been provided with a Notice Letter advising them of, among other things, the Applicants' motion seeking the proposed Assignment Order, and the proposed Assignment Order provides for further notification and objection procedures in respect of counterparties to Additional Assigned Contracts, including Additional Closing Assigned Contracts.

5. As discussed below, the Listed Closing Assigned Contracts and potential Additional Assigned Contracts have also been subject to a U.S. motion in connection with the assignment and assumption of certain executory contracts and unexpired leases of the U.S. Debtors, which include CII, in their proceedings under chapter 15 of the Bankruptcy Code (the "**Chapter 15 Proceedings**"). The proposed Assignment Order supplements the U.S. order in respect of CII, the only Canadian Asset Seller.

6. Unless otherwise indicated, capitalized terms used in this Affidavit (including in the preceding paragraphs) are as defined herein.

## **II. BACKGROUND**

7. On June 25, 2012, this Honourable Court made an initial order (the "**Initial Order**"), *inter alia*: (i) granting a stay of proceedings under the CCAA against the Applicants and Cinram International Limited Partnership (together with the Applicants, the "**CCAA Parties**") and the subsidiaries of the CCAA Parties that are also party to agreements to which the CCAA Parties are parties; (ii) appointing FTI Consulting Canada Inc. as the monitor (the "**Monitor**") of the CCAA Parties in these CCAA proceedings; and (iii) appointing Cinram International ULC ("**Cinram ULC**") as the foreign representative of the CCAA Parties. The

stay of proceedings pursuant to the Initial Order was granted to July 25, 2012, and was subsequently extended by this Honourable Court on July 12, 2012 to September 14, 2012.

8. On July 12, 2012, this Honourable Court made an order (the "**Approval and Vesting Order**"), *inter alia*: (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram Fund and its direct and indirect subsidiaries (collectively, "**Cinram**") in North America contemplated by the Asset Purchase Agreement; (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA pursuant to the binding purchase offer dated June 22, 2012 (the "**Purchase Offer**") provided by the Purchaser to CII and 1362806 Ontario Limited (together with CII, the "**Share Sellers**"); (iii) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Purchase Offer; (iv) authorizing CII, Cinram Inc., Cinram Retail Services LLC, One K Studios, LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the "**Asset Sellers**") to complete the transactions contemplated by the Asset Purchase Agreement (the "**Asset Sale Transaction**"); and (v) authorizing the Share Sellers to complete the transactions contemplated by the Purchase Offer (the "**Share Sale Transaction**", together with the Asset Sale Transaction, the "**Sale Transaction**"). A copy of the Approval and Vesting Order is attached hereto as Exhibit "B".

9. On July 25, 2012, Cinram ULC, in its capacity as the foreign representative for CII and each of the Applicants that are U.S. entities (collectively, the "**U.S. Debtors**"), obtained an order under chapter 15 of title 11 of the United States Code, as amended from time to time (the "**Bankruptcy Code**"), from the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**"), *inter alia*, recognizing on a final basis these CCAA proceedings as the

“foreign main proceedings” of the CCAA Parties and recognizing on a final basis the Initial Order.

10. On July 25, 2012, Cinram ULC, in its capacity as foreign representative for the U.S. Debtors, obtained an order (the “**Sale Recognition Order**”) under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Approval and Vesting Order, authorizing the assumption and assignment of certain executory contracts and unexpired leases, and granting certain related relief. A copy of the Sale Recognition Order is attached hereto as Exhibit “C”.

### **III. ASSIGNMENT OF CII CONTRACTS TO THE PURCHASER**

#### **A. Sale Transaction**

11. The CCAA Parties, with the assistance of their advisors and the Monitor, have continued to work with the Purchaser with respect to the Sale Transaction, including working to satisfy the closing conditions to the Sale Transaction and to implement appropriate transition arrangements in respect of assets excluded from the Asset Sale Transaction. The Asset Sale Agreement contains a sunset date for Closing of September 15, 2012, after which the agreement may be terminated. The parties are working towards an expected Closing of the Asset Sale Transaction by the end of August 2012.

12. The Asset Purchase Agreement contemplates, among other things, that: (i) consents of Material Customers and European Material Customers (each as defined in the Asset Purchase Agreement) will be obtained as a condition to the Closing; and (ii) Court approval is

sought and obtained prior to Closing with respect to the assignment of certain designated contracts.

13. Accordingly, an assignment of contracts and agreements with Material Customers and European Material Customers is not being sought as part of the proposed Assignment Order as these will be addressed through consents in accordance with the Asset Purchase Agreement and/or will be transferred as part of the general transfer of assets under the Approval and Vesting Order and Sale Recognition Order. Contracts designated by the Purchaser for assignment that do not require consent to assignment will also be transferred as part of the general transfer of assets under the Approval and Vesting Order and Sale Recognition Order. The relief being sought under the proposed Assignment Order is to assign the contracts designated by the Purchaser both before and after Closing in accordance with the Asset Purchase Agreement to which CII is a party and in respect of which consent is required but not obtained.

14. Below is a summary of the contract designation and assignment provisions under the Asset Purchase Agreement.

**B. Contract Designation and Assignment Provisions under the Asset Purchase Agreement**

15. The Asset Purchase Agreement requires that the Applicants seek and obtain approval of this Honourable Court and the U.S. Court of the assignment to the Purchaser or one or more entities nominated to take assignment of such contracts in accordance with the Asset Purchase Agreement (each, a "**Purchaser Nominee**") of those Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans (each as defined in the

Asset Purchase Agreement) designated by the Purchaser for assumption and assignment in accordance with section 9.2 of the Asset Purchase Agreement.

16. Section 9.2 of the Asset Purchase Agreement sets out the designation procedures relating to contracts and agreements, as well as the timing for notice to counterparties indicating that their contracts and agreements may be assigned and the amounts to cure any monetary defaults thereunder. As set out in further detail in Section C below, on July 6, 2012, in connection with the U.S. motion for the Sale Recognition Order, notice was given to counterparties in respect of contracts that may be designated by the Purchaser for assumption by and assignment to the Purchaser, including an estimate of proposed cure amounts. Supplemental notices were subsequently sent to counterparties with respect to certain additional contracts that were later identified as contracts that may be designated by the Purchaser for assumption by and assignment to the Purchaser.

17. Pursuant to section 9.2 of the Asset Purchase Agreement, the Purchaser may designate at any time before or at the Closing which Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans will be assumed by and assigned to it or a Purchaser Nominee at the Closing. Attached as Exhibit "D" is the list of Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans designated by the Purchaser for assignment at Closing pursuant to section 9.2 of the Asset Purchase Agreement to which CII is a party and in respect of which counterparty consent is required thereunder but has not been obtained (collectively, the "**Listed Closing Assigned Contracts**").<sup>1</sup> The Listed Closing

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<sup>1</sup> Contracts containing provisions permitting assignment without consent in connection with the sale of substantially all of the assets of CII do not form part of the Listed Closing Assigned Contracts but will be assigned as part of the general transfer of assets under the Approval and Vesting Order and Sale Recognition Order.

Assigned Contracts do not include any contracts CII entered into following the date of the Initial Order.<sup>2</sup>

18. The Purchaser also has the right under the Asset Purchase Agreement to supplement the list of Listed Closing Assigned Contracts by designating additional Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans for assignment at Closing up to the Closing. To the extent the Purchaser designates any additional Contracts between the date of this Affidavit and prior to the hearing of the motion for the Assignment Order that would form part of the Assignment Order, the CCAA Parties will update the Listed Closing Assigned Contracts and will provide to this Court and post on the Monitor's website an updated copy of the Listed Closing Assigned Contracts. To the extent the Purchaser designates any Contracts following the date of the Assignment Order but before or at Closing to which CII is a party and in respect of which counterparty consent is required thereunder but has not been obtained (referred to hereunder as the "Additional Closing Assigned Contracts"), the proposed Assignment Order provides a mechanism for the provision of notice to counterparties to such Contracts and includes a right for such counterparties to object to the assignment of their Contracts. Pursuant to the Asset Purchase Agreement, the Purchaser may remove any Contracts designated for assignment from the list of Listed Closing Assigned Contracts or Additional Closing Assigned Contracts at any time before or at the Closing.

19. From and after the Closing Date (as defined in the Asset Purchase Agreement) the Purchaser may in accordance with the Asset Purchase Agreement notify CII that it is designating

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<sup>2</sup> CII entered into only one contract following the date of the Initial Order. Consent to assignment is not required under that contract.

additional 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 by and assignment to the Purchaser and/or a Purchaser Nominee. The Purchaser also has the right under the Asset Purchase Agreement to designate any Olyphant Contract (as defined in the Asset Purchase Agreement) after Closing for assumption by and assignment to the Purchaser and/or a Purchaser Nominee.

20. Consistent with section 9.2 of the Asset Purchase Agreement, the draft Assignment Order contemplates that within three (3) business days of receipt of the Purchaser’s notification of the designation of an Additional Closing Assigned Contract, Open Contract or Olyphant Contract for assumption and assignment (collectively, the “**Additional Contracts**” and each an “**Additional Contract**”) to which CII is a party and in respect of which consent is required, CII shall provide notice (a “**Designation Notice**”) of the designation to the applicable counterparties to such designated Additional Contract which will include the proposed amount that will be required to remedy any monetary default in connection with such assumption and assignment.

21. The proposed Assignment Order further contemplates that counterparties to such Additional Contracts shall have seven (7) business days from receipt of such Designation Notice to provide notice to the Monitor and the CCAA Parties of any objection such Additional Contract counterparty has to the assignment to and assumption by the Purchaser and/or a Purchaser Nominee of its Additional Contract. If no objections in respect of the assignment and assumption of Additional Contracts are received by the Monitor and the CCAA Parties within the required time period, such Additional Contracts will be assigned to the Purchaser and/or a Purchaser Nominee pursuant to the proposed Assignment Order. If the Monitor and CCAA



Parties do receive any objections in respect of the assignment and assumption of any Additional Contracts, the CCAA Parties shall be authorized to schedule a motion with this Honourable Court for the resolution of any such objections.

22. Pursuant to the Asset Purchase Agreement, the Asset Sellers may, on ten (10) business days' prior written notice to the Purchaser designating Open Contracts for rejection (the "**Rejection Notice**"), cause to be rejected any Open Contract set forth on such Rejection Notice, subject to the right of the Purchaser to either designate such Open Contract for assumption and assignment, or agree to reimburse the applicable Asset Seller for expenses incurred under such Open Contract from and after the date of the Rejection Notice until the date on which the Purchaser advises the Asset Seller of its decision with respect to assumption or rejection of such Open Contract.

23. Section 9.2 of the Asset Purchase Agreement further provides that the Purchaser will endeavour in good faith to complete the assumption and assignment for all Open Contracts by September 15, 2012.

**C. Efforts to Date in Connection with the Assignment of Contracts to the Purchaser**

24. As described below, the CCAA Parties have made extensive efforts to notify all contract counterparties in respect of all unexpired leases and executory contracts (the "**Contracts**") related to the Purchased Assets (as defined in the Asset Purchase Agreement), including the Listed Closing Assigned Contracts, that such Contracts may be designated by the Purchaser for assumption and assignment, including advising them of proposed amounts to cure any monetary defaults thereunder.

25. On July 6, 2012, in compliance with section 9.2 of the Asset Purchase Agreement, Cinram ULC, as foreign representative of the CCAA Parties, filed with the U.S. Court and served upon counterparties to the Contracts related to the Purchased Assets, without regard as to whether the Purchaser had then designated such Contracts for assumption and assignment, a notice that such Contracts may be designated for assumption and assignment to the Purchaser in connection with the Closing (the "**Assignment Notice**", a copy of which is attached hereto as Exhibit "E").

26. The Assignment Notice included cure amounts proposed to be paid to the applicable Contract counterparties in the event that such Contracts are assumed and assigned to the Purchaser at the Closing in respect of any monetary defaults in connection with such assumption and assignment. The Assignment Notice also notified the Contract counterparties of their right to object to the assumption and assignment of their respective Contracts. The deadline for such objections for the purposes of the U.S. motion for the Sale Recognition Order was July 20, 2012.

27. Following the filing and distribution of the Assignment Notice on July 6, 2012, the CCAA Parties identified a small number of additional Contracts related to the Purchased Assets that were not provided with the Assignment Notice. On July 13, 2012, July 18, 2012, July 19, 2012, July 20, 2012, July 23, 2012, and July 24, 2012, supplemental notices (each of which is attached hereto as Exhibits "F", "G", "H", "I", "J" and "K", respectively) were filed with the U.S. Court and served upon the applicable Contract counterparties indicating the additional Contracts that may be designated for assumption by and assignment to the Purchaser in connection with the Closing and/or notifying Contract counterparties of adjustments to certain proposed cure costs for certain of the Contracts included in the Assignment Notice. The

supplemental notices filed and served on July 13, 2012, July 18, 2012, July 19, 2012, July 20, 2012, July 23, 2012, and July 24, 2012, collectively with any additional supplemental notices that may be filed with the U.S. Court and delivered to applicable Contract counterparties shall be referred to as the “**Supplemental Notices**”. The Listed Closing Assigned Contracts formed part of the contracts listed in the Assignment Notice or a Supplemental Notice issued prior to the date hereof.<sup>3</sup>

28. A limited number of Contract counterparties filed with the U.S. Court objections to the assignment of their Contracts and/or to the amount of the cure costs indicated in the Assignment Notice. None of the objections filed with the U.S. Court remain outstanding in respect of the Listed Closing Assigned Contracts.

29. As noted above, on July 25, 2012, the U.S. Court, as part of the Sale Recognition Order, approved the assignment and assumption of the Contracts of the Asset Sellers (including CII) that are designated for assignment and assumption by the Purchaser on the Closing Date in accordance with the Asset Purchase Agreement. Pursuant to the Sale Recognition Order, within one (1) business day after the Closing, Cinram ULC is required to file with the U.S. Court a list of all of the Contracts for which the U.S. Court authorized and approved assumption and assignment that were actually assumed by and assigned to the Purchaser on the Closing.

30. On August 10, 2012, a further notice (the “**Notice Letter**”) was distributed to the counterparties of the Contracts to which CII is a party, other than to the Material Customers and the European Material Customers, advising them of: (i) the Applicants’ motion before this Honourable Court pursuant to Section 11.3 of the CCAA for the assignment and assumption of

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<sup>3</sup> With the exception of two contracts recently added in respect of which a Notice Letter was sent to the applicable counterparty as set out below.

Contracts designated by the Purchaser for assignment at Closing to which CII is a party and in respect of which counterparty consent for assignment is required thereunder and of any Additional Contracts designated by the Purchaser to which CII is a party and in respect of which counterparty consent for assignment is required thereunder (collectively, the “**Additional Assigned Contracts**” and each an “**Additional Assigned Contract**”); (ii) the availability of Court materials filed in connection with this Motion, including the Motion Record of the Applicants, on the Monitor’s website; and (iii) of the right of the counterparties to such Additional Assigned Contracts to object to the assignment to the Purchaser thereof. On August 13, 2012, and August 14, 2012, a Notice Letter was sent to two (2) additional counterparties added to the Listed Closing Assigned Contracts subsequent to the August 10, 2012 distribution of the Notice Letter.

31. Following the sending of the Assignment Notice and the Supplemental Notices, as well as the Notice Letter, there were discussions between or among certain contract counterparties, the CCAA Parties, their respective counsel and the Monitor relating to the assignment of contracts, the proposed cure amounts and possible consents to assignment. As described above, none of the objections filed with the U.S. Court remain outstanding in respect of the Listed Closing Assigned Contracts; however, to date, counterparty consents to assignment of the Listed Closing Assigned Contracts have not been received and it is not practically possible for CII to obtain consensual assignment agreements relating to each of the Listed Closing Assigned Contracts prior to the expected timing of Closing.

32. The Applicants are bringing the within motion to assign the Listed Closing Assigned Contracts (as they may be updated prior to the date of the Assignment Order or supplemented by Additional Closing Assigned Contracts after the date of the Assignment Order

and prior to Closing) and any Additional Assigned Contracts designated by the Purchaser for assignment and assumption after Closing to the Purchaser and/or a Purchaser Nominee, notwithstanding any restriction or prohibition contained in any such contract relating to the assignment thereof, including any provision requiring the consent of the counterparty to such assignment, given: (i) the conditions to Closing relating to the assignment of contracts; (ii) the timelines for the Closing of the Asset Sale Transaction under the Asset Purchase Agreement; (iii) the Purchaser's ability under the Asset Purchase Agreement to designate Additional Contracts for assignment up to and following the Closing; and (iv) the extensive notice provided to contract counterparties, and to ensure completion of the Asset Sale Transaction and assist with the successful reorganization of the CCAA Parties as a going concern.

33. I understand the Applicants are bringing the within motion with respect to CII only given the Sale Recognition Order and specific procedures thereunder and under the U.S. Bankruptcy Code provide a comprehensive process for assignment of contracts as related to the Asset Sellers that are U.S. Debtors. Although CII is also a U.S. Debtor subject to the Chapter 15 Proceedings, the Applicants are seeking the proposed Assignment Order with respect to it as CII is a Canadian entity and because it is required by the Asset Purchase Agreement. I also understand there is potential overlap between the relief requested in the proposed Assignment Order regarding the assignment of Contracts to which CII is a party and the Sale Recognition Order providing for, among other things, the assumption and assignment of certain executory contracts and unexpired leases. As a result of the foregoing, the proposed Assignment Order provides: (a) that any assignment or transfer of leases, contracts or agreements by the Asset Sellers is subject to the Sale Recognition Order; and (b) to the extent of any inconsistency between the Assignment Order and the Sale Recognition Order, the Assignment Order shall

govern, provided that no inconsistency results if assumption and/or assignment of a lease, contract or agreement forms part of the Sale Recognition Order but does not form part of the Assignment Order (or *vice versa*).

**D. The Purchaser's Ability to Perform the Obligations under the Assigned Contracts**

34. As described in my affidavit sworn June 23, 2012 in support of the Initial Order (a copy of which is attached hereto as Exhibit "L", without exhibits) (the "**Initial Order Affidavit**") and the affidavit of Mark Hootnick sworn June 23, 2012 in support of the Approval and Vesting Order (a copy of which is attached hereto as Exhibit "M", without exhibits) (the "**Sale Approval Affidavit**"), the Asset Purchase Agreement is the result of an extensive strategic review process. The Purchaser has satisfied certain conditions precedent, including the delivery of a USD\$5 million deposit, demonstrating the Purchaser's commitment to consummate the Sale Transaction and its financial capabilities.

35. As described in the Initial Order Affidavit, the Purchaser is an entity owned by Najafi Companies ("**Najafi**"), an international private investment firm based in Phoenix, Arizona. I understand any Purchaser Nominee will also be an entity owned by Najafi. In connection with the motion for the Sale Recognition Order, in July 2012, Najafi prepared a presentation in connection with the Sale Transaction (the "**Najafi Presentation**", a copy of which is attached hereto as Exhibit "N") to be provided to Contract counterparties who requested assurance of future performance by the Purchaser or Purchaser Nominee under the Contracts to be assigned to the Purchaser or a Purchaser Nominee.

36. The Najafi Presentation explains that Najafi is a diversified private investment firm which invests internally generated capital and is experienced at evaluating and acquiring

businesses in unique situations. The Najafi Presentation also describes a number of recent successful transactions and company transformations completed by Najafi.

37. As referenced on the firm's website, Najafi makes selective investments up to US\$1 billion in transaction value in companies across a variety of industries, taking a long-term view on its investments and focusing its efforts on creating value through growth and superior performance. The Najafi Presentation also describes Najafi's investment philosophy as a long-term investment philosophy pursuant to which Najafi works to stabilize and grow its investments.

38. The Najafi Presentation provides an overview of Cinram's projected financial outlook assuming the Asset Sale Transaction is completed, which overview suggests an improved financial position for Cinram after the elimination of existing long-term debt and related interest payments.

39. Najafi's investment philosophy, history of recent successful transactions and the projected financial outlook of the Cinram business to be acquired by the Purchaser, each as described in the Najafi Presentation, indicate that the Purchaser and/or a Purchaser Nominee would be in a position to perform its obligations under any Contracts assigned to it in accordance with the terms of the Asset Purchase Agreement.

**E. The Assignment of the Listed Closing Assigned Contracts and any Additional Assigned Contracts is Critical for the Successful Completion of the Sale Transaction**

40. The CCAA Parties have been advised that the Purchaser intends to carry out substantially the same business as Cinram and to do that, it requires an assignment of substantially all of the contracts, agreements and leases used by Cinram in its business. As

discussed above, the assignment of the Listed Closing Assigned Contracts and Additional Closing Assigned Contracts is a condition precedent to the Closing of the Asset Sale Transaction and the Purchaser has the ability under the Asset Purchase Agreement to designate Open Contracts and Olyphant Contracts for assignment following Closing. Accordingly, the Listed Closing Assigned Contracts and any Additional Assigned Contracts are an integral component of the Sale Transaction and the Purchaser's ability to continue Cinram's current operations.

41. As explained in the Initial Order Affidavit and the Sale Approval Affidavit, the Sale Transaction will allow Cinram to be well positioned to increase its market share in the industry based on its status as the leading service provider and with an improved and normalized capital structure. The Sale Transaction represents the best available alternative in the circumstances to Cinram and its stakeholders as a whole and the best opportunity to normalize its capital structure and preserve the value of the Cinram business.

42. Accordingly, the Applicants are requesting the proposed Assignment Order to ensure completion of the Sale Transaction in the best interests of the Cinram business and Cinram's stakeholders.

#### **IV. CONCLUSION**

43. As discussed in the Initial Order Affidavit, the principal objectives of these CCAA proceedings include ensuring the ongoing operations of Cinram and completing the sale and transfer of substantially all of Cinram's business as a going concern to the Purchaser. This Honourable Court has approved the Asset Purchase Agreement and the Asset Sale Transaction. The Purchaser intends to continue operating the business of the CCAA Parties (with the exception of the Excluded Assets (as defined in the Asset Purchase Agreement)) on a going concern basis and all monetary defaults in relation to the Listed Closing Assigned Contracts, any

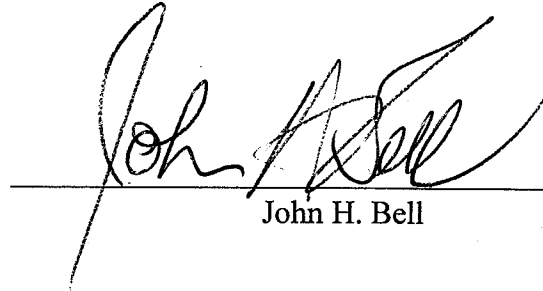


Additional Closing Assigned Contracts and any Additional Assigned Contracts will be remedied in accordance with the CCAA, as indicated in the Assignment Notice, Supplemental Notices and Designation Notices, as applicable, provided to counterparties and in accordance with the Asset Purchase Agreement. I believe the Purchaser is an appropriate counterparty to these Contracts and I am not aware of any prejudice that will be caused to the counterparties as a result of the assignment thereof to the Purchaser and/or a Purchaser Nominee.

SWORN before me at the City of Toronto, on August 14, 2012.



A Commissioner for taking affidavits



John H. Bell

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.**

**SCHEDULE "A"****Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

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

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

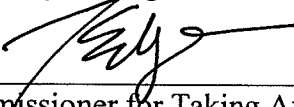
Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

**A**

This is Exhibit "A" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.**

**ASSET PURCHASE AGREEMENT**

**CINRAM INTERNATIONAL INC.**  
As the "Seller"

And

**CINRAM ACQUISITION, INC.**

As the "Buyer"

Made as of June 22, 2012

## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** is made as of June 22, 2012,

**BETWEEN:**

**CINRAM INTERNATIONAL INC.**, a corporation organized under the *Canada Business Corporations Act* (the "**Seller**")

– and –

**CINRAM ACQUISITION, INC.**, a corporation organized under the laws of the State of Delaware (the "**Buyer**")

### RECITALS:

A. The Seller, directly or through the Additional Sellers (defined below), (1) manufactures pre-recorded multimedia products and provides related logistics services in North America and Europe, (2) owns and operates a digital media production studio, and (3) offers fully hosted business intelligence and analytics solutions through its Vision proprietary software platform (collectively, the "**Business**").

B. The Seller, together with Moelis & Company ("**Moelis**"), conducted an investment and sale process for the Business.

C. The Seller wishes to sell, and the Buyer wishes to purchase, substantially all of the Seller's and the Additional Sellers' property and assets used in connection with the Business carried on by the Seller and the Additional Sellers in North America (collectively, the "**Purchased Business**"), subject to the terms and conditions of this Agreement, and subject to Court Approval (defined below).

D. Concurrently with the execution of this Agreement, the Buyer is making an offer to the Seller to acquire the Business in Europe (the "**European Business**") pursuant to the letter attached to this Agreement as Exhibit A (the "**Offer**").

E. The Buyer expects to nominate one or more Canadian entities to take title to the Canadian Purchased Assets, and one or more United States entities to take title to the United States Purchased Assets, pursuant to the nomination provisions set forth in Section 12.7.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

ARTICLE 1. – INTERPRETATION

1.1 Definitions

In this Agreement,

“**Accounts Payable**” means, in respect of an entity, (a) trade payables, royalties, sales allowances, rebates, freight and sales taxes payable by such entity, (b) outstanding balances owing to customers, including accrued rebates and sales allowances, payable by such entity; and (c) the accounts payable of the Asset Sellers listed in Schedule 1.1(a).

“**Accounts Receivable**” means, in respect of an entity, all trade accounts receivable and all trade debts due or accruing due to such entity in connection with the Purchased Business and the full benefit of all security therefor.

“**Acquisition Proposal**” means, other than the transactions involving the Buyer contemplated by this Agreement any *bona fide* (a) merger, amalgamation, business combination, take-over bid, tender offer, arrangement, consolidation, recapitalization, reorganization, liquidation, dissolution, winding up, distribution or share exchange involving the Seller and/or one or more of its wholly-owned material subsidiaries the assets or revenues of which, individually or in the aggregate, constitute 20% or more of the consolidated assets or contributing 20% or more of consolidated revenue, as applicable, of the Seller and its subsidiaries, taken as a whole, or (b) sale of assets of the Seller and/or one or more of its wholly-owned subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Seller and its subsidiaries, taken as a whole (or any lease, long-term supply agreement or other arrangement having the same economic effect).

“**Additional Sellers**” means the Asset Sellers (other than the Seller).

“**Affiliate**” of any Person means any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, the term “**control**” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Agreement**” means this Asset Purchase Agreement and all attached Exhibits and Schedules, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and all attached Exhibits and Schedules and unless otherwise indicated, references to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules in this Agreement.

“**Applicable Law**” means any domestic or foreign statute, law (including the common law and the law of equity), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or licence of or concerning a Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement,

the Seller, the Additional Sellers, the Buyer, the Purchased Business or any of the Purchased Assets.

“**Approval and Vesting Order**” means an order granted by the Canadian Court substantially in the form attached hereto as Exhibit B.

“**Asset Sellers**” means the Seller, Cinram Inc., Cinram Retail Services LLC, One K Studios LLC, Cinram Distribution LLC and Cinram Manufacturing LLC.

“**Assumed Contracts**” has the meaning given to such term in Section 2.1(g).

“**Assumed Employee Plan**” means any Employee Plan that is set forth on Schedule 1.1(b).

“**Assumed Employees**” has the meaning given to such term in Section 8.7(a).

“**Assumed Liabilities**” has the meaning given to such term in Section 2.3.

“**Assumed Uncaptured Accruals**” has the meaning given to such term in Section 2.3(j).

“**Bankruptcy Code**” means Title 11 of the United States Code, as amended from time to time.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the District of Delaware.

“**Board of Trustees**” means the board of trustees of Cinram International Income Fund, the beneficial owner of all of the outstanding shares of the Seller.

“**Break Fee**” has the meaning given that term in Section 8.8(e).

“**Business**” has the meaning given to such term in Recital A.

“**Business Day**” means any day other than a Saturday or Sunday or a statutory holiday in Toronto, Ontario and in New York, New York.

“**Buyer**” has the meaning given to such term in the preamble to this Agreement. The Buyer expects to nominate one or more Canadian entities to take title to the Canadian Purchased Assets, and one or more United States entities to take title to the United States Purchased Assets, pursuant to the nomination provisions set forth in Section 12.7. Each of such new entities will be the “Buyer” hereunder if and as the context requires.

“**CCAA**” means the *Companies' Creditors Arrangement Act* (Canada).

“**Canadian Court**” means the Ontario Superior Court (Commercial List).

“**CCAA Initial Order**” means an order granted by the Canadian Court substantially in the form attached hereto as Exhibit C.



**"CCAA Proceedings"** means the proceedings commenced under the CCAA by the Seller pursuant to the CCAA Initial Order.

**"CCAA Recognition Order"** means an order of the Bankruptcy Court entered in the Chapter 15 Proceedings pursuant to section 1517 of the Bankruptcy Code recognizing the CCAA Proceedings as foreign main proceedings.

**"Chapter 15 Debtors"** means the Seller, the Additional Sellers and Cinram (U.S.) Holding's Inc.

**"Chapter 15 Proceedings"** means the proceedings commenced under chapter 15 of the Bankruptcy Code by each of the Chapter 15 Debtors.

**"Closing"** means the completion of the sale and purchase of the Purchased Assets pursuant to this Agreement at the Closing and all other transactions contemplated by this Agreement that are to occur contemporaneously with the sale and purchase of the Purchased Assets.

**"Closing Date"** means July 31, 2012, or such other date agreed to by the Parties in writing, subject to satisfaction of the conditions to Closing set forth in Article 7.

**"Code"** means the United States Internal Revenue Code of 1986, as amended.

**"Confidential Information"** means the information (whether or not marked or identified as confidential), including but not limited to intellectual property, methodology, technology and programs, software, source code, product plans, designs, formulae, processes, techniques, drawings, diagrams, visual demonstrations, ideas, concepts, costs, prices and names, data, technical information, financial information, business plans, business processes and systems, information relating to clients and prospective clients, agreements and terms thereof, strategies, practices, marketing plans, advertising, commercial or sales materials, business opportunities, personnel, research, development or know-how which has been or may hereafter be disclosed, directly or indirectly, to the Buyer either orally, in writing or in any other form or medium whatsoever pursuant to or in contemplation of this Agreement, provided that Confidential Information shall not include information that: (a) is now or subsequently becomes generally available to the public through no fault or breach on the part of the Buyer; (b) is independently developed by the Buyer without the use of any of the Confidential Information, provided that such independent development is capable of being proven in a court of law; (c) is required to be disclosed by court order or other lawful action of a Governmental Authority, but only to the extent so ordered or required, and provided that the Buyer shall notify the Seller, so that the Seller may attempt to obtain a protective order either restricting or preventing such disclosure; or (d) is rightfully received by the Buyer from a third party without a duty of confidentiality to the Seller or its Affiliates, provided that such rightful receipt by the Buyer is capable of being proven in a court of law.

**"Confidentiality Agreement"** means the confidentiality and non-disclosure agreement executed by the Buyer in favour of the Seller dated April 3, 2012.

**"Court Approval"** means (a) the issuance of the Approval and Vesting Order by the Canadian Court approving the sale of the Purchased Assets, (b) the entry of a Sale Recognition Order by the Bankruptcy Court, and (c) with respect to both the Approval and Vesting Order and the Sale Recognition Order, all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion, or petition having been filed and remaining pending, any requests for rehearing have been denied, no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, the expiration of any required waiting or appeal period(s) without an appeal having been filed and remaining pending, and all conditions to effectiveness prescribed therein or otherwise by law or order having been satisfied.

**"Court Orders"** means the CCAA Initial Order, the Approval and Vesting Order, the Provisional Relief Order, the CCAA Recognition Order, and the Sale Recognition Order.

**"Data Room"** means the virtual data room available at <https://goodmansdealroom.firmex.com/app/login.aspx>.

**"Effective Date"** means April 30, 2012.

**"Effective Date Balance Sheet"** has the meaning given that term in Section 4.8(d).

**"Employee Plan"** means any plan, arrangement, agreement or program sponsored, administered or maintained by the Seller that has any application to the Seller's employees (including directors, officers, retired employees, former employees, individuals working on contract with the Seller or other individuals providing services to the Seller of a kind normally provided by employees) or their dependants or beneficiaries and consisting of or relating to, as the case may be, any one or more of the following:

- (a) retirement savings or pensions, group registered retirement savings plan, or supplemental pension or retirement plan or retirement compensation arrangement;
- (b) any bonus, incentive or retention pay or compensation, deferred compensation, profit sharing or deferred profit sharing, stock option, stock appreciation, stock purchase, phantom stock, vacation or vacation pay, sick pay, severance or termination pay, employee loans or separation from service benefits, or other type of plan or arrangement providing for compensation or benefits additional to base pay or salary; and
- (c) any disability or wage continuation benefits during periods of absence from work, or any other benefit, including supplemental unemployment, hospitalization, health, medical/dental, disability, life insurance, death or survivor benefits, employment insurance, and fringe benefits.

**"Encumbrance"** means any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind other than licenses of Intellectual Property.

**“Environmental Claim”** means any claim, action, cause of action, investigation or notice by any Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, Governmental Authority response costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (a) the presence, Release or threatened Release of any Hazardous Materials at any location owned or operated by the Seller or any Additional Seller, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

**“Environmental Law”** means any Applicable Law relating to pollution or protection of the environment, natural resources or human health and safety (including occupational or workplace health and safety), including laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport, disposal, transfer, discharge, control, recycling, production, generation or handling of Hazardous Materials and all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials, each as amended and as now in effect.

**“Environmental Permit”** means any permit, licenses, approvals, authorizations franchises, certificates, consents, registrations, certificates of authorization and de-pollution attestation or other authorizations required under any Environmental Law to (a) conduct the Purchased Business as currently conducted, or (b) in relation to the Purchased Assets.

**“Escrow Agreement”** has the meaning given that term in Section 3.1(a).

**“European Business”** has the meaning given to such term in Recital D.

**“European Material Customer”** means those customers separately listed in a writing provided by the Seller to the Buyer (which writing references this definition), which Seller represents are the only customers of the European Business who represented 2% or more of sales during 2011, with such exceptions as noted in such separate writing.

**“European Purchase Price”** has the meaning given to such term in Section 3.1(c).

**“European Representations”** has the meaning given to such term in Section 4.19.

**“Excluded Assets”** has the meaning given to such term in Section 2.2.

**“Excluded Liabilities”** has the meaning given to such term in Section 2.4.

**“Filing Date”** means the date of the Initial CCAA Order.

**“Foreign Representative”** means Cinram International ULC or such other foreign representative as may be appointed by the Bankruptcy Court in the Chapter 15 Proceedings.

**“GAAP”** or **“generally accepted accounting principles”**, except to the extent otherwise expressly provided herein, means generally accepted accounting principles in Canada from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute,

including International Financial Reporting Standards and those recommended in the Handbook of the Canadian Institute of Chartered Accountants on the date on which such generally accepted accounting principles are applied, on the basis that the Purchased Business is regarded as a going concern, other than those principles requiring the recognition of impairment or similar Encumbrances arising out of the CCAA Proceedings and events relating thereto.

**"Governmental Authority"** means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation-making entity:

(a) having jurisdiction over any Asset Seller, the Buyer, the Purchased Assets or the Assumed Liabilities on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or

(b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or Taxing authority or power.

**"Governmental Authorizations"** means authorizations, approvals, franchises, orders, certificates, consents, directives, notices, licenses, permits, variances, registrations or other rights issued to or required by any Asset Seller relating to the Purchased Business or any of the Purchased Assets by or from any Governmental Authority.

**"GST"** means goods and services taxes imposed under the GST Legislation which, for greater certainty, includes the provincial component of any harmonized sales tax imposed under the GST Legislation.

**"GST Legislation"** means Part IX of the *Excise Tax Act* (Canada).

**"Hazardous Materials"** means any substance, including a solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of any of them, which is deemed to be, alone or in any combination, "hazardous," "hazardous waste," "radioactive," "deleterious," "toxic," "caustic," "dangerous," a "contaminant," a "pollutant," a "dangerous good," a "waste," a "special waste," a "source of contamination" or a "source of a pollutant" under any Environmental Law whether or not such substance is defined as hazardous under the Environmental Law involved; any substances or materials the presence or concentration of which in soil, sediment, ground water or surface water is regulated under any Environmental Law, including, without limitation, asbestos, asbestos-containing materials, lead or lead-based paint, polychlorinated biphenyls, mould, mildew or fungi, oil, waste oil, petroleum, petroleum products, or urea formaldehyde foam insulation; and any other material or substance which may pose a threat to the environment or to human health or safety.

**"Huntsville Facility"** means the real property and related facility subject to the IDB Lease.

**"Huntsville Facility Purchase Price"** has the meaning given to such term in Section 4.15(d).

“ICA” means the *Investment Canada Act* (Canada), as amended.

“ICA Financial Statements” has the meaning given such term in Section 4.17(b).

“IDB” has the meaning given such term in Section 4.15(a).

“IDB Lease” has the meaning given such term in Section 4.15(a).

“including” and “includes” shall be interpreted on an inclusive basis and shall be deemed to be followed by the words “without limitation”.

“Initial Designation Date” has the meaning given such term in Section 9.2(b).

“Intellectual Property” means trademarks and trademark applications, trade names, certification marks, patents and patent applications, copyrights, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property, and all registrations and applications for registration thereof.

“Inventories” means, in respect of an entity, all inventories of finished goods (other than finished goods, including replicated disks, that belong to customers), work in process, raw materials and other materials and supplies, including packaging and similar materials.

“KERP” means the key employee retention plan adopted by Cinram in October, 2011, including the letter agreements with the Seller’s two senior executives dated January 17, 2012.

“Letters of Credit” means the letters of credit listed in Schedule 1.1(c).

“Madison Purchase Right” has the meaning given to such term in Section 4.15(e).

“Material Adverse Effect” means a change in or an effect on the Purchased Business and the European Business (taken as a whole), or circumstance, that materially and adversely impacts the value of the Purchased Business and the European Business (taken as a whole) as at the date of this Agreement, but shall exclude: (a) the commencement of the CCAA Proceedings and the Chapter 15 Proceedings or any changes or effects resulting from the announcement or pendency of the CCAA Proceedings or the Chapter 15 Proceedings; (b) changes, effects or circumstances that generally, or in the regions in which the Purchased Business or the European Business operate, affect the industries in which the Purchased Business or the European Business operate (including legal and regulatory changes); (c) any change or prospective change in Applicable Law or GAAP, or any interpretation of any of the foregoing; (d) general economic or political conditions or changes, effects or circumstances affecting the financial or securities markets generally; (e) changes, effects or circumstances relating to foreign currency exchange rate fluctuations; (f) changes arising from the consummation of the transactions contemplated in this Agreement, or the announcement of the execution of this Agreement, including (i) any actions of competitors, (ii) any actions taken by or losses of employees, or (iii) any delays or cancellations of orders for products or services; (g) any reduction in the price of services or products offered by the Purchased Business or the European Business in response to the reduction in price of comparable services or products offered by a competitor; (h) changes

caused by acts of terrorism or war (whether or not declared); and (i) any change, effect or circumstance that results from any action taken pursuant to or in accordance with this Agreement or at the request of the Buyer.

**"Material Contracts"** means: (a) except pursuant to purchase orders issued in the ordinary course of business, any contract for the purchase of materials, supplies, goods, services, equipment or other assets that provides for aggregate payments by or to any Asset Seller of \$250,000 or more; (b) the customer contracts whose aggregate annual revenues to the Purchased Business constituted at least 90% of the consolidated annual revenues of the Purchased Business during 2011; (c) a contract which by its terms cannot be terminated by an Asset Seller for a period in excess of 12 months without a payment or a penalty; (d) an employment or consulting contract requiring an Asset Seller to pay annual compensation of \$125,000 or more; (e) a contract restricting in any manner an Asset Seller's right to compete in any material line of business with any other Person; (f) a contract regarding indemnification, other than those contracts that contain customary indemnification clauses as part of the overall agreement; and (g) a contract wherein an Asset Seller granted to another Person exclusive rights, all of which have been separately listed in a writing provided by the Seller to the Buyer (which writing references this definition).

**"Material Customers"** means those customers separately listed in a writing provided by the Seller to the Buyer (which writing references this definition), which Seller represents are the only customers of the Purchased Business who represented 2% or more of sales during 2011, with such exceptions as noted in such separate writing.

**"Moelis"** has the meaning given to such term in Recital B.

**"Monetary Defaults"** means monetary defaults under each of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment, excluding (a) amounts accrued on the Effective Date Balance Sheet, (b) Assumed Uncaptured Accruals, and (c) amounts that arose after April 30, 2012 in the ordinary course of business.

**"Monitor"** means the monitor appointed by the Canadian Court under the CCAA Initial Order in respect of the CCAA Proceedings.

**"Objecting Counterparty"** has the meaning given such term in Section 9.2(g).

**"Offer"** has the meaning given to such term in Recital D.

**"Olyphant Contract"** has the meaning given to such term in Section 9.2(i).

**"Olyphant Facility"** means that certain manufacturing facility owned by Cinram Manufacturing LLC located at 1400 E. Lackawanna Ave., Olyphant, Pennsylvania.

**"Open Contract"** has the meaning given such term in Section 9.2(d).

**"Option"** has the meaning given such term in Section 4.15(a).

“Order” means any order, injunction, treaty, resolution, edict, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“OSC” has the meaning given that term in Section 4.7(a).

“Owned Real Property” means the Real Property that is not an Excluded Asset and all plants, buildings, structures, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) thereon, forming part thereof or benefiting such real or immovable property.

“Parent” has the meaning given that term in Section 4.7(a).

“Parent Financial Statements” has the meaning given that term in Section 4.7(b).

“Parent Reports” has the meaning given that term in Section 4.7(a).

“Partial Assignment” has the meaning given that term in Section 4.15(d).

“Parties” means the Seller and the Buyer collectively, and “Party” means either the Seller or the Buyer.

“Permits” has the meaning given to such term in Section 2.1(h).

“Permitted Encumbrances” means:

(c) Encumbrances listed or described on Schedule 1.1(d);

(d) Encumbrances given by the Seller as security to a public utility or any Governmental Authority when required in the ordinary course of the Purchased Business but only insofar as they relate to any obligations or amounts not due as at the Closing Date;

(e) reservations, limitations, provisos and conditions, if any, expressed in any original grants of land by a Governmental Authority and any statutory limitations, exceptions, reservations and qualifications on real property;

(f) statutory liens for current Taxes, assessments or other governmental charges not yet due and payable or those being contested in good faith;

(g) discrepancies in the legal description of the Real Property or any adjoining real or immovable property which would be disclosed in an up-to-date survey which do not materially adversely affect the use or value of the Real Property affected thereby (based on the current use of such affected property), and any registered servitudes, easements, restrictions or covenants that run with the Real Property, as set forth in a title commitment reasonably acceptable to the Buyer;

(h) rights of way for or reservations or rights of others for, sewers, water lines, gas lines, electric lines, telegraph and telephone lines, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of real or immovable property, which do not in the

aggregate materially detract from the value of any affected property of the Seller (based on the current use of such affected property) or materially impair the use of any property used in the Purchased Business (based on the current use of such affect property) and provided the same are complied with in all material respects up to the Closing Date, as set forth in a title commitment reasonably acceptable to the Buyer;

(i) applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, servicing agreements, cost sharing reciprocal agreements and building restrictions and other similar agreements which do not materially impair the use of the Real Property affected thereby (based on the current use of such affect property) and provided the same are complied with in all material respects to the Closing Date including the posting of any required security for performance of obligations thereunder;

(j) all encroachment agreements, restrictive covenants, survey exceptions, reciprocal easement agreements and other Encumbrances registered against title to any Real Property which do not materially impair the use of such property provided same are complied with in all material respects, as set forth in a title commitment reasonably acceptable to the Buyer;

(k) defects or irregularities in title to the Real Property which are of a minor nature and do not in the aggregate materially impair the use of the Real Property affected thereby (based on the current use of such affect property), as set forth in a title commitment reasonably acceptable to the Buyer;

(l) Encumbrances of mechanics, labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or repair operations which have either been registered or filed pursuant to Applicable Law against the Seller or not yet registered or filed and which, in any such case, relate to obligations not due and payable or which are being contested in good faith by appropriate proceedings diligently conducted;

(m) statutory Encumbrances relating to obligations not due and payable;

(n) Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under equipment Contracts or Personal Property Leases;

(o) Encumbrances associated with the Real Property Leases or the real or immovable properties subject to the Real Property Leases including all offers to lease and monthly tenancies and all other agreements in any way relating to the occupation of any such property and any notice thereof; and

(p) the Assumed Liabilities.

**"Person"** means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.



**"Personal Property Leases"** has the meaning given to such term in Section 2.1(n).

**"Prepaid Expenses"** means, in respect of an entity, the full benefit of all prepaid expenses, other than Tax prepayments and insurance prepayments, of such entity.

**"Provisional Relief Order"** means an order of the Bankruptcy Court entered in the Chapter 15 Proceedings pursuant to section 1519 of the Bankruptcy Code granting provisional relief to the Chapter 15 Debtors.

**"Purchase Price"** has the meaning given to such term in Section 3.1.

**"Purchased Accounts Receivable"** has the meaning given that term in Section 4.8(a).

**"Purchased Assets"** has the meaning given to such term in Section 2.1.

**"Purchased Business"** has the meaning given to such term in Recital C.

**"Real Property"** has the meaning given to such term in Section 2.1(o).

**"Real Property Leases"** has the meaning given to such term in Section 2.1(a).

**"Real Property Taxes"** means Taxes imposed with respect to the Owned Real Property for the tax year that includes the Closing Date which are paid or accrued by the Asset Sellers in the ordinary course of business.

**"Reduced Purchase Price"** has the meaning given to such term in Section 4.15(d).

**"Regulatory Approvals"** means approvals required under the ICA, and all other such consents, approvals, permits and authorizations with any other Governmental Authorities whose consent is required for consummation of the transactions contemplated by this Agreement.

**"Rejection Notice"** has the meaning given such term in Section 9.2(d).

**"Release"** means any release, spill, emission, discharge, leaking, pouring, emptying, escaping, dumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property.

**"Released Party"** has the meaning given to such term in Section 8.10.

**"Sale Recognition Order"** means an order of the Bankruptcy Court, substantially in the form attached hereto as Exhibit D, in form and substance reasonably acceptable to the Buyer and its counsel.

**"Seller"** has the meaning given to such term in the preamble to this Agreement.

**"Seller Expenses"** means all liabilities of the Seller incurred and relating to (a) the period after the Effective Date in connection with the Seller's strategic process and the transactions

contemplated hereby to the professional advisors of the Seller and the Seller's lenders, including legal counsel, accountants, tax advisors, financial advisors and other advisors to the Seller and its lenders, and (b) any premiums for the tail directors and officers' insurance paid by the Seller as permitted by Section 8.2, but excluding obligations under the KERP and any excise taxes exigible on such Seller Expenses.

**"Seller's Representations"** has the meaning given that term in Section 12.4.

**"Sunset Date"** has the meaning given to such term in Section 10.1(b)(i).

**"Superior Proposal"** means any written Acquisition Proposal made after the date of this Agreement that:

(a) is, in the opinion of the Board of Trustees, acting in good faith after receiving the advice of its outside legal counsel and financial advisors, reasonably likely to be consummated at the time and on the terms proposed, taking into account, to the extent considered appropriate by the Board of Trustees, all financial, legal, regulatory and other aspects of such Acquisition Proposal;

(b) in respect of which the funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to be available to the reasonable satisfaction of the Board of Trustees;

(c) did not result from a breach of Section 8.8; and

(d) in respect of which the Board of Trustees determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors that, having regard to all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Seller from a financial point of view than the transactions contemplated hereby.

**"Tax"** and **"Taxes"** means:

(a) taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Ontario and other government pension plan premiums or contributions; and

(b) any liability in respect of any items described in clause (a) payable by reason of contract, assumption, transferee liability, operation of law, United States Income Tax Regulation

Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under law) or otherwise;

**"Title Company"** has the meaning given to such term in Section 11.1.

**"Title Commitment"** means a preliminary title commitment in respect of each parcel comprising the Owned Real Property and the Huntsville Facility.

**"Title Insurance Policy"** has the meaning given to such term in Section 8.11(b).

**"Transfer Taxes"** has the meaning given to such term in Section 8.6(c).

**"Transferred Intellectual Property"** has the meaning given to such term in Section 4.9(a).

**"Transition Services Agreement"** has the meaning given such term in Section 2.6.

**"Uncaptured Accruals"** means liabilities or contingent liabilities of the Purchased Business that arose on or prior to, and that have not been paid in full as of, the Effective Date in the ordinary course of business (other than liabilities or contingent liabilities that are, or relate to, Excluded Assets or Excluded Liabilities), but that are not set forth on the Effective Date Balance Sheet, the amount of which shall be agreed upon by the parties or determined by courts through the CCAA Proceedings and/or the Chapter 15 Proceedings.

**"Unpermitted Encumbrance"** means any defect in the title of any of the Owned Real Property or the Huntsville Facility or any other matter unacceptable to the Buyer with respect to the Owned Real Property or the Huntsville Facility that does not constitute a Permitted Encumbrance and that has a Material Adverse Effect on the Buyer's ability to operate the Business in its current manner from the Owned Real Property or the Huntsville Facility.

## 1.2 Exhibits and Schedules

The following Exhibits and Schedules form part of this Agreement:

- Exhibit A – Offer for European Business
- Exhibit B – Approval and Vesting Order
- Exhibit C – CCAA Initial Order
- Exhibit D – Sale Recognition Order
- Exhibit E – Transition Services Agreement Matters
- Exhibit F – Escrow Agreement
- Exhibit G – Effective Date Balance Sheet
- Exhibit H – ICA Financial Statements

Exhibit I	-	Representations Concerning Business in Europe
Schedule 1.1(a)	-	Accounts Payable
Schedule 1.1(b)	-	Assumed Employee Plans
Schedule 1.1(c)	-	Letters of Credit
Schedule 1.1(f)	-	Permitted Encumbrances
Schedule 2.1(a)	-	Real Property Leases
Schedule 2.1(b)	-	Equipment
Schedule 2.1(h)	-	Permits
Schedule 2.1(i)	-	Intellectual Property
Schedule 2.1(j)	-	Domain Names and Internet Addresses
Schedule 2.1(n)	-	Personal Property Leases
Schedule 2.1(o)	-	Real Property
Schedule 2.2(p)	-	Specifically Excluded Assets
Schedule 4.3	-	Consents
Schedule 4.5	-	Title
Schedule 4.6	-	Contracts
Schedule 4.9	-	Transferred Intellectual Property

### 1.3 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended, or to any restated or successor legislation of comparable effect.

### 1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

### 1.5 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.

**1.6 Currency**

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in United States dollars (US\$).

**1.7 Knowledge**

Where any representation or warranty contained in this Agreement is qualified by reference to the knowledge of the Seller it will be deemed to refer to the actual knowledge after due inquiry of Steve Brown, John Bell, Neil Ballantine, Howard Berman and David Ashton, without personal liability on the part of any of them.

**1.8 Invalidity of Provisions**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

**1.9 Entire Agreement**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties, provided that the Confidentiality Agreement shall remain in full force and effect, and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

**1.10 Waiver, Amendment**

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

**1.11 Governing Law; Jurisdiction and Venue**

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the

Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the courts of Ontario for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 12.8 shall be deemed effective service of process on such Party.

Notwithstanding the foregoing, any and all documents or orders that may be filed, made or entered in the CCAA Proceedings or Chapter 15 Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the CCAA or the Bankruptcy Code, as applicable, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the Canadian Court or the Bankruptcy Court, as applicable, for the resolution of any such disputes, regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 12.8 shall be deemed effective service of process on such Party.

## ARTICLE 2. – PURCHASE AND SALE

### 2.1 Agreement to Purchase and Sell Purchased Assets

Upon and subject to the terms and conditions of this Agreement, and subject to receipt of the Court Approval, at the Closing the Seller shall sell (and shall cause the other Asset Sellers to sell) and the Buyer shall purchase, free and clear of all Encumbrances other than Permitted Encumbrances, the Seller's and the other Asset Sellers' respective right, title and interest in and to the following assets, property and undertaking, owned or used or held by them for use in, or relating to, the Purchased Business (collectively, the "Purchased Assets"):

(a) the leases of the premises listed and described in Schedule 2.1(a), all benefits, rights and options pursuant to such leases and all leasehold improvements forming part thereof (collectively, the "Real Property Leases") and all subleases of real property held by any Asset Seller as landlord, in each case subject to the designation rights granted to the Buyer in Section 9.2;

(b) all machinery, equipment (including all trucks, cars and other motor vehicles), parts, tools, office equipment, computers, servers, furniture, network equipment, electronic and optical equipment, racks, routers, generators, cables, furnishings and accessories whether located on the premises of any Asset Seller or elsewhere, including the assets summarized in Schedule 2.1(b), together with any additions thereto arising in the ordinary course of the Purchased Business from the date of this Agreement to the Closing Date;

(c) the Asset Sellers' Accounts Receivable;

(d) the Asset Sellers' Inventories;

(e) the Asset Sellers' Prepaid Expenses;

- (f) all unbilled revenues of each Asset Seller relating to the Purchased Business;
- (g) all Material Contracts and all other contracts, agreements, leases, commercial indemnities, third party licenses and other legally binding instruments relating to the Purchased Business or the Purchased Assets to which an Asset Seller is a party or by which an Asset Seller is bound, subject in each case to the designation rights granted to the Buyer in Section 9.2 (the "Assumed Contracts");
- (h) the permits, licences, approvals, authorizations and franchises which any Asset Seller holds for the Purchased Business and which are required by each Asset Seller to own the applicable Purchased Assets or to carry on the Purchased Business as set out in Schedule 2.1(h) (the "Permits");
- (i) the Intellectual Property used in the Purchased Business listed in Schedule 2.1(i);
- (j) all domain names and internet addresses listed in Schedule 2.1(j);
- (k) all assets, agreements and policies forming part of any Assumed Employee Plan, subject in each case to the designation rights granted to the Buyer in Section 9.2;
- (l) the goodwill of the Purchased Business together with the exclusive right to represent the Buyer as carrying on the Purchased Business as successor to the Seller;
- (m) subject to Section 2.2(b), all business and financial records and files of the Purchased Business, including all customer lists and lists of suppliers, all operating manuals and specifications, but excluding Tax records and books and records pertaining thereto and all books and records of the Asset Sellers not pertaining to the Purchased Assets or the Purchased Business; provided, however, that the Asset Sellers may retain copies of (i) any records included in the Purchased Assets and (ii) all personnel files, to the extent necessary or useful for the administration any proceedings under the CCAA or any other proceeding to which it is or becomes a party, the filing of any Tax return or compliance with any Applicable Law;
- (n) all leases of personal or moveable property that relate to the Purchased Business listed on Schedule 2.1(n), including all benefits, rights and options pursuant to such leases and all leasehold improvements forming part thereof, subject in each case to the designation rights granted to the Buyer in Section 9.2 (the "Personal Property Leases");
- (o) the real or immovable property owned by the Asset Sellers and used in the Purchased Business listed on Schedule 2.1(o), and all plants, buildings, structures, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) thereon, forming part thereof or benefiting such real or immovable property (the "Real Property");
- (p) all software and documentation therefor used in the Purchased Business, including, all electronic data processing systems, program specifications, source codes, object code, input data, report layouts, formats, algorithms, record file layouts, diagrams, functional

specifications, narrative descriptions, flow charts, operating manuals, training manuals and other related material;

(q) all telephone, telex and telephone facsimile numbers and other directory listings and e-mail and website addresses used in connection with the Purchased Business;

(r) all refundable Taxes previously paid by the Seller (including any Taxes paid under the GST Legislation) and any claim or right of the Seller to any refund of Taxes for periods ending on or prior to the Closing Date or which include the Closing Date; and

(s) cash on hand or on deposit with banks or other depositories, other cash equivalents, certificates of deposit, money markets instruments, bank balances and rights in and to bank accounts, excluding (for clarity) the Excluded Assets.

Contemporaneously with the sale of the other Purchased Assets, the Seller shall transfer control of replicated disk inventories relating to the Assumed Contracts.

## 2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, the Purchased Assets shall not include any of the following assets of the Seller or the Additional Sellers (collectively, the "Excluded Assets"):

(a) debts due or accruing to any Asset Seller from any shareholder, director, officer, employee or Affiliate of the Seller;

(b) the general ledger, accounting and Tax records, minute books, corporate seal, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of any Asset Seller as a Person;

(c) the Seller's rights under this Agreement or the transactions contemplated hereby;

(d) any deferred Tax assets of any Asset Seller reflecting either the differences between the treatment of items for accounting and income Tax purposes or carryforwards, except to the extent set forth on the Effective Date Balance Sheet, and the amount of any refunds of Taxes paid in respect of income, gross receipts or profits of the Asset Sellers received after the Effective Date and relating to the 2012 or prior taxation years;

(e) all contracts of insurance, insurance policies (including D&O policies), insurance plans, insurance refunds, the interest of any Asset Seller in any insurance policies, including any cash surrender value thereof, all assets of the foregoing and all rights and claims under or in respect of the foregoing;

(f) all contracts that are not Assumed Contracts, Real Property Leases or Personal Property Leases or otherwise specifically set forth in Section 2.1, including any contracts that are not designated by the Buyer pursuant to Section 9.2;



- (g) all Tax records and books and records pertaining thereto and all books and records of the Asset Sellers not included in Section 2.1(m);
- (h) the assets or business of IHC Corporation and Cinram Wireless LLC;
- (i) the Purchase Price;
- (j) all assets and properties of the Asset Sellers that are not Purchased Assets;
- (k) the shares of capital stock or other equity interest in Cinram (U.S.) Holding's Inc., Synbar Equities Inc., Cinram International (Hungary) PrLtd, Cooperatie Cinram Netherlands UA and 1362806 Ontario Limited, any intercompany receivables or payables, or any intercompany investments;
- (l) subject to Section 8.16, the cash collateral securing Letters of Credit;
- (m) all real property interests of Cinram Manufacturing LLC in the Olyphant Facility;
- (n) retainers held by the Seller's advisors for post-Closing matters;
- (o) the amount of cash advanced by Cinram Wireless LLC or Cinram International (Hungary) PrLtd to any Asset Seller since the Effective Date, any debt owing by Cinram International (Hungary) PrLtd to any Asset Seller and the amount of cash equal to any repayment of any debt owing by Cinram International (Hungary) PrLtd to any Asset Seller since the Effective Date; and
- (p) those assets of the Asset Sellers set forth on Schedule 2.2(p).

**2.3 Assumption of Liabilities**

The Buyer shall assume as of the Closing Date and shall pay, discharge and perform, as the case may be, from and after the Closing Date, the following liabilities and obligations with respect to the Purchased Business and/or the Purchased Assets to the extent not paid or performed by the Asset Sellers prior to Closing (collectively, the "Assumed Liabilities"):

- (a) liabilities of the Asset Sellers for the following items as of the Effective Date:
  - (i) trade accounts payable;
  - (ii) royalties;
  - (iii) sales allowances;
  - (iv) accrued freight;
  - (v) accrued wages;
  - (vi) accrued payroll taxes;

- (vii) accrued vacation;
- (viii) accrued medical benefits;
- (ix) accrued workers compensation;
- (x) accrued temporary labor;
- (xi) accrued returns;
- (xii) accrued commissions;
- (xiii) accrued office, facilities, and information technology costs; and
- (xiv) asset retirement obligations,

except for (A) those liabilities that relate to contracts that are not designated by the Buyer pursuant to Section 9.2, and (B) other unsecured obligations at the Filing Date which the parties agree are not to be assumed by the Buyer;

(b) liabilities of the Asset Sellers of the types listed in Sections 2.3(a)(i) through (xv) incurred on and after May 1, 2012 to the Filing Date, if incurred in the ordinary course of business, except for (i) those liabilities that relate to contracts that are not designated by the Buyer pursuant to Section 9.2, and (ii) other unsecured obligations at the Filing Date which the parties agree are not to be assumed by the Buyer;

(c) all liabilities of the Asset Sellers in connection with the Purchased Business incurred in the ordinary course of business on and after the Filing Date to and including the Closing Date;

(d) all liabilities set forth on the Effective Date Balance Sheet and accrued between the Effective Date and the Closing Date in the ordinary course of business under Assumed Contracts, Personal Property Leases, Real Property Leases and other contracts designated by the Buyer under Section 9.2, subject to any applicable Purchase Price deductions set forth in Section 3.2;

(e) all liabilities with respect to the post-Closing operation of the Purchased Business or ownership of the Purchased Assets, including liabilities of the Asset Sellers following the Closing under Assumed Contracts, Personal Property Leases, Real Property and other contracts designated by the Buyer under Section 9.2;

(f) all liabilities with respect to Assumed Employees and Assumed Employee Plans set forth in Section 8.7(b), including KERP obligations payable on or after the Closing Date, but subject to the provisions regarding self insured claims set forth in Section 8.7(c);

(g) Transfer Taxes;

(h) all liabilities in respect of capitalized leases with respect to Purchased Assets;

(i) Real Property Taxes; and

(j) those Uncaptured Accruals with respect to which the Seller has agreed there will be a reduction of the Purchase Price on a dollar-for-dollar basis (any such Uncaptured Accruals, "Assumed Uncaptured Accruals").

#### 2.4 Excluded Liabilities

The following debts, obligations and liabilities of the Seller and/or the Additional Sellers shall be and remain the sole responsibility of the Seller and/or the Additional Sellers, as applicable, and the Buyer shall not assume, accept or undertake the following debts, obligations, or liabilities of the Seller and/or the Additional Sellers (collectively, the "Excluded Liabilities"):

(a) all liabilities and obligations relating to the Excluded Assets;

(b) all Seller Expenses;

(c) all liabilities and obligations with respect to employees who are not Assumed Employees and that arise under or relate to Employee Plans that are not Assumed Employee Plans (including any unfunded or underfunded pension liabilities), except as expressly set forth in Section 8.7(c);

(d) all liabilities and obligations related to Taxes in respect of income, gross receipts or profits of the Asset Sellers; and

(e) other than as expressly set forth herein as an Assumed Liability, any other liability of the Seller or the Additional Sellers whatsoever.

#### 2.5 Assignment of Purchased Assets

Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Purchased Asset or any right thereunder if an attempted assignment, without the consent of a third party, would constitute a breach or in any way adversely affect the rights of the Buyer or the Seller thereunder. If such consent is not obtained or such assignment is not attainable pursuant to the CCAA, the Seller and the Buyer will cooperate and use their respective commercially reasonable efforts to implement a mutually agreeable arrangement pursuant to which the Buyer would obtain the benefits and assume the obligations thereunder in accordance with this Agreement, provided, however, that the Buyer acknowledges and agrees that nothing in this Section 2.5 shall operate to prohibit or diminish in any way the right of the Seller to dissolve, wind up or otherwise cease operations or its corporate existence in any manner or at any time subsequent to the Closing Date as it may determine in its sole discretion, which may be exercised without regard to the impact any such action may have on the Seller's ability to fulfill its obligations under this Section 2.5.

## 2.6 Transition Services

The parties shall negotiate in good faith and at or prior to the Closing enter into an agreement, with effect as of Closing Date, with respect to the matters set forth on Exhibit E attached hereto (the "Transition Services Agreement").

## ARTICLE 3. – PURCHASE PRICE AND RELATED MATTERS

### 3.1 Purchase Price

The aggregate purchase price for the Purchased Assets and pursuant to the Offer for the European Business shall be \$82,500,000, subject to adjustment as provided in Section 3.2 (the "Purchase Price"), and shall be paid as follows:

(a) The sum of \$5,000,000 shall be paid in cash by the Buyer upon execution of this Agreement by the Parties as a deposit (the "Deposit"), which Deposit shall be paid to and held by JPMorgan Chase Bank pursuant to an escrow agreement in the form attached hereto as Exhibit F (the "Escrow Agreement");

(b) The Deposit shall be held pursuant to the Escrow Agreement until the Closing and credited toward the Purchase Price at the Closing;

(c) The balance of the Purchase Price for the Purchased Business, after crediting the Deposit pursuant to Section 3.1(b), and subject to the adjustments provided in Section 3.2, less \$10,000,000, shall be paid in cash at the Closing;

(d) \$10,000,000 of the Purchase Price shall be paid on the earlier of the closing of the acquisition of the European Business and December 17, 2012; and

(e) The Purchase Price pursuant to the Offer for the European Business (the "European Purchase Price"), shall be paid as provided in the Offer.

### 3.2 Purchase Price Adjustments

The Purchase Price for the Purchased Assets shall be decreased, on a dollar-for-dollar basis, to reflect (a) any distribution or other transfer of cash or assets from the Asset Sellers to their owners (but not between or among the Asset Sellers) following the Effective Date, (b) any Seller Expenses paid by the Asset Sellers prior to the Closing Date, (c) all fees and expenses associated with the debtor-in-possession financing described in Section 8.2(c), including commitment, agency and other fees, and interest expense, but excluding (for clarity) principal amounts, (d) any breach remedy costs required to be paid to remedy Monetary Defaults in connection with the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, (e) without duplication of any adjustments pursuant to previous clause (d), any Assumed Uncaptured Accruals, and (f) the amount of any Taxes actually paid by an Asset Seller after the Effective Date in respect of income, gross receipts or profits of the Asset Sellers for the calendar years 2012 and prior, and shall be increased on a dollar-for-dollar basis to reflect (a) any shortfall in the amount of cash required to fully repay at Closing any debtor-in-

possession facility entered into in accordance with Section 8.2(c), and (b) amounts drawn under the Letters of Credit from the date of this Agreement to the Closing Date. At least three (3) Business Days prior to the Closing Date, the Seller shall deliver to the Buyer a worksheet setting forth the Seller's good faith estimate of the adjustments to the Purchase Price for the Purchased Assets required by this Section 3.2, including supporting documentation. If the worksheet is not acceptable to the Buyer, the Buyer shall promptly submit its comments on the worksheet to the Seller, and together they shall endeavour in good faith to address such comments so as not to delay the Closing. The Purchase Price for the Purchased Assets paid pursuant to Section 3.1(c) shall be adjusted as agreed to by the Seller and the Buyer on the basis of the worksheet and their discussions concerning the worksheet. The Purchase Price pursuant to the Offer for the European Business shall be subject to any adjustments provided for in the Offer. The Purchase Price shall not be adjusted, other than as set forth in this Section 3.2, in respect of amounts required to be paid by the Asset Sellers hereunder.

### **3.3 Purchase Price Allocation**

Within thirty (30) days following the Closing, the Parties shall use their respective commercially reasonable efforts to agree on the allocation of the Purchase Price for the Purchased Assets and the value of the Assumed Liabilities among each of the Purchased Assets (the "**Allocation Statement**"). The Allocation Statement shall be prepared in accordance with Section 1060 of the Code and other applicable tax laws. The Buyer and the Seller shall report the purchase and sale of the Purchased Assets in any Tax returns relating to the transactions contemplated in this Agreement in a manner consistent with such allocation. If the Parties cannot agree on the Allocation Statement, each Party shall be permitted to make such allocation and report the purchase and sale of the Purchased Assets in any Tax returns relating to the transactions contemplated in this Agreement in a manner determined in its sole discretion.

## **ARTICLE 4. -- REPRESENTATIONS AND WARRANTIES BY THE SELLER**

The Seller represents and warrants to the Buyer as follows, and acknowledges that the Buyer is relying upon the following representations and warranties in connection with its purchase of the Purchased Assets:

### **4.1 Entity Power**

The Seller is duly organized under the *Canada Business Corporations Act* and, subject to Court Approval being obtained, has all necessary corporate power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder and to carry out its obligations hereunder and thereunder. Each Additional Seller is duly organized under the Applicable Laws of the jurisdiction of its organization and has all necessary entity power, authority and capacity to carry out the actions necessary to consummate the transactions contemplated hereunder. Each of the Asset Sellers is qualified to do business and is in good standing in each of the jurisdictions in which the ownership or leasing of its assets or the conduct of its businesses requires such qualification, except in the case where the failure to so qualify or be licensed would not have a Material Adverse Effect. Each of the Seller and the Additional Sellers has the requisite power and authority to own or lease and to operate and use its assets and

properties, including the Purchased Assets, and carry on the Purchased Business as now conducted.

#### **4.2 Due Authorization and Enforceability of Obligations**

Subject to Court Approval being obtained, the Seller has all necessary power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder, and to carry out its obligations hereunder and thereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action (corporate or otherwise) of the Seller. Without limiting the generality of the foregoing, the Seller has the power and authority to bind the Additional Sellers to this Agreement. This Agreement constitutes a valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to Court Approval, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

#### **4.3 Approvals and Consents**

Except for (a) the Court Approval, (b) the Regulatory Approvals, (c) the consents, approvals or waivers set forth on Schedule 4.3 that are required in connection with the assignment of a Purchased Asset, and (d) any consents required of counterparties to non-Material Contracts, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Seller or any Additional Seller and each of the agreements to be executed and delivered by the Seller or any Additional Seller or the purchase of any of the Purchased Assets hereunder, the absence of which would individually or in the aggregate materially impair the ability of the Buyer and the Seller to complete the transactions contemplated by this Agreement or materially impair the ability of the Buyer to own the Purchased Assets and to operate the Purchased Business after the Closing in substantially the same manner as it is operated as of the date of this Agreement.

#### **4.4 Non-Contravention**

Neither the execution and delivery of this Agreement or any other agreement or document to which the Seller or any Additional Seller is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by the Seller or any Additional Seller with any provisions hereof or thereof will (a) conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the articles, by-laws or other constating documents of the Seller or any Additional Seller, or (b) conflict with or result in a breach or a default (or give rise to any right of termination, cancellation, acceleration, modification or other right) under any of the provisions of any note, bond, mortgage, indenture, franchise, permit, material contract or other instrument or obligation to which the Seller or any Additional Seller is a party, or by which the Seller or any Additional Seller is bound or affected, except for (i) any conflict, breach or default as to which requisite waivers or consents shall have been obtained by the Seller or any

Additional Seller before Closing, (ii) breaches which, upon receipt of Court Approval, shall not impede the Closing, and (iii) breaches relating to the failure to obtain consent under the terms of a contract that is not a Material Contract, which the Seller agrees to seek assignments for in the Court Orders.

#### 4.5 Title

(a) Except as set forth in Schedule 4.5, the Seller or the Additional Sellers are the sole legal and beneficial owners, lessees or licensees of the Purchased Assets, with good and valid title, or a valid leasehold or licensed interest, in the Purchased Assets, free and clear of all Encumbrances except the Permitted Encumbrances. Upon delivery to the Buyer on the Closing Date of the instruments of transfer contemplated by Section 11.2, and subject to the terms of the Court Orders, the Seller or the Additional Sellers will thereby transfer to the Buyer good and valid title to, or, in the case of property leased or licensed by the Seller or the Additional Sellers, a valid leasehold or licensed interest in, all of the Purchased Assets, free and clear of all Encumbrances except for Assumed Liabilities and the Permitted Encumbrances.

(b) The Purchased Assets constitute all of the assets that are necessary and sufficient to conduct the Purchased Business in the manner conducted as of the date of this Agreement, except for the Excluded Assets.

(c) The Purchased Assets are, and at the Closing Date will be, in sufficient working order and condition to operate the Purchased Business as it is operated as of the Effective Date.

#### 4.6 Contracts

Subject to receipt of the Court Approval, each of the Assumed Contracts forming part of the Purchased Assets that is a Material Contract is in full force and effect and constitutes a legal, valid and binding obligation of an Asset Seller, and the other parties thereto, enforceable in accordance with its terms, and such Asset Seller, is entitled to all of the benefits, rights and privileges under each such Assumed Contract. Except as set forth on Schedule 4.6, none of the Asset Sellers has received any notice that any Person intends or desires to modify, waive, amend, rescind, release, cancel or terminate any Assumed Contract forming part of the Purchased Assets that is a Material Contract. Except as set forth on Schedule 4.3, no Assumed Contract that is a Material Contract requires the consent of any Person for such Assumed Contract to be assigned to the Buyer. There is no contract, agreement or other arrangement granting any Person any preferential right to purchase any of the Purchased Assets, other than such as shall be abrogated by the Court Approval.

#### 4.7 Public Company Reports; Financial Statements; Effective Date Balance Sheet

(a) The Seller has made available to the Buyer each prospectus, report, proxy statement or information statement or other documents filed or furnished by its parent issuer Cinram International Income Fund (the "Parent") with the Ontario Securities Commission ("OSC") on or after January 1, 2010 (collectively, the "Parent Reports"), and the Parent has filed or furnished all forms, reports and documents required to be filed or furnished by it with the OSC pursuant to relevant securities statutes, regulations, policies and rules since such time. As

of their respective dates, the Parent Reports (i) were prepared in accordance with the applicable requirements of the *Securities Act* (Ontario) and the rules and regulations thereunder and complied with the then applicable accounting requirements, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein (with respect to any prospectus, in the light of the circumstances under which they were made) not misleading.

(b) Each of the consolidated balance sheets included in or incorporated by reference into the Parent Reports (including the related notes and schedules) fairly presents in all material respects the consolidated financial position of the Parent and its subsidiaries as of its date and each of the consolidated statements of earnings, cash flows and unitholders' equity included in or incorporated by reference into the Parent Reports (including any related notes and schedules) fairly presents in all material respects the results of operations, cash flows or changes in unitholders' equity, as the case may be, of the Parent and its subsidiaries for the periods set forth therein, in each case in accordance with GAAP, except, in the case of unaudited statements, for year-end audit adjustments and as otherwise may be noted therein. There are no obligations or liabilities of any nature, whether accrued, absolute, contingent or otherwise, of the Parent or any of its subsidiaries, other than those liabilities and obligations (i) that are disclosed or otherwise reflected or reserved for in the financial statements and the notes thereto included in the Parent Reports (the "**Parent Financial Statements**"), provided that such liabilities are reasonably apparent on the face of the Parent Financial Statements, (ii) that are not required under GAAP to be disclosed, reflected or reserved for in the Parent Financial Statements, (iii) that have been incurred in the ordinary course of business since March 31, 2012, (iv) related to expenses associated with the transactions contemplated by this Agreement, or (v) that have not had and would not reasonably be expected to have a Material Adverse Effect.

(c) Based on the evaluation of Parent's controls and procedures conducted in connection with the preparation and filing of the Parent Reports, the Seller has no knowledge of (i) any significant deficiencies or material weaknesses in the design or operation of the internal control over financial reporting that are likely to adversely affect the Parent's ability to record, process, summarize and report financial data, or (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Parent's internal control over financial reporting.

(d) Without limiting the generality of the foregoing provisions of this Section 4.7, the Balance Sheet of the Purchased Business dated as of the Effective Date and attached hereto as Exhibit G (the "**Effective Date Balance Sheet**") fairly presents in all material respects the financial position of the Purchased Business as of the Effective Date. The cash collateral assets securing the Letters of Credit retained by the Seller pursuant to Section 2.2(1) are not included as current assets on the Effective Date Balance Sheet.

#### 4.8 Receivables, Payables and Inventories

(a) The Asset Sellers' Accounts Receivable (collectively, the "**Purchased Accounts Receivable**") reflect valid transactions in the ordinary course of business;



(b) None of the Purchased Accounts Receivable is or was subject to any counterclaim or set off (excluding royalty adjustments) that would adversely affect the Purchased Business;

(c) To the Seller's knowledge, the Purchased Accounts Receivable are collectible in the ordinary course of business using normal collection practices, less the amount of applicable reserves for doubtful accounts and allowances set forth on the Effective Date Balance Sheet;

(d) All of the Accounts Payable included in the Assumed Liabilities arose in bona fide, arms-length transactions in the ordinary course of business; and

(e) The Asset Sellers have good and marketable title to their Inventories, free and clear of all Encumbrances other than Permitted Encumbrances. All such Inventories, net of obsolescence reserves, are in good and merchantable condition in all material respects and are suitable and usable for the purposes for which they are intended.

#### 4.9 Intellectual Property

Except as has been disclosed in writing by the Seller to the Buyer in a writing that references this Section 4.9:

(a) an Asset Seller owns or possesses sufficient legal rights to all Intellectual Property necessary to conduct the Purchased Business as now conducted and as presently proposed to be conducted, without any infringement of the rights of any other Person, all of which is included in the Purchased Assets (the "Transferred Intellectual Property");

(b) except as set forth on Schedule 4.9, there are no outstanding options, licenses or contracts relating to any material Transferred Intellectual Property, nor is an Asset Seller bound by or a party to any contract of any kind with respect to any material Transferred Intellectual Property other than such licenses or contracts arising from the purchase of "off the shelf" or standard products;

(c) all licenses of Transferred Intellectual Property are in full force and effect in accordance with their terms, and neither an Asset Seller nor the counterparty thereto is in material breach thereof; and

(d) there is no action, suit, proceeding or investigation filed or pending or, to the knowledge of the Seller, threatened against an Asset Seller that questions the validity of any Transferred Intellectual Property or that alleges an Asset Seller has violated the Intellectual Property of another Person which if successful would have a Material Adverse Effect on the Purchased Business.

#### 4.10 Environmental Matters

Each of the Asset Sellers (a) is in compliance with Environmental Law, and (b) has obtained and is in compliance with all Environmental Permits required for the occupation of its facilities and the operation of the Purchased Business, except where failure to comply with Environmental Laws, or to obtain or comply with Environmental Permits, would not reasonably

be expected to have, individually or in the aggregate, a Material Adverse Effect. None of the Asset Sellers has received any written communication, whether from a Governmental Authority, employee or otherwise, alleging that it is not in such compliance. No Environmental Claims are pending with respect to the Purchased Business, and to the Seller's knowledge, no Environmental Claims have been threatened against the Purchased Business in writing.

#### 4.11 Labour and Employee Benefits Matters

(a) The Seller has provided the Buyer with a complete and current copy of the plan document of each Assumed Employee Plan or, if such plan document does not exist, an accurate written summary of such Assumed Employee Plan and, as applicable and they relate to any Assumed Employee Plan: (i) any trust agreements; (ii) the most recent financial and accounting statement and report; (iii) the most recent actuarial report; (iv) the most recent annual information returns or other returns filed with any Governmental Authority; (v) insurance policies; (vi) administration or investment agreements; and (vii) the most recent employee booklet with respect to each Assumed Employee Plan.

(b) There is not currently pending or, to the knowledge of the Seller, any threatened strike, material arbitration, material labour dispute or material grievance under any collective labour agreement related to the Purchased Business, or any material slowdown, lockout or work stoppage against or affecting an Asset Seller.

(c) All amounts for unpaid vacation pay, wages, salaries, paid time off, reimbursable employee expenses, commissions or bonuses have been adequately accrued for all Assumed Employees. Since the Effective Date, the Seller has incurred no material liability for termination or severance pay to employees of the Business.

(d) Section 11 of the Data Room contains true and complete copies of all collective labour agreements of the Asset Sellers that pertain to the employees of the Purchased Business, which have been provided to the Buyer. To the knowledge of the Seller, there are no current attempts to organize, certify or establish any labour union or employee association with respect to the employees of the Purchased Business.

(e) No Assumed Employee Plan provides benefits, including death or medical benefits (whether or not insured) beyond retirement or other termination of service other than (i) coverage mandated solely by Applicable Law, (ii) death benefits or retirement benefits under any pension plan, or (iii) benefits the full costs of which are borne by participants and not by the applicable Asset Seller, the employer or sponsor;

(f) Each of the Asset Sellers is in material compliance with all Applicable Laws respecting employment and employment practices, including all laws respecting terms and conditions of employment, health and safety, wages and hours, worker classifications, child labour, immigration, employment discrimination, disability rights or benefits, equal opportunity, plant closures and layoffs, affirmative action, workers' compensation, labour relations, employee leave issues and unemployment insurance. None of the Asset Sellers has received any written communication, whether from a Governmental Authority, employee or otherwise, alleging that it is not in such material compliance.

(g) With respect to each Assumed Employee Plan: (i) if it covers employees in the United States and is intended to qualify under Section 401(a), 401(k) or 403(a) of the Code, such plan and the related trust has received a favourable determination letter from the United States Internal Revenue Service that has not been revoked and there is no basis for the revocation of such letter; (ii) it is and has been established, funded and administered in compliance in all material respects with its terms, Applicable Law and any collective labour agreements, as applicable, and none of the Asset Sellers have received any notice from any Person or Governmental Authority questioning or challenging such compliance; (iii) there is no investigation by a Governmental Authority nor any pending or, to the knowledge of the Seller, threatened claims in writing against, by or on behalf of any Assumed Employee Plan or the assets, fiduciaries or administrators thereof (other than routine claims for benefits); and to the knowledge of the Seller no fact exists which could reasonably be expected to give rise to any such investigation or claim; and (iv) all required employee and employer contributions, premiums and expenses, to or in respect of, such Assumed Employee Plans have been timely paid in full in accordance with their terms and Applicable Laws or, to the extent not yet due, have been adequately accrued.

(h) No amendments or improvements have been made to any Assumed Employee Plan and no commitments to amend or improve any Assumed Employee Plan have been made or promised by the Asset Sellers, nor has any intention to do so been communicated to any employee of the Seller since December 31, 2011 (other than as set forth in the definition of "KERP").

**4.12 Compliance with Laws; Permits**

None of the Asset Sellers has received written notice from any Governmental Authority that it is in violation in any material respect of any Applicable Law in respect of the conduct of the Purchased Business or the ownership of its assets and properties. The Asset Sellers have not received written notice that any material Permits currently held are not in good standing and full force and effect.

**4.13 Litigation**

Except as disclosed in Section 10 of the Data Room, there is no action, suit, proceeding or investigation filed or pending or, to the knowledge of the Seller, threatened against an Asset Seller that would reasonably be expected to result, either individually or in the aggregate, in any Material Adverse Effect. No Asset Seller is a party or subject to an Order that has not been completely satisfied.

**4.14 Insurance**

Section 14 of the Data Room contains a complete and accurate list and description of all primary, excess and umbrella policies, bonds and other forms of insurance currently owned or held by or on behalf of and/or providing insurance coverage related to the Purchased Business. All such policies are in full force and effect, and with respect to such policies, all premiums currently payable or previously due have been paid, and no notice of cancellation or termination has been received with respect to any such policy.

#### 4.15 Huntsville, Alabama Real Property

(a) Cinram, Inc. is the sole tenant under that certain Amended and Restated Lease Agreement dated as of September 1, 1987, by and between The Industrial Development Board of the City of Huntsville (the "IDB"), as lessor, and Laservideo, Inc., as lessee, as amended (the "IDB Lease"). The Seller has delivered to the Buyer a true and complete copy of the IDB Lease.

(b) The IDB Lease is in full force and effect. Neither Cinram, Inc. nor the IDB is in breach or default under the IDB Lease, nor has Cinram, Inc. received any written notice alleging any breach or default, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time, or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under the IDB Lease. Cinram, Inc. has not subleased, licensed, collaterally assigned or otherwise granted to any Person the right to use or occupy any portion of the Huntsville Facility except pursuant to the Facility Lease Agreement and Facility Lease Sublease Agreement disclosed in Section 4 of the Data Room that will be terminated pursuant to Section 11.2(a)(vi).

(c) The Bonds (as defined in the IDB Lease), including all principal and interest, have been paid in full and all fees, charges and disbursements of the Trustee (as defined in the IDB Lease) have been paid by Cinram, Inc. to the Trustee and by the Trustee to the holders of the Bonds. The option to purchase the Huntsville Facility (the "Option"), as set forth in Section 11.2 of the IDB Lease, remains in full force and effect.

(d) As of June 1, 2012, the total purchase price (the "Huntsville Facility Purchase Price") payable to the IDB pursuant to the exercise of the Option is \$843,390, which increases at the rate of \$3,333.33 per month (\$40,000 per year), from and after June 1, 2012. Pursuant to Section 5 of that certain Partial Assignment of Lease and Equity in Project dated as of March 26, 1999, by and between Disc Manufacturing, Inc., as assignor, Cinram, Inc., as assignee, and the IDB (the "Partial Assignment"), Cinram, Inc. has the option to reduce the Huntsville Facility Purchase Price to \$55,000 plus \$1,000 for each 12 month period that elapses after April 1, 1991 (the "Reduced Purchase Price") if Cinram, Inc. pays the Board the Purchase Price Modification Payment (as defined in the Partial Assignment). On the date hereof the Purchase Price Modification Payment is \$746,000, which increases by \$39,000 for each 12-month period that elapses after February 1, 2012. Unless the IDB Lease is amended as set forth in Section 4.15(e), the total amount that would be required to be paid to the IDB in connection with the exercise of the Option and the purchase of the Huntsville Facility at the Closing would be either (i) the amount of the Huntsville Purchase Price, or (ii) the sum of the amount of the Purchase Price Modification Payment plus the Reduced Purchase Price.

(e) The IDB has approved an amendment to the IDB Lease pursuant to which the Huntsville Facility Purchase Price would be fixed at \$55,000 (without any requirement to make a Purchase Price Modification Payment), provided that a lease amendment fee in the amount of \$366,000 is paid. The Seller shall pay the \$366,000 lease amendment fee at the direction of the Buyer prior to the Closing, so that at the Closing, the Option exercise price shall be fixed at \$55,000. Further, if the Buyer so requests in writing not less than thirty-five (35) days prior to the Closing Date, the Seller shall cause the Option to be exercised by Cinram, Inc. so that at the

Closing fee title to the Huntsville Facility shall transfer to Buyer or its nominee. The Option exercise price will be borne by the Buyer at the Closing. Without limiting the generality of the foregoing, at the timely request of the Buyer, Cinram, Inc. will notify the IDB in writing not less than thirty (30) days prior to the Closing Date that the Option is being exercised and that the purchase of the Huntsville Facility pursuant to the exercise of the Option will occur concurrently with the Closing.

(f) Except as disclosed by the Seller to the Buyer in a separate writing referencing this section, there are no outstanding options, rights of first offer or rights of first refusal to purchase or lease the Huntsville Facility or any portion thereof or interest therein, except for the rights to purchase pursuant to that certain Warranty Deed, dated May 5, 1975, by and between Madison County, Alabama, as grantor, and the IDB, as grantee, recorded in Deed Book 507, Page 643, et seq., in the Office of the Judge of Probate, Madison County, Alabama (the "Madison Purchase Right"), which by its terms expired on May 5, 1985. Prior to the Closing Cinram, Inc. will obtain either a recordable instrument from Madison County terminating the Madison Purchase Right or affirmative coverage from the title company insuring Purchaser's interest free and clear of the Madison Purchase Right.

#### 4.16 Competition Act

The Asset Sellers and their Affiliates do not have assets in Canada that exceed \$300 million, or gross revenues from sales in, from or into Canada, that exceed \$300 million, all as determined in accordance with Part IX of the *Competition Act* (Canada) and the Notifiable Transactions Regulations thereunder.

#### 4.17 ICA

For purposes of the ICA and the regulations thereunder:

- (a) the Seller is a non-Canadian within the meaning of the ICA;
- (b) the relevant financial statements for the Asset Sellers, 1362806 Ontario Limited and Cooperatie Cinram Netherlands UA for the purposes of determining the applicable value of the assets of the Asset Sellers, 1362806 Ontario Limited and of Cooperatie Cinram Netherlands UA are set out in the financial statements attached hereto as Exhibit H (collectively, the "ICA Financial Statements");
- (c) the asset value of the intercompany investment in Cooperatie Cinram Netherlands UA in the Seller's December 31, 2011 balance sheet forming part of the ICA Financial Statements is \$1,097,041.28, and the asset value of the intercompany investment in Cooperatie Cinram Netherlands UA in 1362806 Ontario Limited's December 31, 2011 balance sheet forming part of the ICA Financial Statements is \$33,712,075; and
- (d) Cooperatie Cinram Netherlands UA does not carry on a Canadian business or control, directly or indirectly, an entity carrying a Canadian business or an entity in Canada.

#### 4.18 Hart Scott Rodino Antitrust Improvement Act

The non-United States assets owned by the Seller and the Additional Sellers did not generate sales in or into the United States of \$68.2 million or more during the most recent fiscal year of the Seller and the Additional Sellers.

#### 4.19 European Business

The Seller hereby makes the representations and warranties set forth in Exhibit I (the "European Representations"), and acknowledges that the Buyer is relying on the European Representations in connection with its purchase of the Purchased Assets.

#### 4.20 Additional Sellers

The Additional Sellers will and do hereby provide the representations set forth in this Article 4, *mutatis mutandis*.

### ARTICLE 5. – REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows and acknowledges that the Seller is relying upon the following representations and warranties in connection with its sale of the Purchased Assets:

#### 5.1 Corporate Power

The Buyer is a corporation existing under the laws of the State of Delaware and has all necessary corporate power, authority and capacity to enter into this Agreement and make the Offer and the agreements contemplated hereunder and thereunder and to carry out its obligations hereunder and thereunder.

#### 5.2 Due Authorization and Enforceability of Obligations

The execution and delivery of this Agreement and the Offer and the consummation of the transactions contemplated by this Agreement and the Offer have been duly authorized by all necessary corporate action of the Buyer. This Agreement and the Offer constitute valid and binding obligations of the Buyer enforceable against it in accordance with their terms, subject to Court Approval, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

#### 5.3 Approvals and Consents

Except for the Court Approval, the Regulatory Approvals and any consents that may be required in connection with the assignment of a Purchased Asset and the transactions contemplated by the Offer, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution,

delivery or performance of this Agreement or the Offer by the Buyer and each of the agreements to be executed and delivered by the Buyer or the purchaser of any of the Purchased Assets hereunder or the completion of the transaction contemplated by the Offer, the absence of which would materially impair the ability of the Buyer and the Seller to complete the transactions contemplated by this Agreement.

**5.4 Financing**

The Buyer has, and on the Closing Date, will have, sufficient funds to consummate the transactions contemplated by this Agreement and the Offer, including payment of the Purchase Price and assumption of the Assumed Liabilities and the payment of the European Purchase Price.

**5.5 GST Registration**

Prior to Closing, the Buyer (or the entity acquiring the Canadian Purchased Assets, if not the Buyer) will be registered for the purposes of the GST Legislation and will provide its registration number to the Seller.

**5.6 Competition**

The Buyer and its Affiliates do not have assets in Canada that exceed \$100 million in aggregate value, or gross revenues from sales in, from or into Canada, that exceed \$100 million, all as determined in accordance with Part IX of the Competition Act (Canada) and the Notifiable Transactions Regulations thereunder.

**ARTICLE 6. – ASSETS**

**6.1 As is, Where Is**

The Buyer is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Purchased Assets as contemplated hereunder and the European Business as contemplated by the Offer. The Buyer has undertaken such investigations and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. THE BUYER ACKNOWLEDGES AND AGREES THAT THE PURCHASED BUSINESS, THE PURCHASED ASSETS AND THE EUROPEAN BUSINESS ARE SOLD "AS IS, WHERE IS", WITH ALL FAULTS, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN FACT OR BY LAW WITH RESPECT TO THE PURCHASED BUSINESS, THE PURCHASED ASSETS OR THE EUROPEAN BUSINESS EXCEPT AS SET FORTH HEREIN OR IN THE OFFER, AND WITHOUT ANY RECOURSE TO THE SELLER OR ANY OF ITS DIRECTORS, OFFICERS, SHAREHOLDERS, REPRESENTATIVES OR ADVISORS, OTHER THAN FOR FRAUD OR AS OTHERWISE EXPRESSLY PROVIDED HEREIN OR IN THE OFFER. THE BUYER AGREES TO ACCEPT THE PURCHASED BUSINESS, THE PURCHASED ASSETS, THE ASSUMED LIABILITIES AND THE EUROPEAN BUSINESS IN THE CONDITION, STATE AND

LOCATION THEY ARE IN ON THE CLOSING DATE BASED ON ITS OWN INSPECTION, EXAMINATION AND DETERMINATION WITH RESPECT TO ALL MATTERS AND WITHOUT RELIANCE UPON ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY NATURE MADE BY OR ON BEHALF OF OR IMPUTED TO THE SELLER, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. Unless specifically stated in this Agreement, no representation, warranty, term or condition, understanding or collateral agreement, whether statutory (including under the *Sale of Goods Act* (Ontario)), express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, is being given by the Seller in this Agreement or in any instrument furnished in connection with this Agreement, as to description, fitness for purpose, merchantability, quantity, condition, quality, value, suitability, durability, assignability or marketability thereof, or in respect of any other matter or thing whatsoever. Without limiting the generality of the foregoing, the Buyer acknowledges that the Seller does not make any representation or warranty with respect to: (a) any projections, estimates or budgets delivered to or made available to the Buyer of future revenues, future results of operations (or any component thereof), future collection of Accounts Receivable, future cash flows or future financial condition (or any component thereof) of the Purchased Business or the European Business or the future business operations of the Purchased Business or the European Business; or (b) any other information or documents made available to the Buyer or its counsel, accountants or advisors with respect to the Business, except as expressly set forth in this Agreement.

## 6.2 Diligence

The Buyer acknowledges and agrees that: (a) it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets, the Assumed Liabilities and the European Business prior to the execution of this Agreement; (b) it has relied solely upon this Agreement and its own independent review, investigation and/or inspection of any documents and/or the Purchased Assets, the Assumed Liabilities and/or the European Business; (c) it is not relying upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Purchased Assets, Assumed Liabilities or the European Business, except as expressly stated in this Agreement; and (d) the obligations of the Buyer under this Agreement are not conditional upon any additional due diligence.

## ARTICLE 7. – CONDITIONS

### 7.1 Conditions for the Benefit of the Buyer and the Seller

The obligation of the Buyer and of the Seller to complete the purchase of the Purchased Assets and the Assumed Liabilities pursuant to this Agreement is subject to the satisfaction of, or compliance with, on or prior to the Closing Date, each of the following conditions:

(a) no provision of any Applicable Law and no judgment, injunction, order or decree that prohibit the consummation of the purchase and sale of the Purchased Assets pursuant to this Agreement shall be in effect;



(b) the Canadian Court and the Bankruptcy Court, as applicable; shall have granted the Court Orders and the Court Orders shall be in full force and effect; and

(c) all Regulatory Approvals shall have been obtained, or the applicable waiting times, if any, shall have expired.

## **7.2 Conditions for the Benefit of the Buyer**

The obligation of the Buyer to complete the purchase of the Purchased Assets and the Assumed Liabilities pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Buyer of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Buyer):

(a) the representations and warranties of the Seller set forth in this Agreement shall be true and correct in all respects at Closing with the same force and effect as if made at and as of such time, except: (i) that to the extent such representations and warranties expressly speak as of an earlier date (e.g. speaking "as at the date hereof"), such representations and warranties shall be true and correct in all respects as of such specified date; and (ii) for any inaccuracies, as at Closing that would not, individually or in the aggregate, result in a Material Adverse Effect;

(b) the covenants contained in this Agreement to be performed by the Seller at or prior to Closing shall have been performed in all material respects as at Closing;

(c) the Purchased Assets shall be assigned and transferred to the Buyer free and clear of all Encumbrances, other than Permitted Encumbrances, pursuant to the Court Orders, requisite consents or a legal, equitable, statutory or court-based proceeding, action or process;

(d) the Buyer shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.2(a) and 7.2(b), signed for and on behalf of the Seller without personal liability by an executive officer of the Seller, in each case in form and substance reasonably satisfactory to the Buyer;

(e) the Seller shall have satisfied its obligations set forth in Section 11.2(a) in all material respects;

(f) the Material Contracts referenced in clauses (a) and (b) of the definition of that term which are designated by the Buyer for assumption and assignment pursuant to Section 9.2 shall have been assigned or transferred to the Buyer or its nominees, or replaced by new contracts with, or otherwise dealt with in a manner acceptable to, the Buyer;

(g) the consents of the Material Customers shall have been obtained, including consents to such reasonable amendments to the Assumed Contracts with the Material Customers as may be communicated by the Buyer to the Seller;

(h) consents of the European Material Customers satisfactory to the Buyer shall have been obtained, including consents to such reasonable amendments to the contracts with the European Material Customers as may be communicated by the Buyer to the Seller; and

(i) there shall not have occurred any changes, effects or circumstance constituting, or which would be reasonably likely to result in, a Material Adverse Effect.

### **7.3 Conditions for the Benefit of the Seller**

The obligation of the Seller to complete the sale of the Purchased Assets and the Assumed Liabilities pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable, by the Seller of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Seller):

(a) the representations and warranties of the Buyer set forth in this Agreement shall be true and correct in all material respects at Closing with the same force and effect as if made at and as of such time, except that to the extent such representations and warranties expressly speak as of an earlier date, such representations and warranties shall be true and correct in all respects as of such specified date;

(b) the covenants contained in this Agreement to be performed by the Buyer at or prior to Closing shall have been performed in all material respects as at Closing;

(c) the Seller shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.3(a) and 7.3(b), signed for and on behalf of the Buyer without personal liability by an executive officer of the Buyer, in form and substance reasonably satisfactory to the Seller; and

(d) the Buyer shall have satisfied its obligations set forth in Section 11.2(b) in all material respects.

## **ARTICLE 8. -- ADDITIONAL AGREEMENTS OF THE PARTIES**

### **8.1 Access to Information**

Subject to the terms of the Confidentiality Agreement, until the Closing, the Seller shall give to the Buyer's personnel engaged in this transaction and its accountants, legal advisers, consultants and other representatives during normal business hours reasonable access to its premises and to all of the books and records relating to the Purchased Business, the Purchased Assets, the Assumed Liabilities and the European Business, and to the Seller's personnel, and shall furnish them with all such information relating to the Purchased Business, the Purchased Assets, the Assumed Liabilities and the European Business as the Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Notwithstanding anything in this Section 8.1 to the contrary, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not materially disrupt the conduct of the Business.

### **8.2 Conduct of Business Until Closing**

Except: (a) as expressly provided in this Agreement; (b) with the prior written consent of the Buyer (not to be unreasonably withheld or delayed); (c) as necessary or advisable in

connection with the CCAA Proceedings and/or Chapter 15 Proceedings; or (d) as otherwise provided in the existing Court Orders or any further order of the Canadian Court or Bankruptcy Court in connection with the CCAA Proceedings or Chapter 15 Proceedings, prior to the Closing, to the extent reasonably practicable having regard to the CCAA Proceedings and Chapter 15 Proceedings, the Seller shall, and shall cause the Additional Sellers to:

(a) operate the Purchased Business only in the ordinary course in all material respects, consistent with past practice, except to the extent otherwise required by Applicable Law and the Seller's contractual obligations (and in such cases, the Seller shall consult with and so advise the Buyer with respect to the actions taken);

(b) use commercially reasonable efforts to preserve the business organization of the Purchased Business, including the services of its officers and employees, and its business relationships and goodwill with customers, suppliers and others having business dealings with it;

(c) after consultation with the Buyer, but subject to Section 2.4 and Section 3.2, pay and discharge the debts authorized by the Canadian Court in connection with the CCAA Proceedings and the Bankruptcy Court in connection with the Chapter 15 Proceedings, including (i) payments on any debtor-in-possession financing facility which has been approved by the Buyer and used for the ongoing operation of the Business, it being the intent of the parties that such facility will be repaid in full by the Asset Sellers immediately prior to the Closing, and (ii) payments of amounts owing to critical suppliers and licensors for goods and services supplied both before and after the CCAA Proceedings and Chapter 15 Proceedings, including under any Assumed Contracts;

(d) not transfer, lease, license, sell or otherwise dispose of any of the Purchased Assets, other than inventory or obsolete assets in the ordinary course of the Business, consistent with past practice;

(e) not enter into any contracts that would constitute a Material Contract without the consent of the Buyer;

(f) not enter into any contracts with any Affiliates of the Parent;

(g) not enter into, adopt, amend or terminate any contract relating to the compensation or severance of any employee of the Purchased Business, except in the ordinary course of business after consultation with the Buyer;

(h) not make any material change to its accounting (including Tax accounting) methods, principles or practices, except as may be required by GAAP;

(i) not declare or pay any dividends or distributions;

(j) not issue or sell any capital stock or other equity interests or options, warrants, calls, subscriptions or other rights to purchase any capital stock or other equity interests of the Seller; or

(k) agree in writing to take any of the actions described in sub-clauses (a) through (i) above.

Notwithstanding the foregoing, it is acknowledged and agreed that the Seller may arrange and pay the premium for tail directors and officers' insurance for its directors, officers and trustees.

### 8.3 Approvals and Consents

(a) To the extent required by Applicable Law, each of the Parties agrees to use commercially reasonable efforts to prepare and file as promptly as practicable and, in any event, within ten (10) days from the execution of this Agreement, all necessary documents, registrations, statements, petitions, filings and applications for any Regulatory Approvals, and shall request expedited processing if available. All filing fees payable in respect of any such filing shall be paid by the Buyer.

(b) For the purposes of the Regulatory Approvals, the Buyer and the Seller agree to:

(i) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party;

(ii) promptly notify each other of any communication (whether written or oral) received by such Party from, or given by such Party to, any Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby;

(iii) give each other reasonable notice of all meetings and telephone calls with any Governmental Authority and give a reasonable opportunity to participate in them (except to the extent that a Governmental Authority expressly requests that either party should not be present at the meeting or part or parts of the meeting); and

(iv) provide each other with drafts of all written communications intended to be sent to any Governmental Authority, including in connection with any proceeding by a private party, give each other a reasonable opportunity to comment on them, not send such communications without the prior approval of the other (such approval not to be unreasonably withheld or delayed) and provide each other with final copies of all such communications (except that in relation to all disclosures under this subclause (iv), business secrets and other confidential material may be redacted so long as each party acts reasonably in identifying such material for redaction).

The foregoing obligations in this Section 8.3(b) shall be subject to any attorney-client, work product or other privilege, and each of the Parties shall coordinate and cooperate fully with the other Party in exchanging such information and providing such assistance as such other Parties may reasonably request in connection with the foregoing.

(c) If any objections are asserted with respect to the transactions contemplated hereby under any Applicable Law or if any suit is instituted by any Governmental Authority or any private party challenging any of the transactions contemplated hereby as violative of any Applicable Law or if a filing pursuant to this Section 8.3(c) is reasonably likely to be rejected or conditioned by a Governmental Authority, each of the Parties shall use commercially reasonable efforts to resolve such objections or challenge as such Governmental Authority or private party may have to such transactions, including to vacate, lift, reverse or overturn any action, whether temporary, preliminary or permanent, so as to permit consummation of the transactions contemplated by this Agreement.

(d) In addition, each Party shall use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to such Party's obligations hereunder as set forth in Article 7 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things reasonably necessary, proper or advisable under all Applicable Law to consummate the transactions contemplated by this Agreement, including using its commercially reasonable efforts to obtain all consents, approvals or authorizations required in connection with the assignment of the Personal Property Leases, Real Property Leases and the Assumed Contracts to the Buyer.

(e) For greater certainty, nothing in this Section 8.3 shall require the Buyer to offer, commit or undertake any commitments or obligations or accept any terms or conditions that would individually or in the aggregate require material expenditures or investments by the Buyer, materially restrict the Buyer's ability to operate or re-structure the Purchased Business or require any employment commitments that materially exceed the Buyer's obligations as set out in Section 8.7.

#### **8.4 Access of the Seller and the Buyer to Records**

(a) The Seller shall, for a period of six years from the Closing Date, have access to, and the right to copy, at its expense, for *bona fide* business purposes and for purposes of the CCAA Proceedings and Chapter 15 Proceedings, and during usual business hours, upon reasonable prior notice to the Buyer, all books and records relating to the Purchased Business, the Purchased Assets and the Assumed Liabilities which are transferred and conveyed to the Buyer pursuant to this Agreement. The Buyer shall retain and preserve all such books and records for such six year period.

(b) From and after the Closing, the Asset Sellers shall retain all books and records of the Assets Sellers and the Buyer shall have access to, and the right to copy, at its expense, for *bona fide* business purposes, and during usual business hours, upon reasonable prior notice to the applicable Asset Seller, all books and records of the Asset Sellers. The Asset Sellers shall retain and preserve all such books and records for a period six years following the Closing.

#### **8.5 Further Assurances**

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this

Agreement and shall use commercially reasonable efforts and take all such steps as may be reasonably within its power to fulfill the conditions and to implement to their full extent the provisions of this Agreement, provided that in no event shall the Seller be obligated to take any action that is likely to result in a Material Adverse Effect, nor shall either Party be obligated to make a payment or deliver anything of value to a third party in order to obtain a consent, other than filing with and payment of filing fees to Governmental Authorities in connection with the Regulatory Approvals as provided in Section 8.3(a).

## 8.6 Tax Matters

(a) The Buyer and the Seller agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.

(b) For purposes of any income Tax return related to the transactions contemplated in this Agreement, the Buyer and, to the extent applicable, the Seller, agree to report the transactions contemplated in this Agreement in a manner consistent with the Purchase Price allocation determined in accordance with Section 3.3, and the Buyer and the Seller shall not voluntarily take any action inconsistent therewith in any such Tax return, refund claim, litigation or otherwise, unless required by applicable Tax laws. The Buyer and the Seller shall each be responsible for the preparation of their own statements required to be filed under the *Income Tax Act* (Canada) and the Code and other similar forms in accordance with applicable Tax laws.

(c) All amounts payable by the Buyer to the Seller pursuant to this Agreement are exclusive of any GST, or any other federal, provincial, state or local or foreign value-added, sale, use, consumption, multi-staged, ad valorem, personal property, customs, excise, stamp, transfer, land or real property transfer, or similar Taxes, duties, or charges, or any recording or filing fees or similar charges (collectively, "**Transfer Taxes**"). Transfer Taxes are the responsibility of the Buyer, including with respect to the Huntsville Facility if the Option is exercised. The Buyer and the Seller agree to cooperate to determine the amount of Transfer Taxes payable in connection with the transactions contemplated under this Agreement.

(d) At the request of the Buyer, the Seller shall, together with the Buyer, jointly make the election provided for in paragraph 167(1)(b) of the GST Legislation to have subsection 167(1.1) of the GST Legislation apply in respect of the sale of the Purchased Assets under this Agreement. If the Buyer requests the Seller to make such election, the Buyer shall:

(i) file the election within the time prescribed by subsection 167(1.1) of the GST Legislation; and

(ii) at all times indemnify and hold harmless the Seller and its directors, officers and employees, against and in respect of any and all amounts assessed by the Minister of National Revenue (Canada) (including all reasonable legal and professional fees incurred by the

Seller or its directors, officers and/or employees, as a consequence of or in relation to any such assessment) as a consequence of the Minister determining, for any reason, that the election is unavailable, inapplicable, invalid or not properly made.

(e) The Seller and the Buyer will jointly execute, and each of them will file promptly following the Closing Date, an election under Section 22 of the *Income Tax Act* (Canada), and any corresponding provisions of any applicable provincial income Tax legislation with respect to any debts referred to in Section 22 and any corresponding provisions of any applicable provincial income Tax legislation. For the purposes of such elections, the Buyer, acting reasonably and in consultation with the Seller, will designate the portion of the Purchase Price allocable to the debts in respect of which such elections are made. For greater certainty, the Seller and the Buyer agree to prepare and file their respective Tax returns in a manner consistent with such election(s).

(f) The Seller and the Buyer will jointly execute an election in the prescribed manner and within the prescribed time limits, to have the rules in subsection 20(24) of the *Income Tax Act* (Canada) apply to the obligations of the Seller in respect of undertakings which arise from the operation of the Purchased Business and to which paragraphs 12(1)(a) and 12(1)(e) of the *Income Tax Act* (Canada) apply. The Buyer and the Seller acknowledge that the Seller is transferring assets to the Buyer which have a value equal to the amount elected under subsection 20(24) of the *Income Tax Act* (Canada) as consideration for the assumption by the Buyer of such obligations of the Seller.

(g) The Buyer hereby waives compliance by the Seller with the *Bulk Sales Act* (Ontario), with section 6 of the *Retail Sales Tax Act* (Ontario) and with any similar provision contained in any other Applicable Law.

(h) To the extent permitted under subsection 221(2) of the GST Legislation and any equivalent or corresponding provision under any applicable provincial or territorial legislation, the Buyer shall self-assess and remit directly to the appropriate Governmental Authority any goods and services tax and harmonized sales tax imposed under the GST Legislation and any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation payable in connection with the transfer of any of the Real Property. The Buyer shall make and file a return(s) in accordance with the requirements of subsection 228(4) of the GST Legislation and any equivalent or corresponding provision under any applicable provincial or territorial legislation.

(i) The Seller and its Affiliates shall prepare and file, and pay the Taxes shown as due on any Tax returns in respect of the Purchased Business or the Purchased Assets, for all periods ending on or before the Closing Date, to the extent such Taxes would otherwise be or become an Encumbrance on the Purchased Assets or be imposed by the taxing authority on the Buyer as the purchaser of the Purchased Business or on the Purchased Assets. Further, (i) the Asset Sellers shall retain liability for all Taxes in respect of income, gross receipts or profits of the Asset Sellers or the Purchased Business (and, for clarity, not for other Taxes, including Transfer Taxes or Real Property Taxes) that relate to a period prior to the Closing Date, regardless of when asserted, and shall address such Taxes in the CCAA Proceedings and the Chapter 15 Proceedings, and (ii) the Buyer shall not assume or otherwise be liable for any Taxes

in respect of income, gross receipts or profits of the Asset Sellers or the Purchased Business that relate to a period prior to the Closing Date.

(j) The Buyer shall be responsible for all Taxes of or with respect to the Purchased Business or the Purchased Assets for all periods beginning after the Closing Date and shall be responsible for preparing and filing all Tax returns in connection therewith.

## 8.7 Employee Matters

(a) Prior to but conditional on Closing and with effect on the Closing Date, the Buyer shall offer employment to all employees of the Seller and the other Asset Sellers who are engaged primarily in the Purchased Business, other than those employees who the Buyer designates in writing to the Seller prior to the Closing. Promptly following the execution of this Agreement, the Seller will provide the Buyer with such information concerning the employees and their compensation as the Buyer may reasonably request in order to make its determinations. Offers of employment by the Buyer shall be on terms substantially similar in the aggregate as those in effect immediately prior to Closing. The employees of the Seller and the other Asset Sellers who are engaged primarily in the Purchased Business, who are offered employment by the Buyer and who accept the Buyer's offer of employment, shall be referred to in this Agreement as "Assumed Employees".

(b) The Buyer shall assume and be responsible for all liabilities and obligations with respect to the Assumed Employees that first arise following the Closing Date, including any required notice of termination, termination or severance pay (in each case whether required under Applicable Law or under contract), employment insurance, workplace safety and insurance/workers' compensation, salary or wages and other compensation, benefits offered by the Buyer, payments required by Applicable Law, KERP obligations and claims under Assumed Employee Plans. The Buyer shall indemnify and hold the Asset Sellers harmless from and against any and all damages which the Seller or other Asset Seller may suffer or incur in connection with such assumed liabilities and obligations.

(c) Subject to the further provisions of this Section 8.7(c), the Seller may pay and discharge all liabilities and obligations with respect to any employees up to and including the Closing Date, without deduction or setoff to the Purchase Price. The Asset Sellers shall be responsible for all liabilities and obligations with respect to any employees up to and including the Closing Date and all liabilities and obligations with respect to any employees who are not Assumed Employees, including, in both cases, liabilities and obligations related to any notice of termination, termination or severance pay (in each case whether required under Applicable Law or under contract), employment insurance, workplace safety and insurance/workers' compensation, salary or wages and other compensation, benefits offered by the Seller and the other Asset Sellers, payments required by Applicable Law and claims under Employee Plans, except for (i) obligations described in Sections 2.3(a), (b) and (c) with respect to employees in the ordinary course of business from the Effective Date to the Closing Date, excluding self insured medical claims and self insured Pennsylvania worker's compensation claims based on occurrences prior to the Filing Date, and (ii) payments and entitlements under the Assumed Employee Plans after the Closing Date, each of which shall be the obligation of the Buyer. For



greater certainty, the Seller retains all self insured medical obligations to employees and all self insured Pennsylvania worker's compensation claims, regardless of when asserted, if the claims are based on occurrences prior to the Filing Date, and agrees to deal with such claims in the CCAA Proceedings and the Chapter 15 Proceedings.

(d) Effective as of the Closing Date, the Seller and the other Asset Sellers assign to the Buyer, and the Buyer assumes, the Assumed Employee Plans and all of the Seller's and other Asset Sellers' rights, obligations and liabilities under and in relation to the Assumed Employee Plans and shall be assigned and receive all assets of the Assumed Employee Plans. The Seller and the other Asset Sellers and the Buyer agree to cooperate to take all reasonable actions to affect such assignment and to obtain any required Governmental Authorizations in respect of such assignment.

(e) To the extent that service is relevant for purposes of eligibility and vesting (and, in order to calculate the amount of any vacation, sick days, severance, layoff, and pension benefit accruals) under any Assumed Employee Plan, other than as would result in duplication of benefits, each Assumed Employee shall be credited for service earned prior to the Closing Date with the Seller or its Affiliates in addition to service earned with the Buyer on and after the Closing Date.

(f) All provisions contained in this Agreement with respect to the Assumed Employees, the Assumed Employee Plans or compensation of Assumed Employees are included for the sole benefit of the Parties. Nothing contained herein shall (i) confer upon any former, current or future employee of the Seller or the Buyer or any legal representative or beneficiary thereof any rights or remedies, including any right to employment or continued employment, of any nature, for any specified period, (ii) cause the employment status of any former, present or future employee of the Buyer to be other than terminable at will or in accordance with Applicable Law, (iii) confer any third party beneficiary rights upon any Assumed Employee or any dependent or beneficiary thereof or any heirs or assigns thereof, (iv) obligate the Buyer to maintain the Assumed Employee Plans for any period of time or offer benefits of any nature to Assumed Employees following the Closing Date, or (v) limit or restrict the ability of the Buyer to make changes to Assumed Employee compensation or benefits after the Closing Date.

(g) Pursuant to Treasury Regulations Section 1.409A-1(h)(4), the Seller's and other Asset Sellers' termination of the employment of United States employees of the Purchased Business who become Assumed Employees shall not constitute a "**separation from service**" within the meaning of Section 409A of the Code and the Treasury Regulations thereunder, including Treasury Regulations Section 1.409A-1(h).

(h) It is acknowledged and agreed that, subject to Section 2.4 and Section 3.2, the Seller and the other Asset Sellers may prior to Closing pay to their employees the amount due (i) in the ordinary course consistent with past practice (except for post-Filing Date payments of severance), and (ii) under the KERP (including payments due on June 30, 2012, payments relating to completion of the transactions contemplated hereby and payments relating to participants' termination prior to or at Closing).

(i) The Asset Sellers shall, after consultation with the Buyer, be entitled to terminate the employment of their employees as they deem appropriate and to deal with any claim arising from such termination under the CCAA Proceedings or Chapter 15 Proceedings, as applicable; provided that if any such termination results in an Assumed Liability under this Agreement, the Asset Sellers shall obtain the Buyer's approval in advance of any such termination.

#### 8.8 Deal Protection

(a) Except as expressly provided in this Section 8.8, the Seller shall not, directly or indirectly, through any Person, and shall cause its Affiliates not to:

(i) solicit, assist, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing information) any inquiries or proposals, whether publicly or otherwise, regarding an Acquisition Proposal, provided that, for greater certainty, the Seller may advise any Person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the Board of Trustees has so determined;

(ii) enter into, continue or participate in any discussions or negotiations with any Person regarding an Acquisition Proposal; or

(iii) accept or enter or propose publicly to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 8.8(c)(ii)(1)).

(b) The Seller shall promptly notify the Buyer of any Acquisition Proposal or inquiry (in each case written or oral) that is reasonably expected to lead to an Acquisition Proposal, in each case received after the date hereof, of which any of its directors, officers or financial advisors are or become aware.

(c) Notwithstanding Sections 8.8(a) and 8.8(b) and any other provision of this Agreement, if at any time following the date of this Agreement the Board of Trustees receives a written Acquisition Proposal that was not solicited after entering into this Agreement in breach of Section 8.8(a), the Board of Trustees may (directly or through its advisors or representatives):

(i) contact the person making such Acquisition Proposal and its Representatives to clarify the terms and conditions of such Acquisition Proposal and the likelihood of consummation so as to determine whether such proposal is, or could reasonably be expected to lead to, a Superior Proposal; and

(ii) if, in the opinion of the Board of Trustees, acting in good faith and after receiving advice from its outside financial advisor and outside legal counsel, the Acquisition Proposal (disregarding, for the purposes of any such determination, any term of such Acquisition Proposal that provides for a due diligence investigation and/or a financing condition) is, or could reasonably be expected to lead to, a Superior Proposal, the Seller may:

(1) furnish information with respect to the Seller and its subsidiaries to the person making such Acquisition Proposal and its representatives (pursuant to a customary form of confidentiality agreement); and/or

(2) consider such Acquisition Proposal and/or, participate and/or engage in discussions with the person making such Acquisition Proposal and its representatives;

provided that the Buyer is promptly provided with a list and copies of all information provided to such person not previously provided to the Buyer and is promptly provided with access to the information that was provided to such person.

(d) The Seller shall ensure that its officers and directors and those of its subsidiaries and any financial or other advisors or representatives retained by it are aware of the provisions of this Section 8.8, and it shall be responsible for any breach of this Section 8.8 by any such Person or its advisors or representatives.

(e) If the Seller terminates this Agreement pursuant to Section 10.1(c)(iii) or the Buyer terminates this Agreement under Sections 10.1(d)(iii) or 10.1(d)(v), concurrently with such notice of termination the Seller shall pay to the Buyer a fee in the amount of \$2,250,000 (the "**Break Fee**") as liquidated damages and not as a penalty, and the Buyer shall be returned the Deposit from the escrow, and such fee and the return of such Deposit shall be the exclusive remedy of the Buyer on account of such termination.

(f) Nothing in this Section 8.8 or otherwise in this Agreement shall require the Buyer to participate in any auction or similar process with respect to the purchase of the Purchased Assets and the Purchased Business and the transactions contemplated by this Agreement.

#### **8.9 Notices of Material Breach**

If at any time: (a) the Buyer becomes aware of any material breach by the Seller of any representation, warranty, covenant or agreement contained herein and such breach is capable of being cured by the Seller; or (b) the Seller becomes aware of any material breach by the Buyer of any representation, warranty, covenant or agreement contained herein and such breach is capable of being cured by the Buyer, the Party becoming aware of such breach shall promptly notify the other Party in writing of such breach.

#### **8.10 Release**

Effective as of the Closing Date, the Buyer forever releases and discharges the Seller and its Affiliates and its and their respective present and former shareholders, officers, directors, employees, auditors, advisors, legal counsel and agents (each, a "**Released Party**"), from any and all demands, claims, liabilities, actions, causes of action, counterclaims, suits debts, sums of money, accounts, indebtedness, liability or obligation of whatever nature based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Closing relating to, arising out of or in connection with, the Purchased Assets or the Purchased Business, including, for greater certainty, any and all claims, demands,

complaints, actions, losses, liabilities, judgments, settlements, damages, penalties, consequential damages, exemplary damages, fines, liens, remediation, abatement, costs and expenses of investigation, remediation or cleanup in defense of or resulting from any claim, action or suit, demand or administrative proceeding or any requirement of any Governmental Authority, whether known or unknown, and whether in law or in equity, whether direct or consequential, compensatory, exemplary, liquidated or unliquidated, which the Buyer or its respective legal representatives, successors, assigns, heirs, executors or administrators has, shall have or may ever have against any Released Party with respect to any environmental condition, investigation or remediation with respect to the Real Property (owned or leased) of any Released Party. Notwithstanding the generality of the foregoing, the foregoing release shall not release any Released Party from its obligations under this Agreement, nor shall it expand, contract or otherwise affect in any way the Assumed Liabilities assumed at the Closing by the Buyer or the Excluded Liabilities retained by the Seller.

#### 8.11 Title Policies and Documents

(a) To the extent not previously provided, as soon as reasonably practicable after execution of this Agreement, the Seller and/or the Asset Sellers shall provide the Buyer with (i) a complete legal description and tax parcel numbers for each parcel of Owned Real Property and the Huntsville Facility, (ii) for each parcel of Owned Real Property and the Huntsville Facility, a copy of any title policy, title commitment or any certificate of title that the Seller and/or the Asset Sellers possess, evidencing title to each parcel of Owned Real Property and the Huntsville Facility as of the date of the applicable certificate, commitment or policy, and (iii) complete and legible copies of all instruments and documents that the Seller and/or the Asset Sellers possess affecting title to the Owned Real Property and the Huntsville Facility.

(b) Promptly thereafter and based on the legal descriptions and/or tax parcel numbers provided, the Seller shall cause the Title Company to issue, at the expense of the Buyer, one or more Title Commitments for the issuance of an extended coverage owner's policy or policies of title insurance in the amount determined under Section 8.11(c), insuring as of the Closing Date the Buyer's fee simple title to the Owned Real Property and, following the exercise of the Option, the Huntsville Facility (each, a "**Title Insurance Policy**"). The Seller shall cause the Title Company to deliver to the Buyer duplicate copies of the Title Commitments and Schedule B items thereto and all other documents referenced therein. In addition, within two Business Days after receipt of a written request from the Buyer, the Seller and/or the Asset Sellers will execute and deliver authorizations that may be sent by the Buyer to Governmental Authorities that authorize such Governmental Authorities to reveal to the Buyer all information, if any, in any files such Governmental Authorities have on the Owned Real Property and the Huntsville Facility, or any part thereof, provided such authorizations do not authorize or request inspections with respect to the Owned Real Property and the Huntsville Facility, in each case to the extent such authorizations are required of the Seller and/or the Asset Sellers. The Seller shall be responsible for the costs of discharging any and all financial encumbrances, including all deeds of trusts, mortgages and mechanics and materialmen's liens, on the Owned Real Property and the Huntsville Facility, including the cost to record releases or discharges, unless any of the foregoing is a Permitted Encumbrance. The Seller and the Asset Sellers agree, at their cost, to

execute all customary affidavits, in reasonable form, and other reasonable documents requested by the Title Company in order to obtain each Title Insurance Policy.

(c) The value of the Owned Real Property and the Huntsville Facility for Transfer Tax, documentary stamps and other relevant purposes will equal the value of each parcel as reasonably agreed upon by the Parties.

**8.12 Title Review/Permitted Encumbrances**

The Buyer shall notify the Seller in writing of any Unpermitted Encumbrance. The Seller shall have ten (10) days after notice of any Unpermitted Encumbrance is delivered by the Buyer within which the Seller shall deliver notice to the Buyer in writing as to whether the Seller elects to cure, or insure around any such matter; provided, however, that the Seller shall be required to cure any monetary Unpermitted Encumbrance (i.e., an exception which can be deleted as an exception upon the delivery of sufficient funds to the Title Company) at or prior to Closing. Except with respect to a monetary Unpermitted Encumbrance, failure to notify the Buyer in writing within such period of its election to cure or insure around shall be deemed the Seller's election not to cure or insure around. The Buyer shall have ten (10) days following receipt of the Seller's notice or deemed notice electing not to cure or insure around in which to (a) elect to waive its objection to any Unpermitted Encumbrance that the Seller does not elect to cure or insure around, (b) remove the Owned Real Property or Huntsville Facility subject to the Unpermitted Encumbrance from the Purchased Assets, which shall result in a mutually-agreeable reduction of the Purchase Price, or (c) terminate this Agreement in accordance with Article 10, but only if the existence of the Unpermitted Encumbrance and the removal of the Owned Real Property pursuant to clause (b) would result in a Material Adverse Effect if the rights, benefits or privileges under such title exception(s) are asserted or enforced. If the Buyer fails to notify the Seller in writing of the Buyer's election within such ten- (10-) day period, the Buyer shall be deemed to have elected to proceed in accordance with clause (a) of the preceding sentence.

**8.13 Surveys.**

To the extent not previously provided, as soon as reasonably practicable after execution of this Agreement, the Asset Sellers shall deliver to the Buyer any surveys that the Asset Sellers possess of the Owned Real Property and the Huntsville Facility, or any part thereof.

**8.14 Prorations and Charges.**

All Taxes and assessments relating to the Owned Real Property and the Huntsville Facility for any tax year prior to the real estate tax year in which the Closing occurs shall be paid in full by the Seller or the applicable Asset Seller on or before the Closing Date or an amount sufficient to fully discharge the same shall be deposited in escrow with the Title Company for payment to the relevant Tax authority. The Seller shall pay the premium for each Title Insurance Policy and the escrow fees at or prior to the Closing, without a reduction of the Purchase Price therefor. All other costs associated with the Closing of the transactions contemplated by this Agreement shall be paid in accordance with common escrow practices in the county in which the Owned Real Property or the Huntsville Facility is located.

### 8.15 Casualty Losses

Notwithstanding any provision in this Agreement to the contrary, if, before the Closing, all or any material portion of the Purchased Assets is (a) condemned or taken by eminent domain, or (b) a material portion is damaged or destroyed by fire or other casualty, the Seller shall notify the Buyer promptly in writing of such fact, and, at the Buyer's sole discretion, (i) the Buyer may elect to terminate this Agreement, or (ii) the Buyer may elect to consummate the transactions contemplated by this Agreement without regard to such event, in which case (A) in the event of condemnation or taking, the Seller shall assign or pay, as the case may be, any proceeds thereof to the Buyer at the Closing, or (B) in the event of fire or other casualty, the Seller shall, at its option, either restore such damage or assign the insurance proceeds therefrom to the Buyer at Closing.

### 8.16 Letters of Credit

The Buyer will arrange for the replacement of the Letters of Credit within two (2) months following the Closing Date. If any Letter of Credit is drawn after the Closing Date and before being replaced, the Buyer shall be liable to the issuer of such Letter of Credit for the amount so drawn. The Buyer will cause to be paid to the Seller any cash collateral received in connection with the replacement of the Letters of Credit. The Buyer will provide to the issuer of each Letter of Credit not less than five (5) Business Days prior to the Closing "know your customer" and other similar information regarding the Buyer as may be reasonably requested by each issuer of a Letter of Credit to comply with applicable law or customary procedures of the applicable issuer.

### 8.17 European Business Closing

The closing of the acquisition of the European Business by the Buyer and/or its nominees pursuant to the Offer shall occur no sooner than December 17, 2012.

## ARTICLE 9. – COURT ORDERS; DESIGNATION RIGHTS

### 9.1 Court Orders

(a) As promptly as practicable after execution of this Agreement the Seller shall: (i) bring an application for the issuance of the Initial CCAA Order with the Canadian Court; (ii) file a motion for the issuance of the Approval and Vesting Order; (iii) file a motion for entry of the Provisional Relief Order and the CCAA Recognition Order with the Bankruptcy Court; (iv) file a motion for entry of the Sale Recognition Order; and (v) serve such parties as the CCAA, the Canadian Court, the Bankruptcy Code, the Bankruptcy Court, and the Buyer may require for applications and motions seeking issuance or entry of each of the Court Orders. In connection with the foregoing, the Buyer shall, in consultation with the Seller, determine which liabilities are to be compromised or extinguished under the Court Orders.

(b) The Buyer shall cooperate with the Seller acting reasonably, as may be necessary, in obtaining the Court Orders prior to any applicable dates set forth in Section 10.1.

(c) Notice of the application and motions seeking the issuance and entry of the Court Orders shall be served by the Seller on all Persons required to receive notice under applicable laws and the requirements of the CCAA, the Canadian Court, the Bankruptcy Code, the Bankruptcy Court and any other Person determined necessary by the Seller or the Buyer.

(d) In the event leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to any of the Court Orders, the Seller shall promptly notify the Buyer of such leave to appeal, appeal or stay request and shall promptly provide to the Buyer a copy of the related notice(s) or Order(s). The Seller shall also provide the Buyer with copies of any motion or application filed in connection with any leave to appeal or appeal from such Orders within two (2) Business Days after receipt thereof by the Seller.

(e) From and after the date hereof, the Seller shall not take any action that is intended to result in, or fail to take any action the intent of which failure to act would result in, the reversal, voiding, modification or staying of any of the Court Orders.

(f) From and after the date hereof, the Seller shall provide such prior notice as may be reasonable under the circumstances before filing any materials with the Canadian Court or the Bankruptcy Court that relate, in whole or in part, to this Agreement or the Buyer and shall consult in good faith with the Buyer regarding the content of such materials prior to any such filing.

## 9.2 Designation Rights

(a) The Approval and Vesting Order and Sale Recognition Order, or other orders obtained by from the Canadian Court and the Bankruptcy Court, shall provide for the assumption by the Seller, and the assignment to the Buyer, pursuant to Section 11.3 of the CCAA and Section 365 of the Bankruptcy Code, as applicable, of those Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans designated by the Buyer for assumption and assignment on the terms and conditions set forth in the remainder of this Section 9.2.

(b) On or before July 6, 2012, the Seller shall provide notice to the counterparties (except any Material Customers with respect to which consent is required pursuant to Section 7.2(g)) to executory leases and other contracts related to the Purchased Assets (without regard to whether the Buyer has designated such for assumption and assignment) that such executory leases and contracts may be assumed and assigned to the Buyer. Any notice provided to such contracting parties shall be in a form acceptable to the Buyer, acting reasonably. The Buyer shall, by July 15, 2012 (the "Initial Designation Date"), identify the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, in each case including the name and address of the counterparty, that the Buyer has determined up to that point that it intends to have assumed and assigned to the Buyer on the Closing Date by providing a list thereof to the Seller. The Buyer shall be allowed to designate any additional Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, as to which notice was given to the applicable counterparty pursuant to this Section 9.2(b), for assumption and assignment, or remove any Assumed Contracts, Real Property Leases, Personal Property

Leases and Assumed Employee Plans from the designation for assumption and assignment at the Closing at any time before or at the Closing.

(c) The Seller will deliver to the Buyer as soon as practicable a schedule containing a reasonable estimate of the amounts that will be required to remedy all Monetary Defaults with respect to any contract identified to the Seller by the Buyer. The Seller shall reasonably cooperate with and provide additional information to the Buyer identifying as promptly as reasonably practicable all Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that may be subject to assumption and assignment or rejection pursuant to Section 11.3 of the CCAA and Section 365 of the Bankruptcy Code, as applicable.

(d) Prior to the Closing Date, the Seller shall not permit any executory lease or other contract related to the Purchased Assets to be rejected pursuant to Section 11.3 of the CCAA or Section 365 of the Bankruptcy Code, as applicable, without the prior written consent of Buyer. From and after the Closing Date, the Buyer may, in its sole discretion, designate any Assumed Contracts, Real Property Leases, Personal Property Leases or Assumed Employee Plans not assigned to the Buyer on the Closing Date (each, an "Open Contract") for assumption and assignment to the Buyer; provided, that the Asset Sellers may, on not fewer than ten (10) Business Days' prior written notice to the Buyer designating the Applicable Open Contract(s) (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 Buyer, upon receipt of the Rejection Notice and prior to the rejection of the applicable Open Contract, to either (i) designate such Open Contract for assumption and assignment in accordance with the procedures set forth in Section 9.2(j), with such changes therein as are required by the Canadian Court or the Bankruptcy Court, as applicable, or (ii) agree in writing to reimburse the applicable Asset Seller 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 Buyer provides the Asset Seller with notice of the Buyer's decision as to whether to assume such Open Contract or permit its rejection, in which case the applicable Asset Seller shall refrain from rejecting such Open Contract until the date it receives notification of such decision by the Buyer. The Asset Sellers 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 Buyer in determining whether or not to assume any Open Contract. The Buyer shall endeavor in good faith to complete the assumption and assignment or rejection process for all Open Contracts by September 15, 2012.

(e) In the event that the Buyer shall determine in accordance with this Section 9.2 to reject or refuse assignment of any Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, the Buyer shall have no obligations with respect thereto, including any obligation to cure any defaults thereunder.

(f) With respect to each of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans designated by the Buyer for assumption and assignment, subject to Court Approval (or such other order of the Canadian Court and Bankruptcy Court and/or the consent of the applicable counterparties to the extent necessary to effect the assignment thereof), the Seller shall assume and assign to Buyer and Buyer shall



assume all designated Assumed Contracts, Real Property Leases, Personal Property Leases or Assumed Employee Plans.

(g) The Seller shall use its commercially reasonable efforts to establish the amount necessary to cure all Monetary Defaults under all Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment. To the extent that any counterparty objects to the proposed cure amount or to the assumption or assignment of any such agreement on any other grounds (each, an "**Objecting Counterparty**"), the Seller shall reasonably cooperate with the Buyer to negotiate with such Objecting Counterparty, including attending meetings and conferences with such Objecting Counterparty and its representatives as the Buyer reasonably requests and providing the Buyer with reasonable access to the books and records of the Seller to defend the proposed assignment and assumption and cure amount. Under no circumstances shall the Seller, without the prior written consent of the Buyer, (i) compromise or commence any action with respect to a negotiated cure amount required to be made under the CCAA and Bankruptcy Code to effectuate the assumption or assignment, (ii) agree to any other amendments, supplements, or modifications of, or waivers with respect to, any of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment, or (iii) take any action (or fail to take any action) to reject, repudiate or disclaim any of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment.

(h) Any of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that are not assumed by Buyer on the terms set forth in this Section 9.2 shall be an Excluded Asset.

(i) The Olyphant Facility is owned by Cinram Manufacturing LLC and is an Excluded Asset, while all of the machinery, equipment, Inventories, Accounts Receivable, Prepaid Expenses, Assumed Contracts, Permits, Intellectual Property and other assets owned or used or held for use by Cinram Manufacturing LLC in connection with the Olyphant Facility are Purchased Assets, subject in the case of the Assumed Contracts to the rejection rights set forth in this Section 9.2, including this Section 9.2(i). Following the Closing Date, the Buyer will operate the Olyphant Facility, using the Purchased Assets relating thereto, pursuant to the terms of the Transition Services Agreement. Notwithstanding the prior provisions of this Section 9.2, the Seller shall take all reasonable steps within the CCAA Proceedings and the Chapter 15 Proceedings to allow the Buyer to assume any contract identified by the Buyer relating to the Olyphant Facility for assumption and assignment (each, an "**Olyphant Contract**") in accordance with the procedures set forth in Section 9.2(j), with such changes therein as are required by the Canadian Court or the Bankruptcy Court, as applicable.

(j) Within three (3) Business Days of receipt of the Buyer's notification of the designation of an Open Contract or an Olyphant Contract for assumption and assignment, the Seller shall provide notice of the designation to the counterparty to such designated Open Contract or Olyphant Contract and the proposed amount that will be required to remedy a Monetary Default that may be necessary for the assumption and assignment of the same in a

form acceptable to the Buyer and approved by the Canadian Court or the Bankruptcy Court in a Court Order.

## ARTICLE 10. – TERMINATION

### 10.1 Termination

This Agreement may be terminated at any time prior to Closing, subject to any approvals required from the Canadian Court or the Bankruptcy Court in connection with the CCAA Proceedings or the Chapter 15 Proceedings, as follows:

- (a) by mutual written consent of the Seller and the Buyer;
- (b) by either party, upon written notice to the other, if:
  - (i) the Closing has not occurred on or before September 15, 2012 or such later date agreed to by both the Seller and the Buyer in writing (the “Sunset Date”), provided that such right shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to the right to terminate this Agreement pursuant to this clause;
  - (ii) any condition set forth in Section 7.1 is not satisfied, or such condition is incapable of being satisfied, by the Sunset Date, unless the Party seeking termination is in material breach of its obligations under this Agreement;
  - (iii) a Governmental Authority issues an Order prohibiting the transactions contemplated hereby, which Order shall have become final and non-appealable; or
  - (iv) the CCAA Proceedings or Chapter 15 Proceedings are dismissed and such dismissal does not expressly contemplate and provide for consummation of the transactions provided for in this Agreement;
- (c) by the Seller, upon written notice to the Buyer, if:
  - (i) the CCAA Proceedings or Chapter 15 Proceedings are terminated or dismissed, unless such termination or dismissal was advocated by the Seller in breach of this Agreement;
  - (ii) any condition set forth in Section 7.3 is not satisfied, or such condition is incapable of being satisfied, by the Sunset Date, unless the Seller is in material breach of its obligations under this Agreement;
  - (iii) such termination is for the purpose of entering into a binding written agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by Section 8.8(c)), subject to compliance with Section 8.8; or

(iv) the Seller has determined to reject the Offer due to a failure of the condition precedent to the consummation of the acquisition of the European Business set forth in Section 6(f) of the Offer; and

(d) by the Buyer, upon written notice to the Seller:

(i) if any condition set forth in Section 7.2 is not satisfied, or such condition is incapable of being satisfied, by the Sunset Date, unless the Buyer is in material breach of its obligations under the Agreement;

(ii) as provided in Section 8.12 and Section 8.15;

(iii) if the Seller withdraws or seeks authority to withdraw the Approval and Vesting Order or the Sale Recognition Order;

(iv) if there are any Uncaptured Accruals with respect to which the Seller has not agreed that there will be a reduction of the Purchase Price on a dollar-for-dollar basis; or

(v) if the Seller sells, transfers or otherwise disposes, directly or indirectly, of any material portion of the Purchased Assets, except in connection with the CCAA Proceedings and/or the Chapter 15 Proceedings, and except with the consent of the Buyer.

## 10.2 Effect of Termination

If this Agreement is terminated by the Seller under Section 10.1(b)(ii) or Section 10.1(c)(ii) based on a material breach being committed by the Buyer and the Buyer is unable to timely cure such breach, the Seller shall be entitled to the full amount of the Deposit and all interest accrued thereon as liquidated damages and not as a penalty and as its sole and exclusive remedy against the Buyer. If this Agreement is terminated by the Buyer under Section 10.1(d)(iii) or Section 10.1(d)(v), or if this Agreement is terminated by the Buyer under Section 10.1(b)(ii) or Section 10.1(d)(i) based on a material breach being committed by the Seller and the Seller is unable to timely cure such breach (excluding, for clarity, the non-fulfillment of a condition dependent on the action or inaction of a third party, including the Canadian Court, the Bankruptcy Court, applicable regulatory authorities and/or Material Customers or counterparties to Material Contracts, where the Seller is not in material breach of its covenants hereunder or where the failure of the condition to be fulfilled is not a result of any material breach by the Seller of its covenants hereunder), then the Seller shall pay to the Buyer the Break Fee, as liquidated damages and not as a penalty, as the Buyer's sole and exclusive remedy against the Seller.

## ARTICLE 11. - CLOSING

### 11.1 Location and Time of the Closing; Effective Time

The Closing shall take place on the Closing Date at the Toronto, Ontario offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, or at such other location as may be agreed upon by the Parties hereto. Notwithstanding the foregoing, the

transfer of the Owned Real Property, including the Huntsville Facility if the Buyer requires the exercise of the Option, in connection with the Closing shall take place through a traditional real estate escrow with a title company mutually selected by the Parties (the "Title Company"). While legal title to the Purchased Assets and the Purchased Business will transfer to the Buyer on the Closing Date, the transactions contemplated by this Agreement shall be effective as of the Effective Date. The Buyer shall be entitled to the benefit of all revenues and profits of the Purchased Business as of the Effective Date, and shall bear the responsibility of all expenses and losses of the Purchased Business as of the Effective Date.

## 11.2 Closing Deliveries

- (a) At the Closing, the Seller shall deliver to the Buyer:
- (i) the documents required to be delivered by the Seller pursuant to Section 7.2;
  - (ii) a receipt for the Purchase Price for the Purchased Business;
  - (iii) certified copies of each of the Court Orders;
  - (iv) all certificates, deeds, bills of sale, endorsements, assignments and other instruments of transfer and conveyance as may be required to transfer the Purchased Assets to the Buyer, each in a form reasonably satisfactory to the Buyer;
  - (v) (A) certificates of recent date as to the good standing of the Seller and the Additional Sellers from their jurisdictions of organization, as applicable, and (B) to the extent obtainable, certificates as to the payment of all applicable Taxes by the Seller and the Additional Sellers, executed by the appropriate Governmental Authorities where they are organized and conduct business;
  - (vi) evidence reasonably satisfactory to the Buyer of the termination of (A) the Madison Purchase Right, (B) the other agreements identified by the Buyer to the Seller prior to the date hereof in a writing that references this section;
  - (vii) if the Buyer requires that the Option be exercised, evidence reasonably satisfactory to the Buyer that the Option was duly exercised so that the Buyer or its nominee acquires fee title to the Huntsville Facility at the Closing;
  - (viii) a counterpart to the Escrow Agreement and the Transition Services Agreement;
  - (ix) an affidavit in customary form from each Asset Seller that owns Real Property with respect to compliance with the Foreign Investment in Real Property Act (Code Section 1445, as amended, and the regulations issued thereunder);
  - (x) a purchase certificate issued by the Workplace Safety and Insurance Board; and

(xi) any other documents reasonably requested by the Buyer in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

(b) At the Closing, the Buyer shall deliver to the Seller:

(i) an instrument of assumption of liabilities with respect to the Assumed Liabilities in a form satisfactory to the Seller, acting reasonably;

(ii) a duly executed election pursuant to GST Legislation and any certificates, elections or other documents required to be delivered pursuant to Section 8.6(d);

(iii) the documents required to be delivered by the Buyer pursuant to Section 7.3;

(iv) the Purchase Price for the Purchased Business, by wire transfer of immediately available funds to an account designated by the Seller prior to Closing;

(v) if the Buyer requires that the Option be exercised, all documents required to exercise the Option so that the Buyer or its nominee acquires fee title to the Huntsville Facility at the Closing;

(vi) a counterpart to the Escrow Agreement and the Transition Services Agreement;

(vii) an agreement between the Buyer and each issuer of the Letters of Credit wherein the Buyer assumes the reimbursement obligations in respect thereof as contemplated by Section 8.16; and

(viii) any other documents reasonably requested by the Seller in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

**ARTICLE 12. - GENERAL MATTERS**

**12.1 Dissolution of Seller; Name Changes**

(a) The Buyer acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of any of the Seller or any of its Affiliates to dissolve, wind up or otherwise cease operations in any manner or at any time subsequent to the Closing Date as they may determine in their sole discretion, subject to their satisfaction of their obligations under this Agreement.

(b) Promptly following the Closing, the Seller and its North American Affiliates shall cause their corporate names to be changed to names that do not include the word "Cinram", if they have not done so prior to the Closing; provided, however, that the name of Cinram Wireless LLC shall not be required to be changed until the termination of its key customer contract,

following which its name shall promptly be changed to a name that does not include the word "Cinram".

## 12.2 Confidentiality

Without limiting the provisions of the Confidentiality Agreement, until the transaction contemplated by this Agreement is completed, the Buyer shall not, except as contemplated below, directly or indirectly, use for its own purposes or communicate to any other Person any Confidential Information relating to the Seller or to the Purchased Assets or the Business (including with respect to employees, customers and suppliers) which become known to the Buyer, its accountants, legal advisers or representatives as a result of the Seller making the same available in connection with the transactions contemplated hereby. The foregoing shall not prevent the Buyer from disclosing or making available to its accountants, professional advisers and bankers and other lenders, whether current or prospective, any such Confidential Information for use solely in connection with completing the transactions contemplated hereby.

## 12.3 Public Notices

No press release or other announcement concerning the transactions contemplated hereby shall be made by the Seller or by the Buyer without the prior consent of the other Party (such consent not to be unreasonably withheld) provided, however, that subject to the last sentence of this Section 12.3, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including disclosure required in connection with the CCAA Proceedings or the Chapter 15 Proceedings) or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed or by any insolvency or other court or securities commission or other similar Governmental Authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure. Notwithstanding the foregoing: (a) this Agreement may be filed by the Seller with the Canadian Court and/or the Bankruptcy Court; and (b) the transactions contemplated in this Agreement may be disclosed by the Seller to the Canadian Court and/or the Bankruptcy Court, subject to redacting confidential or sensitive information as permitted by Applicable Law and rules. The Parties further agree that:

(a) the Monitor and/or Foreign Representative may prepare and file reports and other documents with the Canadian Court and/or the Bankruptcy Court, as applicable, containing references to the transactions contemplated by this Agreement and the terms of such transactions; and

(b) the Seller and its professional advisors may prepare and file such reports and other documents with the Canadian Court and/or the Bankruptcy Court containing references to the transactions contemplated by this Agreement and the terms of such transactions as may reasonably be necessary to complete the transactions contemplated by this Agreement or to comply with their obligations to the Canadian Court and the Bankruptcy Court.

Wherever possible, the Buyer shall be afforded an opportunity to review and comment on such materials prior to their filing. The Parties shall issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to by them.

#### **12.4 Survival**

The representations and warranties of the Seller in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby (the "**Seller's Representations**") are set forth solely for the purpose of Section 7.2(a) and none of them shall survive the Closing. Except as provided in Section 10.2, the Seller shall not have any liability, whether before or after the Closing, for any breach of the Seller's Representations, and the Buyer acknowledges that its exclusive remedy for any such breach shall be termination of this Agreement prior to the Closing (but only if permitted by Section 10.1) and the fees set forth in Section 10.2.

#### **12.5 Expenses**

Except as otherwise specifically provided herein, the Seller and the Buyer shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby.

#### **12.6 Non-Recourse**

No past, present or future director, officer, manager, member, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the respective Parties hereto, in such capacity, shall have any liability for any obligations or liabilities of the Buyer or the Seller, as applicable, under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

#### **12.7 Assignment; Binding Effect**

No Party may assign its rights or benefits under this Agreement without the consent of the other Party hereto; provided that the Buyer may without the consent of the Seller nominate one or more Canadian entities to take title to the Canadian Purchased Assets at the Closing, and one or more United States entities to take title to the United States Purchased Assets at the Closing. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person or entity not a Party to this Agreement. A nominee of the Buyer pursuant to this Section 12.7 shall be subject to the last sentence of Section 9 of the Offer on the same basis as the Buyer.

#### **12.8 Notices**

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (a) the date of personal delivery; (b) the

date of transmission by facsimile, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (c) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (d) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

(a) If to the Buyer at:

Cinram Acquisition, Inc.  
2525 East Camelback Road, Suite 850  
Phoenix, Arizona 85016  
Attention: Jahm Najafi  
Telephone: (602) 476-0600  
Facsimile: (602) 476-0625

with copies (which shall not in itself constitute notice) to:

Ballard Spahr LLP  
One East Washington Street, Suite 2300  
Phoenix, Arizona 85016  
Attention: Karen McConnell  
Telephone: (602) 798-5403  
Facsimile: (602) 798-5595

Davies Ward Phillips & Vineberg LLP  
44th Floor  
1 First Canadian Place  
Toronto, Ontario M5X 1B1  
Attention: Richard Elliott  
Telephone: (416) 863-5506  
Facsimile: (416) 863-0871

(b) If to the Seller at:

Cinram International Inc.  
2255 Markham Road,  
Scarborough, ON M1B 2W3  
Attention: Steve Brown  
Telephone: 416-298-8190  
Facsimile: 416-332-2403

with copies (which shall not in itself constitute notice) to:

Goodmans LLP  
333 Bay Street, Suite 3400  
Toronto, ON, M5H 2S7  
Attention: Robert Chadwick/ Neill May/  
Melaney Wagner  
Telephone: (416) 979-2211  
Facsimile: (416) 979-1234



And to:

Shearman & Sterling LLP  
599 Lexington Avenue  
New York, New York 10022  
Attention: Douglas P. Bartner/  
Jill K. Frizzley  
Telephone: (212) 848-4000  
Facsimile: (646) 848-8174

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

**12.9 Counterparts; Facsimile Signatures**

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. The signature of any of the Parties hereto may be evidenced by a facsimile, scanned email or internet transmission copy of this Agreement bearing such signature.

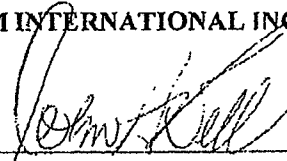
**[The remainder of this page left intentionally blank]**

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

**SELLER:**

**CINRAM INTERNATIONAL INC.**

Per:

  
\_\_\_\_\_  
Name: John H. Bell  
Title: Chief Financial Officer

**BUYER:**

**CINRAM ACQUISITION, INC.**

Per:

\_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

**SELLER:**

CINRAM INTERNATIONAL INC.

Per:

Name: \_\_\_\_\_

Title:

**BUYER:**

CINRAM ACQUISITION, INC.

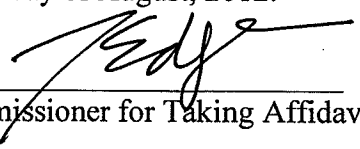
Per:

Name: Tina S. Rodes

Title: Authorized Representative

**B**

This is Exhibit "B" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

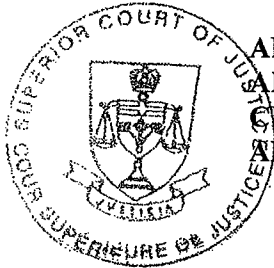
  
A Commissioner for Taking Affidavits

JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. ) THURSDAY, THE 12<sup>TH</sup>  
 )  
JUSTICE MORAWETZ ) DAY OF JULY, 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 COMPANIES LISTED IN SCHEDULE "A"

Applicants

APPROVAL AND VESTING ORDER

THIS MOTION, made by Cinram International Inc. ("CII"), Cinram International Income Fund ("Cinram Fund"), CII Trust and the companies listed in Schedule "A" hereto (collectively, the "Applicants") for an order:

- (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram Fund and its direct and indirect subsidiaries (collectively, "Cinram") in North America contemplated by an asset purchase agreement (the "Asset Purchase Agreement") between CII and Cinram Acquisition, Inc. (the "Purchaser") dated June 22, 2012, and appended to the affidavit of Mark Hootnick sworn June 23, 2012 (the "Hootnick Affidavit") as Exhibit "A";
- (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA (the "Purchased Shares") pursuant to the binding purchase offer dated June 22, 2012 (the "Purchase Offer") provided by the Purchaser to CII and 1362806 Ontario Limited

- 2 -

(together with CII, the "**Share Sellers**") appended to the Hootnick Affidavit as Exhibit "B";

- (iii) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Purchase Offer;
- (iv) authorizing CII, Cinram Inc., Cinram Retail Services LLC, One K Studios, LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the "**Asset Sellers**", together with the Share Sellers, the "**Sellers**") to complete the transactions contemplated by the Asset Purchase Agreement (the "**Asset Sale Transaction**");
- (v) authorizing the Share Sellers to complete the transactions contemplated by the Purchase Offer (the "**Share Sale Transaction**", together with the Asset Sale Transaction, the "**Sale Transaction**"), including, without limitation, entering into a share purchase agreement in the form attached as Exhibit A to the Purchase Offer (the "**Share Purchase Agreement**") upon due exercise of the Purchase Offer; and
- (vi) upon delivery of Monitor's Certificates (as defined below) by the Monitor (as defined below) to the Purchaser, vesting all of the Asset Sellers' right, title and interest in and to the Purchased Assets (as defined in the Asset Purchase Agreement) and the Share Sellers' right, title and interest in and to the Purchased Shares in the Purchaser or its nominees, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Approval and Vesting Order,

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

ON READING the affidavit of John Bell sworn June 23, 2012, (the "**Bell Affidavit**"), the Hootnick Affidavit, the First Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the "**Monitor**") dated July 9, 2012 (the "**Monitor's Report**"), and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the Administrative Agent under the Credit Agreements (as defined in the Bell Affidavit) and the DIP Agent under the DIP Credit Agreement (each as defined in the Bell Affidavit), no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of Caroline Descours sworn June 27, 2012, 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 Asset Sale Transaction is hereby approved, and the execution of the Asset Purchase Agreement by CII is hereby authorized and approved, with such minor amendments as CII may deem necessary with the approval of the Monitor. The Asset Sellers are 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 Asset Sale Transaction and for the conveyance of the Purchased Assets to the Purchaser and/or one or more entities nominated by the Purchaser to take title to the Purchased Assets in accordance with the Asset Purchase Agreement (each an "**Asset Purchaser Nominee**").
3. THIS COURT ORDERS AND DECLARES that the Share Sale Transaction is hereby approved, and the Share Sellers are hereby authorized to execute the Purchase Offer, with such minor amendments as the Share Sellers may deem necessary with the approval of the Monitor. The Share Sellers are hereby authorized and directed to take such additional steps and execute such additional documents, including, without limitation, the Share Purchase Agreement, as may be necessary or desirable for the completion of the Share Sale Transaction and for the conveyance of the Purchased Shares to the Purchaser or an entity nominated by the Purchaser to take title to the Purchased Shares (the "**Share Purchaser Nominee**").
4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "B" hereto (the "**Monitor's Asset Sale Transaction Certificate**"), all of the Asset Sellers' right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser and/or the Asset Purchaser Nominee, 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; (ii) all charges, security interests or claims



- 4 -

evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) (the "PPSA") or any other personal property registry system; and (iii) those Claims listed on Schedule "D" hereto (all of which are collectively referred to as the "Encumbrances", which Claims and Encumbrances shall not include the Permitted Encumbrances (as defined in the Asset Purchase Agreement), which Permitted Encumbrances include the encumbrances, easements and restrictive covenants listed on Schedule "E") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. THIS COURT ORDERS that with respect to the U.S. Applicants (as defined in the Bell Affidavit) only, this Order is subject to the issuance of an order by the United States Bankruptcy Court for the District of Delaware authorizing the sale and transfer of the Purchased Assets that are located within the territorial jurisdiction of the United States, free and clear of and from any Claims and Encumbrances.

6. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor's certificate to the Purchaser substantially in the form attached as Schedule "F" hereto (the "Monitor's Share Sale Transaction Certificate", together with the Monitor's Asset Sale Transaction Certificate, the "Monitor's Certificates"), all of the Share Sellers' right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser or the Share Purchaser Nominee, free and clear of and from any and all Claims and Encumbrances, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares.

7. THIS COURT ORDERS that upon the registration in the Land Titles Division of the Toronto Registry Office an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and the *Land Registration Reform Act* (Ontario) with respect to the real property identified in Schedule "C" hereto (the "Real Property"), the Land Registrar is hereby directed to enter the Purchaser or the Asset Purchaser Nominee as the owner of the Real Property in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule "D" hereto.

8. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall be paid to the Monitor and shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Asset Sale Transaction Certificate all Claims and Encumbrances relating to the Purchased Assets shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares shall be paid to the Monitor and shall stand in the place and stead of the Purchased Shares, and that from and after the delivery of the Monitor's Share Sale Transaction Certificate all Claims and Encumbrances relating to the Purchased Shares shall attach to the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the Purchased Shares immediately prior to the sale, as if the Purchased Shares had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

10. THIS COURT ORDERS that the Monitor may rely on written notice from the Sellers and the Purchaser regarding fulfillment of conditions to closing under the Asset Purchase Agreement, the Purchase Offer and the Share Purchase Agreement and shall incur no liability with respect to delivery of the Monitor's Asset Sale Transaction Certificate and the Monitor's Share Sale Transaction Certificate.

11. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Asset Sale Transaction Certificate and a copy of the Monitor's Share Sale Transaction Certificate, forthwith after delivery thereof.

12. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Sellers are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Sellers' records pertaining to the Sellers' past and current employees, including personal information of those employees listed on Schedule 8.7(a) to the Asset Purchase Agreement. The

- 6 -

Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Sellers.

13. 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 Purchased Assets in the Purchaser and/or the Asset Purchaser Nominee and the Purchased Shares in the Purchaser or the Share Purchaser Nominee 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.

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

15. THIS COURT ORDERS that the confidential information relating to the Sale Transaction and Schedules 2.1(i), 4.3 and 4.6 to the Asset Purchase Agreement and Schedule I.3 to Exhibit I to the Asset Purchase Agreement contained in the confidential supplement of the Applicants 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.

16. 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.

A handwritten signature in cursive script, appearing to read "A. H. Rawlings", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO.:

JUL 12 2012

A handwritten mark, possibly initials or a signature, is written over the date "JUL 12 2012".

**SCHEDULE "A"****Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

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

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

Schedule "B" – Form of Monitor's Asset Sale Transaction Certificate

Court File No. CV12-9767-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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

Applicants

MONITOR'S ASSET SALE TRANSACTION CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Morawetz of the Ontario Superior Court of Justice (the "Court") dated June 25, 2012, FTI Consulting Canada Inc. was appointed as the Monitor (the "Monitor") of the Applicants and Cinram International Limited Partnership (together with the Applicants, the "CCAA Parties").

B. Pursuant to an Order of the Court dated [DATE] (the "Approval and Vesting Order"), the Court approved the asset purchase agreement made as of June 22, 2012 (the "Asset Purchase Agreement") between Cinram International Inc. ("CII") and Cinram Acquisition, Inc. (the "Purchaser") and provided for the vesting in the Purchaser and/or the Asset Purchaser Nominee of the Asset Sellers' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Asset Purchase Agreement have been satisfied or waived by CII and the Purchaser; and (iii) the Asset Sale Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Asset Purchase Agreement or the Approval and Vesting Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Asset Purchase Agreement;
2. The Monitor has received written confirmation from the Purchaser and CII that the conditions to Closing as set out in Article 7 of the Asset Purchase Agreement have been satisfied or waived by CII and the Purchaser;
3. The Asset Sale Transaction has been completed to the satisfaction of the Monitor; and
4. This Certificate was delivered by the Monitor at [TIME] on [DATE].

**FTI Consulting Canada Inc., in its  
capacity as Monitor of the CCAA Parties,  
and not in its personal capacity**

Per: \_\_\_\_\_

Name:

Title

**Schedule "C" – Real Property**

**2255 Markham Road, Toronto, Ontario**

Firstly:

PIN 06079-0067 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 64R6927 and Part 1 on Plan 64R7116, confirmed by 64B1990, subject to SC574898, Toronto, City of Toronto

Secondly:

PIN 06079-0280 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 66R23795, subject to an easement over Part 3 on Plan 66R23795 as in SC574898, City of Toronto

Being the whole of the said PINs.

Land Titles Division of the Toronto Registry No. 66.



**Schedule "D" – Claims to be deleted and expunged from title to Real Property**

1. Charge in favour of JPMorgan Chase Bank, N.A. registered on May 8, 2006 as Instrument No. AT1131509;
2. Charge in favour of JPMorgan Chase Bank, N.A. registered on December 7, 2010 as Instrument No. AT2570745;
3. Charge in favour of JPMorgan Chase Bank, N.A. registered on April 11, 2011 as Instrument No. AT2663576;
4. Notice in favour of JPMorgan Chase Bank, N.A. registered on April 11, 2011 as Instrument No. AT2663577;
5. Charge in favour of JPMorgan Chase Bank, N.A. registered on January 16, 2012 as Instrument No. AT2920218; and
6. Charge in favour of JPMorgan Chase Bank, N.A. registered on January 16, 2012 as Instrument No. AT2920219.

**Schedule "E" – Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property**

**(unaffected by the Vesting Order)**

1. Those matters referred to in Subsection 44(1) of the Land Titles Act, except paragraph 11 and 14, provincial succession duties and escheats or forfeiture to the Crown;
2. The rights of any person who would, but for the Land Titles Act, be entitled to the land or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
3. Any lease to which subsection 70(2) of the Registry Act applies;
4. Transfer Easement registered on September 13, 1978 as Instrument No. SC574898;
5. Boundaries Act Plan registered on August 27, 1982 as Instrument No. 64BA1990;
6. Agreement registered on May 2, 1986 as Instrument No. TB318366;
7. Agreement registered on October 15, 1987 as Instrument No. TB454937;
8. Agreement registered on June 15, 1989 as Instrument No. TB611216;
9. Notice registered on November 3, 2005 as Instrument No. AT970042; and
10. Notice registered on July 24, 2006 as Instrument No. AT1205222.

Schedule "F" – Form of Monitor's Share Sale Transaction Certificate

Court File No. CV12-9767-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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

Applicants

MONITOR'S SHARE SALE TRANSACTION CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Morawetz of the Ontario Superior Court of Justice (the "**Court**") dated June 25, 2012, FTI Consulting Canada Inc. was appointed as the Monitor (the "**Monitor**") of the Applicants and Cinram International Limited Partnership (together with the Applicants, the "**CCAA Parties**").

B. Pursuant to an Order of the Court dated [DATE] (the "**Approval and Vesting Order**"), the Court approved the purchase offer made as of June 22, 2012 (the "**Purchase Offer**") by Cinram Acquisition, Inc. (the "**Purchaser**") to Cinram International Inc. ("**CII**"), 1362806 Ontario Limited (together with CII, the "**Share Sellers**") and provided for the vesting in the Purchaser or the Share Purchaser Nominee the Share Sellers' right, title and interest in and to the Purchased Shares, which vesting is to be effective with respect to the Purchased Shares upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Shares; (ii) that the conditions to Closing as set out in Section 6 of the Purchase Offer and Article 6 of the Share Purchase Agreement have

been satisfied or waived by the Share Sellers and the Purchaser; and (iii) the Share Sale Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Purchase Offer or the Approval and Vesting Order.

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Purchase Price for the Purchased Shares payable on the Closing Date pursuant to the Purchase Offer;
2. The Monitor has received written confirmation from the Share Sellers and the Purchaser that the conditions to Closing as set out in Section 6 of the Purchase Offer and Section 6.3 of the Share Purchase Agreement and the deliveries set out in Section 6.2 of the Share Purchase Agreement have been satisfied or waived by the Share Sellers and the Purchaser;
3. The Share Sale Transaction has been completed to the satisfaction of the Monitor; and
4. This Certificate was delivered by the Monitor at [TIME] on [DATE].

**FTI Consulting Canada Inc., in its capacity as Monitor of the CCAA Parties, and not in its personal capacity**

Per: \_\_\_\_\_

Name:

Title

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

Court File No: CV12-9767-00CL

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

**APPROVAL AND VESTING ORDER**

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

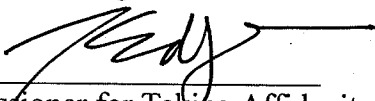
Robert J. Chadwick LSUC#: 35165K  
Melaney J. Wagner LSUC#: 44063B  
Caroline Descours LSUC#: 58251A

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

Lawyers for the Applicants

C

This is Exhibit "C" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., <i>et al.</i> <sup>1</sup>	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	(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

<sup>1</sup> 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**")<sup>2</sup> 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,

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<sup>2</sup> 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:<sup>3</sup>**

**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

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<sup>3</sup> 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.

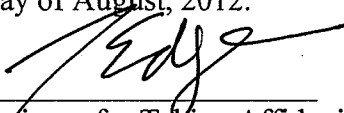
Dated: *July 25* 2012

*Tracy C. ...*  
UNITED STATES BANKRUPTCY JUDGE



**D**

This is Exhibit "D" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

† JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

## Listed Closing Assigned Contracts

Cinram Parties	Counterparties	Agreement
Cinram International Inc.	EMI Music Canada	Manufacturing and Distribution Services Agreement (Canada)
Cinram International Inc.	Universal Music Canada Inc.	Manufacturing Agreement
Cinram International Inc.	Take-Two Interactive Software, Inc. and Jack Of All Games, Inc.	Guaranty
Cinram International Inc.	nuBridges, LLC	Software License Agreement
Cinram International Inc.	KNAPP Logistics and Automation, Inc.	Hotline Contract
Cinram International Inc.	Computer Associates Canada Ltd.	License Agreement
Cinram International Inc.	Infor Global Solutions	PRMS Software License Agreement
Cinram International Inc.	Xerox Canada Ltd.	Total Document Solutions Agreement
Cinram International Inc.	Nugget Avenue (Phase I) Inc.	Lease
Cinram International Inc.	Macrovision Corporation	Intellectual Property License for Macrovision's Technologies
Cinram International Inc.	Matsushita Electric Industrial, Co., Ltd.	Settlement and License Agreement
Cinram International Inc.	DVD Format/Logo Licensing Corporation	DVD Format/Logo License Agreement
Cinram International Inc.	Rovi Solutions Corporation	CopyBlock Letter Agreement
Cinram International Inc.	Time Warner Inc. and Pioneer Corporation	Pioneer Cross-License Acceptance and Assumption Agreement


<b>Cinram Parties</b>	<b>Counterparties</b>	<b>Agreement</b>
Time Warner Inc. assigned to Cinram International Inc. per Pioneer Cross-License Acceptance and Assumption Agreement	Pioneer Corporation	Cross-License Agreement
Cinram International Inc.	Sony DADC Austria AG	Authorized Replicator Agreement
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6024)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6026)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 6072/4918)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6859)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6905)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6906)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6970)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7200)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 7200/9053)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7689)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7690)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7691)

<b>Cinram Parties</b>	<b>Counterparties</b>	<b>Agreement</b>
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7762)
Cinram International Inc.	Manufacturers Life Insurance Company	Employee Benefits Policy 901735
Cinram International Inc.	HR Technologies	Sales Agreement
Cinram International Inc.	HR Technologies	Software Maintenance Agreement
Cinram International Inc.	HR Technologies	Hardware Maintenance Agreement
Cinram International Inc.	PHH Vehicle Management Services Inc.	Card Services Agreement

6110573

**E**

This is Exhibit "E" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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

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

<sup>1</sup> 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 any of the executory contracts and unexpired leases (collectively, the "Assigned Contracts") identified on Schedule 1 hereto (the "Assumption Schedule").

**PLEASE TAKE FURTHER NOTICE THAT** the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the 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 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 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 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](mailto: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 Assumption Schedule to which you may be a party.<sup>2</sup>

**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. Accordingly, the Debtors have conducted a thorough review of their books and records and have

<sup>2</sup> 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.

determined the amounts required to cure defaults, if any, under the executory contract(s) or unexpired lease(s), which amounts are listed on the 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 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 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.kcccllc.net/cinram](http://www.kcccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kcccllc.com](mailto:CinramInfo@kcccllc.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 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 52<sup>nd</sup> 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 6, 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**

**Assumption Schedule**

Customer (T&C Agreements)

Row No.	Customer Party	Counterparty	Type of Agreement	Address of Counterparty Line 1	Address of Counterparty Line 2	Address of Counterparty Line 3	Address of Counterparty Line 4	Address of Counterparty Line 5	Address of Counterparty Line 6	City	State	Zip	Country	Party Amount
1	Cinram International Inc.	ISON235 ONTARIO INC.	Customer Terms and Conditions		8110-5491 EGLINTON AVE	WEST		TORONTO		ON	M9C 5A6			\$0.00
2	Cinram International Inc.	1583343 ONTARIO INC	Customer Terms and Conditions		110	12813 CLARKE PLACE	RICHMOND			BC	V6V 2H9			\$0.00
3	Cinram International Inc.	ALDEN DIMENSIONAL MEDIA	Customer Terms and Conditions			36 PARK LANE ROAD	TORONTO			ON	M4Y 3H8			\$0.00
4	Cinram International Inc.	ALLEGRO (CANADA)	Customer Terms and Conditions		100 WEST BEAVER CREEK RD.	UNIT 18	RICHMOND HILL			ON	L4B 3H4			\$0.00
5	Cinram International Inc.	AUDIOBEC RECORDING	Customer Terms and Conditions			20048 HE SAN RAFAEL ST	PORTLAND			OR	97230			\$0.00
6	Cinram International Inc.	BALL MEDIA/BELLEVUE/US	Customer Terms and Conditions	DAVE CURBITT		8 ELIRA AVENUE	RICHMOND HILL			ON	L4S 1G4			\$0.00
7	Cinram International Inc.	BFS ENTERTAINMENT (COM)	Customer Terms and Conditions			1 WORLD DRIVE	MISSISSAUGA			ON	L5T 2V4			\$0.00
8	Cinram International Inc.	BLUE SKY ENTERTAINMENT	Customer Terms and Conditions	SOFTWARE		622 BRADWAY	NEW YORK			NY	10012			\$0.00
9	Cinram International Inc.	BOONSDALE RECORDS INC	Customer Terms and Conditions			1008 CAPRICORN CRT	MINDEN			ON	N0M 2K0			\$0.00
10	Cinram International Inc.	CANADA DISC & TAPE INC.	Customer Terms and Conditions	CHRIS KONTOIS ENT (COM)		2ND FLOOR UNIT 208	MIDLAND			ON	L4R 1K9			\$0.00
11	Cinram International Inc.	CCI CANADIAN LIMITED	Customer Terms and Conditions	SOFTWARE INC.		5790 HURONTARIO STREET	SUITE #314			ON	M5S 1S8			\$0.00
12	Cinram International Inc.	CHELSEA ROAD PRODUCTIONS	Customer Terms and Conditions			1 BANGAN DRIVE	TORONTO			ON	M4M 1G3			\$0.00
13	Cinram International Inc.	CLICK MEDIA INC	Customer Terms and Conditions			15 HEREFORD STREET	BRAMPTON			ON	L6Y 0T7			\$0.00
14	Cinram International Inc.	CONTENT MANAGEMENT CORP.	Customer Terms and Conditions		130 SAUNDERS ROAD	UNIT 13	KAMIE			ON	L4N 5A8			\$0.00
15	Cinram International Inc.	CURE DISC MUSIC CANADA	Customer Terms and Conditions		1295 NORTH SERVICE RD		BURLINGTON			ON	L7R 4M2			\$0.00
16	Cinram International Inc.	CYAN SOLUTIONS	Customer Terms and Conditions			125 DORSSET ROAD	TORONTO			ON	M1M 2T2			\$0.00
17	Cinram International Inc.	DAVID C COOK DISTRIBUTION	Customer Terms and Conditions	PRODUCTION INC		934 EASTERN AVE	TORONTO			ON	M4L 1A4			\$0.00
18	Cinram International Inc.	DAVID J WOODS	Customer Terms and Conditions	2005 G P		P O BOX 925	ST LAURENT			QC	H4L 4W3			\$0.00
19	Cinram International Inc.	DVD COPYTECH	Customer Terms and Conditions	PRECISION SOUND		UNIT 8 1	19373 96TH STREET			BC	V4N 4C1			\$0.00
20	Cinram International Inc.	EFFECTUALITY INC.	Customer Terms and Conditions	SERVICES	P. O. BOX 2281		HALIFAX			NS	B3J 3C8			\$0.00
21	Cinram International Inc.	ENTERTAINMENT ONE FILMS	Customer Terms and Conditions			91 KINGFISHER DRIVE	ELMIRA			ON	N1B 2M4			\$0.00
22	Cinram International Inc.	GEORGLAND LTD	Customer Terms and Conditions			80X 861	EDMONTON			AB	T5J 2L8			\$0.00
23	Cinram International Inc.	GRAF MARTIN COMMUNICATION	Customer Terms and Conditions		SUITE #200	58 ARTHUR STREET	OTTAWA			ON	K1R 7B9			\$0.00
24	Cinram International Inc.	HUAY CANADA INC	Customer Terms and Conditions		3204 W 13 AVE		VANCOUVER			BC	V6K 2V5			\$0.00
25	Cinram International Inc.	INFORMATION PACKAGING	Customer Terms and Conditions	SERVICES	10612 D PROVIDENCE RD	SUITE 716	CHARLOTTE			NC	28716			\$0.00
26	Cinram International Inc.	JUSTIN TIME	Customer Terms and Conditions			100 JAMES RATCLIFFE AVE.	STOUFFVILLE			ON	L4A 0K6			\$0.00
27	Cinram International Inc.	KEBA COMMUNICATIONS	Customer Terms and Conditions			4030 BOUL POIRIER	MONTRER AL			QC	H4R 2A5			\$0.00
28	Cinram International Inc.	K&L PRODUCTIONS LTD.	Customer Terms and Conditions			55 SUDBURY STREET	TORONTO			ON	M6J 3S9			\$0.00
29	Cinram International Inc.	LCBO	Customer Terms and Conditions		1650 WEST 2ND AVE		VANCOUVER			BC	V6J 4R3			\$0.00
30	Cinram International Inc.	LIFESTYLE INTEGRATED INC	Customer Terms and Conditions		2-712	OSSINGTON AVENUE	TORONTO			ON	M6R 3T7			\$0.00
31	Cinram International Inc.	MARGOLD INDUSTRIES LTD.	Customer Terms and Conditions	KEVIN WHIGMORE		70 DENISON STREET	MARHAM			ON	L3R 1R6			\$0.00
32	Cinram International Inc.	MCDONNELL HAYNES LTD.	Customer Terms and Conditions			60 DYNAMIC DRIVE	SCARBOROUGH			ON	M1V 2W2			\$0.00
33	Cinram International Inc.	MEDIA HOUSE 1269915	Customer Terms and Conditions		334 FOUNTAIN ST.		CAMBRIDGE			ON	N3H 1J3			\$0.00
34	Cinram International Inc.	MISSION STUDIOS LTD.	Customer Terms and Conditions	MEDIA		347 POND ROAD UNIT 18	PETERBOROUGH			ON	K9J 6K7			\$0.00
35	Cinram International Inc.	NETHERX PRODUCTIONS	Customer Terms and Conditions			35 BAYLOR CRESCENT	GEORGETOWN			ON	L7G 1A9			\$0.00
36	Cinram International Inc.	O.G.I PRECISION INC	Customer Terms and Conditions		1381 FINCH AVE WEST	UNITS 16 - 17	DOWNSVIEW			ON	M3J 2V8			\$0.00
37	Cinram International Inc.	PACIFICLINE MUSIC	Customer Terms and Conditions	ATTN: EMMA BARAHONA		5000 YONGE ST., SUITE 1503	TORONTO			ON	M2M 6P1			\$0.00
38	Cinram International Inc.	POLAR BEAR PRDD (US)	Customer Terms and Conditions		MAIN LEVEL, SUITE #100	1381 STEELES AVENUE EAST	TORONTO			ON	M2H 357			\$0.00
39	Cinram International Inc.	PRECISION SOUND CORP.	Customer Terms and Conditions		SUITE 1	2450 VICTORIA PARK AVE.	WILLOWDALE			ON	M2J 3H3			\$0.00
40	Cinram International Inc.	PROCESS TECHNOLOGIES & CONDITIONS	Customer Terms and Conditions		SUITE #1	2450 VICTORIA PARK AVE.	WILLOWDALE			ON	M2J 3H3			\$0.00
41	Cinram International Inc.	PROGRESS MARKETING	Customer Terms and Conditions	DISERJ		SUITE # 1	2450 VICTORIA PARK AVE			ON	M2J 3H3			\$0.00
42	Cinram International Inc.	PROS MARKETING	Customer Terms and Conditions	ATTN: MARTIN MALTAIS		1600 BOULEVARD DE MAISSOUEVE EST	MONTRER AL			QC	H2L 4P2			\$0.00
43	Cinram International Inc.	PUBLICATIONS CCH LTEE.	Customer Terms and Conditions		SUITE 1	2450 VICTORIA PARK AVE.	WILLOWDALE			ON	M2J 3H3			\$0.00
44	Cinram International Inc.	REDPACT IMPEX	Customer Terms and Conditions			2450 VICTORIA PARK	WILLOWDALE			ON	M2J 4A2			\$0.00
45	Cinram International Inc.	RICHTER PRECISION	Customer Terms and Conditions	ATTN: A/P DEPARTMENT		145 KING ST. E., 3RD FLOOR	TORONTO			ON	M5C 2V7			\$0.00
46	Cinram International Inc.	ROSDALE MUSIC GROUP.	Customer Terms and Conditions			600 QUEENS QUAY W	TORONTO			ON	M5V 2Y9			\$0.00
47	Cinram International Inc.	SILVERBIRCH	Customer Terms and Conditions	(COA INVESTMENT)		610 OPPERNAN DRIVE	MALLETTOP D3-5145			ON	M5V 2Y9			\$0.00
48	Cinram International Inc.	SILVERBIRCH (RE-WORK)	Customer Terms and Conditions			115 LYTON BLVD	TORONTO			ON	M4R 1L5			\$0.00
49	Cinram International Inc.	SONRISE AUDIO DUPLICATION	Customer Terms and Conditions			5524 ST. PATRICK, #580	MONTRER AL			QC	H4E 1A8			\$0.00
50	Cinram International Inc.	STONY PLAIN RECORDS	Customer Terms and Conditions		80X 238	0437 CHELSEA ROAD	BURLINGTON			ON	L7P 0M8			\$0.00
51	Cinram International Inc.	SUPERTRAX MEDIA INC	Customer Terms and Conditions	LINUS ENT	REWORK	14-3245 HARVESTER RD	BURLINGTON			ON	L7N 3T7			\$0.00
52	Cinram International Inc.	TECHNOCOLORZ/NOVY	Customer Terms and Conditions	126915 DNT INC.	519 652 2056	334 FOUNTAIN ST.	CAMBRIDGE			ON	N3H 1J3			\$0.00
53	Cinram International Inc.	THE CHILDREN'S GROUP	Customer Terms and Conditions	C/O LINDA ECKER		885 PRETE ST	SUDBURY			ON	P3E 1K3			\$0.00
54	Cinram International Inc.	THE CHILDREN'S GRP-REWORK	Customer Terms and Conditions	KNOWLEDGE RESOURCE GROUP	DEPARTMENT# 895	55 LAKESHORE BLVD EAST	TORONTO			ON	M5E 1A4			\$0.00
55	Cinram International Inc.	THE IMAODO RECORDING CO.	Customer Terms and Conditions	HUGGET AVENUE (PHASE 1) INC.	SINCE BOX 183, SUITE 4000	66 WELLINGTON STREET WEST	TORONTO			ON	M5C 1H6			\$0.00
56	Cinram International Inc.	THOMSON FINANCIAL (US)	Customer Terms and Conditions	DAG HAMMARSTJOLD TOWER		240 E. 47TH STREET	NEW YORK			NY	10017			\$0.00
57	Cinram International Inc.	TRANSCONTINENTAL PRINTING	Customer Terms and Conditions		P O BOX # 159	1021 COMMERCIAL AVE	EAST PETERSBURG			PA	17510			\$0.00
58	Cinram International Inc.	TRICORD MEDIA	Customer Terms and Conditions		600 OUEST	PORT-ROYAL	MONTRER AL			QC	H3L 2C5			\$0.00
59	Cinram International Inc.	TRUE NORTH RECORDS	Customer Terms and Conditions	DBA: MICROFORUM SERVICES		1 WOODBOROUGH AVE.	TORONTO			ON	M6M 5A1			\$0.00
60	Cinram International Inc.	TVA FILMS	Customer Terms and Conditions	LINUS ENT		14-3245 HARVESTER RD	BURLINGTON			ON	L7N 3T7			\$0.00
61	Cinram International Inc.	VCR ACTIVE MEDIA LTD	Customer Terms and Conditions	& MULTIMEDIA INC.		160 NEWRIK ROAD NORTH	RICHMOND HILL			ON	L4C 3G7			\$0.00
62	Cinram International Inc.	VIDEOLIVE SHOWTIME	Customer Terms and Conditions		UNIT "B"	675 BERRY STREET	WINNIPEG			MB	R3H 1A7			\$0.00
63	Cinram International Inc.	WELLINGTON PRINTWORKS INC	Customer Terms and Conditions	CANADA INC		175 BLOOR STREET EAST	SUITE 1400, NORTH TOWER			ON	M4W 3R8			\$0.00
64	Cinram International Inc.	WESTERN IMPERIAL	Customer Terms and Conditions		680 QUEENS QUAY W	5TE.600 ENTRY CODE # 180	TORONTO			ON	M5V 2Y9			\$0.00
65	Cinram International Inc.	WHATEVER SOLUTIONS & CONDITIONS	Customer Terms and Conditions	ACCOUNTS PAYABLE		ROOM 8016, 8TH FLOOR	2121 AVENUE OF THE STARS.			CA	90067			\$0.00
66	Cinram International Inc.	WORLD VISION CANADA	Customer Terms and Conditions				MISSISSAUGA			ON				\$0.00
67	Cinram Inc.	WINTER MADISON PLASTICS	Purchase Orders Only	ATTN: JOHN (JANNU)		8080 TROON CIRCLE # 100	AUSTELL			GA	30168			\$0.00
68	Cinram Inc.	WINTON PLASTIC MAT. INC	Purchase Orders Only	ATTN: ACETS PAYABLE		15012 EDGERTON ROAD	NEW HAVEN			CT	06774			\$0.00
69	Cinram Inc.	CUSTOM POLYMERS	Purchase Orders Only	700 TUSKASEGEE RD			CHARLOTTE			NC	28208			\$0.00
70	Cinram Inc.	CYCLE TEK INC	Purchase Orders Only	702 S. THOMANTON AVE			DALTON			GA	30720			\$0.00
71	Cinram Inc.	GLOBAL POLYMERS LLC	Purchase Orders Only	P.O. BOX 6745			LOUISVILLE			NY	46206			\$0.00
72	Cinram Inc.	INTERNATIONAL PALETTE INC	Purchase Orders Only	ATTN: DEBBIE FOSTER		P.O. BOX 5531	BIRMINGHAM			AL	35207			\$0.00
73	Cinram Inc.	JIC ENTERPRISES INC/CS/CP	Purchase Orders Only	ATTN: JANE EDWARDS		1401 N. EVANS AVE	EVANSVILLE			IN	47731			\$0.00
74	Cinram Inc.	NORTH STREET MEDIA	Customer Terms and Conditions	ATTN: LARRY WHITE		735 N. LYNHURST DRIVE	INDIANAPOLIS			IN	46214			\$0.00
75	Cinram Inc.	PLASTIC RECYCLERS SE	Purchase Orders Only	ATTN: ACETS PAYABLE		1220 CHURCH STREET, NE	DECATUR			AL	35601			\$0.00
76	Cinram Inc.	RECYCLENET, LLC	Purchase Orders Only	3510 HERITAGE TRAIL			ROSWELL			GA	30075			\$0.00

Customer (T&C Agreements)

Ref. No.	Company 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	Address of Counterparty Line 5	Address of Counterparty Line 6	Due Amount
77	Claram Inc.	KOCCYAM	Purchase Orders Only	ATTN: BISHA HALL	105 HINDOLE AVE. N.E.		HUNTSVILLE	AL	35811	\$0.00
78	Claram Inc.	SOUTH CENTRAL RECYCLING	Purchase Orders Only	SCAP VENDOR	2015 VERMONT DR. SW	PO BOX 4231	DECATUR	AL	35602	\$0.00
79	Claram Inc.	TEN VALLEY RECYCLING LLC	Purchase Orders Only	ATTN: SHEILA HALL	P.O. DRAWER H	PO BOX 1338	RAINSVILLE	AL	35886	\$0.00
80	Claram Inc.	THE TRAVLOR GROUP	Purchase Orders Only	ATTN: SHEILA HALL			MT. KISCO	NY	10549	\$0.00
81	Claram Manufacturing LLC	X TO T AUDIO (EM DISC)	Customer Terms and Conditions	180 NORTH BEDFORD ROAD			DARLAND	CA	94610	\$0.00
82	Claram Manufacturing LLC	A TRAIN ENTERTAINMENT	Customer Terms and Conditions	401 GRAND AVENUE			MT. KISCO	NY	10549	\$0.00
83	Claram Manufacturing LLC	ACOUSTIC DISC	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			SAN JOSE	CA	95109-1670	\$0.00
84	Claram Manufacturing LLC	ADobe SYSTEMS INCORPORATED	Customer Terms and Conditions	PO BOX 1670			PLYMOUTH	NH	05647	\$0.00
85	Claram Manufacturing LLC	ADVANCE DUPLICATION	Customer Terms and Conditions	2155 HAGARA LAKE NORTH			LOS ANGELES	CA	90025	\$0.00
86	Claram Manufacturing LLC	AIK MEDIA WAMO	Customer Terms and Conditions	2050 GRAYVILLE AVENUE			FAIRHOPE	AL	36532	\$0.00
87	Claram Manufacturing LLC	ALABAMA MOON PRODUCTIONS LLC	Customer Terms and Conditions	18300 SCENIC HIGHWAY 98			PORTLAND	OR	97130	\$0.00
88	Claram Manufacturing LLC	ALLEGRO	Customer Terms and Conditions	20048 NE SAN RAFAEL STREET			SAN LEONARD	CA	94577	\$0.00
89	Claram Manufacturing LLC	AMBIENT	Customer Terms and Conditions	4551 GLENCOE AVENUE			HOUSTON	TX	77074	\$0.00
90	Claram Manufacturing LLC	AMERICAN RECORD SALES	Customer Terms and Conditions	2331 VERNA COURT			AMARILLO	TX	79120-2270	\$0.00
91	Claram Manufacturing LLC	ANDERSON AND SMITH PC	Customer Terms and Conditions	PO BOX 32770			WESTMINSTER	CA	92683	\$0.00
92	Claram Manufacturing LLC	ANDERSON MERCHANDISERS	Customer Terms and Conditions				LONDON	UK	SW6-3JD	\$0.00
93	Claram Manufacturing LLC	ART DONENT	Customer Terms and Conditions	14922 MORANT STREET			WEAVERVILLE	NC	28787	\$0.00
94	Claram Manufacturing LLC	ARTSMAGIC US LIMITED	Customer Terms and Conditions	C/O M. MERCER	208 HIGH STREET		MORRISTOWN	NJ	7910	\$0.00
95	Claram Manufacturing LLC	ARVATO DIGITAL SERVICES	Customer Terms and Conditions	108 MONTECELLO ROAD			MT. KISCO	NY	10549	\$0.00
96	Claram Manufacturing LLC	ATT4394	Customer Terms and Conditions	340 MOUNT KEMBLE PLAZA			NEW YORK	NY	10013	\$0.00
97	Claram Manufacturing LLC	AUDIO VIDEO GRAPHICS (EM DISC)	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			FOXPAND BEACH	FL	33073	\$0.00
98	Claram Manufacturing LLC	BBC WORLDWIDE AMERICA	Customer Terms and Conditions	1120 AVENUE OF THE AMERICAS			ASHLAND	OR	97120	\$0.00
99	Claram Manufacturing LLC	BEACHBODY	Customer Terms and Conditions	3301 EXPOSITION BLVD			NEW YORK	NY	10010	\$0.00
100	Claram Manufacturing LLC	BEGGARS GROUP	Customer Terms and Conditions	304 HUDSON STREET			LYNDHURST	NY	07071-3507	\$0.00
101	Claram Manufacturing LLC	BIELER BROTHERS	Customer Terms and Conditions	4100 NORTH POWERLINE ROAD			NEW YORK	NY	10019	\$0.00
102	Claram Manufacturing LLC	BLAKSTONE AUDIO INC	Customer Terms and Conditions	311 MISTLETOE ROAD			SUSSEX	NJ	7461	\$0.00
103	Claram Manufacturing LLC	BLINK DIGITAL	Customer Terms and Conditions	149 5TH AVENUE			SANTA ANA	CA	91706-1135	\$0.00
104	Claram Manufacturing LLC	BMG RECORDS INC	Customer Terms and Conditions	ATTN:MARY FARRELL			BURBANK	CA	91505	\$0.00
105	Claram Manufacturing LLC	BROADWAY VIDEO INC	Customer Terms and Conditions	1619 BROADWAY			NEW YORK	NY	10003	\$0.00
106	Claram Manufacturing LLC	CD SOURCE DIRECT	Customer Terms and Conditions	314 BEEMER CHURCH ROAD			RICHMOND	VA	17374	\$0.00
107	Claram Manufacturing LLC	CD VIDEO MANUFACTURING IN	Customer Terms and Conditions	12650 WESTMINSTER AVENUE			LOS ANGELES	CA	90039	\$0.00
108	Claram Manufacturing LLC	CITY LIGHTS PICTURES LLC	Customer Terms and Conditions	INVENTORY CONTRL GROUP	CO Warner Music Group	3400 W Drive Ave	LIVERPOOL	NY	13445	\$0.00
109	Claram Manufacturing LLC	CLASSIC MEDIA	Customer Terms and Conditions	85 5TH AVENUE			MT. KISCO	NY	10549	\$0.00
110	Claram Manufacturing LLC	CAG (EMI CINRAM R) DUAL DISC	Customer Terms and Conditions	1600 RICH ROAD			INDIANAPOLIS	IN	46219	\$0.00
111	Claram Manufacturing LLC	CWH RECORDS	Customer Terms and Conditions	P.O. BOX 39439			INDIANAPOLIS	IN	46219	\$0.00
112	Claram Manufacturing LLC	CMP ENTERTAINMENT	Customer Terms and Conditions	ANCHOR COURT YARD			HARBOR CITY	CA	90710	\$0.00
113	Claram Manufacturing LLC	COOL SPRINGS RECORDS	Customer Terms and Conditions	380 NORTH BEDFORD ROAD			LAKE BUENA VISTA	FL	32830	\$0.00
114	Claram Manufacturing LLC	CYPRESS MEDIA	Customer Terms and Conditions	15 NORTH MAIN STREET			EDISON	NJ	8837	\$0.00
115	Claram Manufacturing LLC	Sony DADC	Customer Terms and Conditions	1020 LAUREL OAK ROAD			VAHNCLOVER	NC	27686	\$0.00
116	Claram Manufacturing LLC	DATA MEMORY MKTG	Customer Terms and Conditions	950 TAYLOR STATION ROAD			TARBORO	NC	27886	\$0.00
117	Claram Manufacturing LLC	DATWIND	Customer Terms and Conditions	128 SHIVEL DRIVE			SCRANTON	PA	18509	\$0.00
118	Claram Manufacturing LLC	DELRAY RECORDS	Customer Terms and Conditions	PO BOX 106			MEMPHIS	TN	38116	\$0.00
119	Claram Manufacturing LLC	DIRECT BRANDS	Customer Terms and Conditions	ATTN: KIRA KINCADE-MAHONEY	6550 E 30TH STREET		MT. KISCO	NY	10549	\$0.00
120	Claram Manufacturing LLC	DIRECT BRANDS (DUAL DISC)	Customer Terms and Conditions	ATTN: KIRA KINCADE-MAHONEY	6550 E 30TH STREET		DALLAS	TX	75379	\$0.00
121	Claram Manufacturing LLC	DISC MEDIA	Customer Terms and Conditions	1430 240TH STREET			LAKE ZURICH	IL	60047	\$0.00
122	Claram Manufacturing LLC	DISNEY WORLDWIDE SHARED SERVIC	Customer Terms and Conditions	P.O. BOX 10120			HUNTINGTON BEACH	CA	92649	\$0.00
123	Claram Manufacturing LLC	DREWS FAMOUS/AMSCAN	Customer Terms and Conditions	45 FERNWOOD AVENUE			PORTLAND	OR	97221	\$0.00
124	Claram Manufacturing LLC	ECKHART TEACHINGS INC	Customer Terms and Conditions	SUITE 408 - 933 SEYMOUR STREET			LOS ANGELES	CA	90046	\$0.00
125	Claram Manufacturing LLC	EF0AM SOLUTIONS (INMAGO)	Customer Terms and Conditions	3006 ANACONDA ROAD			WILLOW GROVE	PA	19090	\$0.00
126	Claram Manufacturing LLC	ELECTRIC ROLDS	Customer Terms and Conditions	137 WEST MARKET STREET			SAN RAFAEL	CA	94901	\$0.00
127	Claram Manufacturing LLC	ELVIS PRESLEY ENTERPRISES	Customer Terms and Conditions	3734 ELVIS PRESLEY BLVD.			MASHVILLE	TN	37214	\$0.00
128	Claram Manufacturing LLC	EM DISC MANUFACTURING	Customer Terms and Conditions	180 NORTH BEDFORD ROAD			NEW YORK	NY	10065	\$0.00
129	Claram Manufacturing LLC	EXCLAIM ENTERTAINMENT	Customer Terms and Conditions	P.O. BOX 797361			CHANDLER	AZ	85276	\$0.00
130	Claram Manufacturing LLC	FAILSAFE MEDIA	Customer Terms and Conditions	475 CAPITAL DRIVE			LOS ANGELES	CA	90067	\$0.00
131	Claram Manufacturing LLC	FEARLESS RECORDS	Customer Terms and Conditions	16400 PCH #203			MOBILE SOUND	FL	33455	\$0.00
132	Claram Manufacturing LLC	FILM FOR THOUGHT INC	Customer Terms and Conditions	4615 SW 60TH PLAZA			PASADENA	CA	91103	\$0.00
133	Claram Manufacturing LLC	FLICKER ALLEY LLC	Customer Terms and Conditions	1566 COURTHNEY AVENUE			MONTCLAIR	NJ	7042	\$0.00
134	Claram Manufacturing LLC	FORGE RECORDING	Customer Terms and Conditions	100 MILL ROAD			NEW YORK	NY	10017	\$0.00
135	Claram Manufacturing LLC	FOREST INCENTIVES	Customer Terms and Conditions	230 FAIRHILL STREET			NEW YORK	NY	10017	\$0.00
136	Claram Manufacturing LLC	FIZZLE FRY	Customer Terms and Conditions	c/o ZEISLER, ZEISLER & RAWSON,	801 A STREET		NEW YORK	NY	10022	\$0.00
137	Claram Manufacturing LLC	GAYLORD ENT DWA GRAND OLE OPRY	Customer Terms and Conditions	1804 OPRYLAND DRIVE			SCARBOROUGH	ON	M1B 5M8	\$0.00
138	Claram Manufacturing LLC	GIANT INTERACTIVE LLC	Customer Terms and Conditions	88 TENTH AVENUE			NEW YORK	NY	10013	\$0.00
139	Claram Manufacturing LLC	GLASS NOTE RECORDS INC	Customer Terms and Conditions	770 LEIGHTON AVE.						
140	Claram Manufacturing LLC	GLYNOLYN INC	Customer Terms and Conditions	300 N. MCKEY AVENUE						
141	Claram Manufacturing LLC	GRATEFUL DEAD PRODUCTION INC	Customer Terms and Conditions	C/O GELFAND BERNETT FELDMAN LL	1880 CENTURY PARK EAST, SUITE 1600		LOS ANGELES	CA	90067	\$0.00
142	Claram Manufacturing LLC	GREAT NORTH ROAD AMERICA	Customer Terms and Conditions	31443 SE PLANDOME DRIVE			HOUSTON	TX	77061	\$0.00
143	Claram Manufacturing LLC	GREEN TECHNOLOGY	Customer Terms and Conditions	336 W MOUNTAIN STREET			PASADENA	CA	91103	\$0.00
144	Claram Manufacturing LLC	GWP	Customer Terms and Conditions	37 PARK STREET			NEW YORK	NY	10017	\$0.00
145	Claram Manufacturing LLC	HACHETTE BOOK GROUP USA	Customer Terms and Conditions	237 PARK AVENUE			NEW YORK	NY	10017	\$0.00
146	Claram Manufacturing LLC	HACHETTE BOOK GROUP USA	Customer Terms and Conditions	237 PARK AVENUE			NEW YORK	NY	10017	\$0.00
147	Claram Manufacturing LLC	HARPER COLLINS PUBLISHING	Customer Terms and Conditions	101 E. 53RD ST			NEW YORK	NY	10022	\$0.00
148	Claram Manufacturing LLC	HARPERCOLLINS PUBLISHERS	Customer Terms and Conditions	1995 MARSHAM RD.			SCARBOROUGH	ON	M1B 5M8	\$0.00
149	Claram Manufacturing LLC	HART SHARP VIDEO	Customer Terms and Conditions	575 BROADWAY			NEW YORK	NY	10013	\$0.00

Customer (T&C Agreements)

Ref No.	Contract 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	Address of Counterparty Line 5	Address of Counterparty Line 6	Cash Amount
150	Cinram Manufacturing LLC	HARVEST TRADING GROUP	Customer Terms and Conditions	61 ACCORD PARK DRIVE			MORWELL	MA	3061	\$0.00
151	Cinram Manufacturing LLC	HAWAII CALLS, INC	Customer Terms and Conditions	554 KAMA STREET			KAILUA	HI	96734	\$0.07
152	Cinram Manufacturing LLC	HAYMARKET BOOKS	Customer Terms and Conditions	4015 N ROCKWELL STREET			CHICAGO	IL	60618	\$0.00
153	Cinram Manufacturing LLC	HENDRICKSON PUBLISHERS	Customer Terms and Conditions	140 SUMMIT STREET			PEABODY	MA	3361	\$0.00
154	Cinram Manufacturing LLC	I&A MANAGEMENT	Customer Terms and Conditions	3100 GLENDON AVENUE			LOS ANGELES	CA	90024	\$0.00
155	Cinram Manufacturing LLC	I&A MGMT	Customer Terms and Conditions	3100 GLENDON AVENUE			LOS ANGELES	CA	91505	\$0.00
156	Cinram Manufacturing LLC	INGENIOUS DESIGN	Customer Terms and Conditions	40 ROSEFO DRIVE			EDGEWOOD	NY	11717	\$0.00
157	Cinram Manufacturing LLC	INTEGRITY RESOURCES	Customer Terms and Conditions	501 METROPLEX DRIVE			HASHVILLE	TN	37211	\$0.00
158	Cinram Manufacturing LLC	IDAMEGA CORPORATION	Customer Terms and Conditions	4059 S. 1900 W			ROY	UT	84067	\$0.00
159	Cinram Manufacturing LLC	IONEGA INTERNATIONAL SA	Customer Terms and Conditions	GENEVA BUSINESS CENTER	AVENUE DE MORGINS	12, PETIT LANCY - 1213	GENEVA			\$0.00
160	Cinram Manufacturing LLC	ISAAC ENTERTAINMENT LLC	Customer Term and Conditions	6395 OLD SHADRIN FERRY ROAD			RUFORD	GA	30518	\$0.00
161	Cinram Manufacturing LLC	JVC DISC AMERICA	Customer Terms and Conditions	82 JVC ROAD			TUSCALOOSA	AL	35405-3598	\$0.00
162	Cinram Manufacturing LLC	KOCH	Customer Terms and Conditions	22 HARBOR PARK DRIVE			PORT WASHINGTON	NY	11050	\$0.00
163	Cinram Manufacturing LLC	KRAGEN AND COMPANY	Customer Terms and Conditions	14099 AUBREY ROAD			BEVERLY HILLS	CA	90210	\$0.00
164	Cinram Manufacturing LLC	KUTZFELAND	Customer Terms and Conditions	4804 LAUREL CANYON BLVD			VALLEY VILAGE	CA	91607	\$0.00
165	Cinram Manufacturing LLC	LATOCCHI TEAM CREATIVE LLC	Customer Terms and Conditions	700 CRAIGHEAD STREET			NASHVILLE	TN	37204	\$0.00
166	Cinram Manufacturing LLC	LIQUID	Customer Terms and Conditions	PO BOX 32720			AMARILLO	TX	79120	\$0.00
167	Cinram Manufacturing LLC	LIVING LANGUAGE (RANDOM HOUSE)	Customer Terms and Conditions	400 HAHN ROAD			WESTMINSTER	MD	21157	\$0.00
168	Cinram Manufacturing LLC	MACA AVENUE RECORDS	Customer Terms and Conditions	19900 HARPER AVENUE			HARPER WOODS	MI	48225	\$0.00
169	Cinram Manufacturing LLC	MAGMILLAN AUDIO	Customer Terms and Conditions	175 FIFTH AVENUE			NEW YORK	NY	10010	\$0.00
170	Cinram Manufacturing LLC	MAGNA CARTA	Customer Terms and Conditions	C/O PELICAN MKTG & MGT	AJ COUNTRY CLUB ROAD		EAST ROCHESTER	NY	14445	\$0.00
171	Cinram Manufacturing LLC	MAGNA HOME ENTERTAINMENT	Customer Terms and Conditions	63 FEELINGTON ROAD	NORTH MELBOURNE		VICTORIA		3251	\$0.00
172	Cinram Manufacturing LLC	MAGNOLIA PICTURES LLC	Customer Terms and Conditions	2322 S. BARRINGTON AVENUE			LOS ANGELES	CA	90064	\$0.00
173	Cinram Manufacturing LLC	MALACO RECORDS	Customer Terms and Conditions	2023 WEST MORTISIDE DRIVE			JACKSON	MS	39213	\$0.00
174	Cinram Manufacturing LLC	MATADOR RECORDS	Customer Terms and Conditions	304 HUDSON STREET			NEW YORK	NY	10013	\$0.00
175	Cinram Manufacturing LLC	MEDIA VISION	Customer Terms and Conditions	257 WHALLEY ROAD			CHARLOTTE	VT	05445-9528	\$0.00
176	Cinram Manufacturing LLC	MEMBRAN MEDIA GMBH	Customer Terms and Conditions	LANGENHORN CHAUSSEE 44 A			HAMBURG		22335	\$0.00
177	Cinram Manufacturing LLC	MERGE RECORDS	Customer Terms and Conditions	PO BOX 3306			DURHAM	NC	27702-3306	\$0.00
178	Cinram Manufacturing LLC	METROPOLIS RECORDS	Customer Terms and Conditions	2106 JACKSON STREET #2			SAN FRANCISCO	CA	94115	\$0.00
179	Cinram Manufacturing LLC	METZGENS PRINTING	Customer Terms and Conditions	207 ARCO DRIVE			TOLEDO	OH	43607	\$0.00
180	Cinram Manufacturing LLC	MIDWEST CENTER FOR STRESS/ANXI	Customer Terms and Conditions	112 NORTH CHURCH STREET			OAK HARBOR	OH	43449	\$0.00
181	Cinram Manufacturing LLC	MILESTONE FILM AND VIDEO	Customer Terms and Conditions	PO BOX 128			HARRINGTON PAR	K NJ	7240	\$0.00
182	Cinram Manufacturing LLC	MIMO	Customer Terms and Conditions	50 EXECUTIVE BLVD			ELMSFORD	NY	10523	\$0.00
183	Cinram Manufacturing LLC	MOD TECHNOLOGIES	Customer Terms and Conditions	512 NORTH STATE ROAD			BIAKCLIFF MAMO	NY	10510	\$0.00
184	Cinram Manufacturing LLC	MODUS MEDIA	Customer Terms and Conditions	C/O MIDDUSLINK SOLUTION SERVICE	S1 UBI Avenue 3		SINGAPORE		408858	\$0.00
185	Cinram Manufacturing LLC	MODUS-LINK	Customer Terms and Conditions	C/O MIDDUSLINK SOLUTION SERVICE	S1 UBI Avenue 3		SINGAPORE		408858	\$0.00
186	Cinram Manufacturing LLC	MONGREL MEDIA INC	Customer Terms and Conditions	1028 QUEEN STREET WEST			TORONTO	ON	M5J 1H6	\$0.00
187	Cinram Manufacturing LLC	MOR MEDIA LLC*	Customer Terms and Conditions	11301 WEST OLYMPIC BLVD			LOS ANGELES	CA	90064	\$0.00
188	Cinram Manufacturing LLC	MULTI PACKAGING SOLUTIONS	Customer Terms and Conditions	PO BOX 26127			LANSING	MI	48909	\$0.00
189	Cinram Manufacturing LLC	MULTI PACKAGING SOLUTIONS INC	Customer Terms and Conditions	5800 W. GRAND RIVER AVENUE			LANSING	MI	48906	\$0.00
190	Cinram Manufacturing LLC	MUSICAL CONCEPTS	Customer Terms and Conditions	43-40 34TH STREET			LONG ISLAND CI	NY	11101	\$0.00
191	Cinram Manufacturing LLC	MUSICAL KIDZ	Customer Terms and Conditions	PO BOX 1429			REDWAY	CA	95560	\$0.00
192	Cinram Manufacturing LLC	NAMI INC	Customer Terms and Conditions	931 VIELAGE BLVD			WEST PALM BEAC	FL	33409	\$0.00
193	Cinram Manufacturing LLC	NE PA PHILHARMONIC	Customer Terms and Conditions	4702 BIRNEY AVENUE			MOSCOW	PA	18507	\$0.00
194	Cinram Manufacturing LLC	NETFLIX	Customer Terms and Conditions	100 WINCHESTER CIRCLE			LOS GATOS	CA	95032	\$0.00
195	Cinram Manufacturing LLC	NETWORK RECORDS LLC	Customer Terms and Conditions	1650 WEST 2ND AVENUE			VANCOUVER	BC	V6J 4R3	\$0.00
196	Cinram Manufacturing LLC	NEW CASTLE ENTERTAINMENT	Customer Terms and Conditions	20747 PACIFIC COAST HIGHWAY			MALIBU	CA	90265	\$0.00
197	Cinram Manufacturing LLC	NEW HAVEN RECORDS LLC	Customer Terms and Conditions	741 COOL SPRING BLVD.			FRANKLIN	TN	37067	\$0.00
198	Cinram Manufacturing LLC	OPTICAL EXPERTS MFG INC	Customer Terms and Conditions	8500 S. TRYON STREET			CHARLOTTE	NC	28273	\$0.00
199	Cinram Manufacturing LLC	OPTICAL LENZ (EM DISC)	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			MT. RISCO	NY	10548	\$0.00
200	Cinram Manufacturing LLC	PARAMOUNT STUDIOS	Purchase Orders Only	5555 MELROSE AVENUE			HOLLYWOOD	CA	90028	\$0.00
201	Cinram Manufacturing LLC	PATTERSON PRODUCTS INC	Customer Terms and Conditions	6802 MEADE DRIVE			HOLLYVILLE	TX	76034	\$0.00
202	Cinram Manufacturing LLC	PBS DIST	Customer Terms and Conditions	3100 CRYSTAL DRIVE			ARLINGTON	VA	22202	\$0.00
203	Cinram Manufacturing LLC	PBS DISTRIBUTION	Customer Terms and Conditions	3100 CRYSTAL DRIVE			ARLINGTON	VA	22202	\$0.00
204	Cinram Manufacturing LLC	PEARL RECORDS	Customer Terms and Conditions	C/O O'NEIL HAGAMAN, PLLC	3310 West End Ave., #400		NASHVILLE	TN	37203	\$0.00
205	Cinram Manufacturing LLC	PENGUIN GROUP	Customer Terms and Conditions	P.O. BOX 3007			LIVONIA	MI	48151-3002	\$0.00
206	Cinram Manufacturing LLC	PENGUIN USA	Customer Terms and Conditions	P.O. BOX 3002			LIVONIA	MI	48151-3002	\$0.00
207	Cinram Manufacturing LLC	PERSEUS BOOKS	Customer Terms and Conditions	2465 CENTRAL AVENUE			BOULDER	CO	80301	\$0.00
208	Cinram Manufacturing LLC	PICTORIAL OFFSET CORPORATION	Customer Terms and Conditions	311 AMOR AVENUE			CARLSTADT	NY	7072	\$0.00
209	Cinram Manufacturing LLC	PINE CASTLE RECORDING	Customer Terms and Conditions	2881 NC 108 HWY E			COLUMBUS	NC	28723	\$0.00
210	Cinram Manufacturing LLC	POCONO LAKE REGION	Customer Terms and Conditions	2512 ROUTE 6 SUITE 2			HAWLEY	PA	18428	\$0.00
211	Cinram Manufacturing LLC	POLAR BEAR PRODUCTIONS LTD	Customer Terms and Conditions	31-845 DAKOTA STREET	SUITE 315		WINNIPEG	MB	R2M 3A3	\$0.00
212	Cinram Manufacturing LLC	PORTLIGHT ENT (ROCK)	Customer Terms and Conditions	22 HARBOR PARK DRIVE			PORT WASHINGTON	NY	11050	\$0.00
213	Cinram Manufacturing LLC	POST MODERN	Customer Terms and Conditions	4551 GLENCOE AVENUE #305			MARINA DEL REY	CA	90292	\$0.00
214	Cinram Manufacturing LLC	PRAMANAYA	Customer Terms and Conditions	2 CONNECTICUT STREET			SAN FRANCISCO	CA	94107	\$0.00
215	Cinram Manufacturing LLC	PRAWN SONG RECORDS INC	Customer Terms and Conditions	3100 THIRD STREET			SAN RAFAEL	CA	94901	\$0.00
216	Cinram Manufacturing LLC	PRECISION SOUND	Customer Terms and Conditions	8107-3060 HORNLAND AVENUE			BC CANADA		V5B 3A8	\$0.00
217	Cinram Manufacturing LLC	PRINCETON REVIEW (RANDOM HOUSE)	Customer Terms and Conditions	400 HAHN ROAD			WESTMINSTER	MD	21157	\$0.00
218	Cinram Manufacturing LLC	PRODUCTION PRO	Customer Terms and Conditions	780 BUSSE HWY			PARK RIDGE	IL	60068	\$0.00
219	Cinram Manufacturing LLC	PROFESSIONAL BULL RIDERS	Customer Terms and Conditions	101 W RIVERWALK			PUEBLO	CO	81003	\$0.00
220	Cinram Manufacturing LLC	PROMEDIA DIGITAL	Customer Terms and Conditions	3777 BUSINESS PARK DRIVE			COLUMBUS	OH	43104-5039	\$0.00



Customer (T&C Agreements)

Ref No.	Customer Party	Commodity	Title of Agreement	Address of Commodity Line 1	Address of Commodity Line 2	Address of Commodity Line 3	Address of Commodity Line 4	Address of Commodity Line 5	Address of Commodity Line 6	Case Amount
221	Cinram Manufacturing LLC	PRODS MARKETING OF AMERICA	Customer Terms and Conditions	478 BAY ST. UNIT 208	UNIT 208		MIDLAND	OH	448 189	\$0.00
222	Cinram Manufacturing LLC	PROVIDENT MUSIC GROUP	Customer Terms and Conditions	743 COOKS SPRINGS BLVD			FRANKLIN	IN	37067	\$0.00
223	Cinram Manufacturing LLC	PRUDENTIAL GROUP INSURANCE	Customer Terms and Conditions	80 LYVINGSTON AVENUE			ROSELAND	NJ	7068	\$0.00
224	Cinram Manufacturing LLC	PTARMIGAN FILMS	Customer Terms and Conditions	1119 COLORADO AVENUE			SANTA MONICA	CA	90401	\$0.00
225	Cinram Manufacturing LLC	PUTNAM PUBLISHING	Customer Terms and Conditions	P O BOX 3002			LIVONIA	MI	48151-3002	\$0.00
226	Cinram Manufacturing LLC	QUEBECOR WORLD	Customer Terms and Conditions	1133 COUNTY ROAD			TAUNTON	MA	2780	\$0.00
227	Cinram Manufacturing LLC	RANDOM HOUSE BOT	Customer Terms and Conditions	400 HAHN ROAD			WESTMINSTER	MO	21557	\$0.00
228	Cinram Manufacturing LLC	RANDOM HOUSE INC	Customer Terms and Conditions	400 HAHN ROAD			WESTMINSTER	MO	21557	\$0.00
229	Cinram Manufacturing LLC	RANDOM HOUSE RETAIL	Customer Terms and Conditions	400 HAHN ROAD			WESTMINSTER	MO	21557	\$0.00
230	Cinram Manufacturing LLC	RAZOR AND THE DIRECT LLC	Customer Terms and Conditions	214 SULLIVAN STREET			NEW YORK	NY	10012	\$0.00
731	Cinram Manufacturing LLC	REAL MUSIC	Customer Terms and Conditions	85 LIBERTY SHIP WAY			SAUSALITO	CA	94965	\$0.00
232	Cinram Manufacturing LLC	REBEL GROUP (EM DISC)	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			MT. KISCO	NY	10549	\$0.00
233	Cinram Manufacturing LLC	RECORDED BOOK	Customer Terms and Conditions	270 SUIPACK ROAD			PRINCE FREDRICK	MD	20678	\$0.00
734	Cinram Manufacturing LLC	RED AND GREEN	Customer Terms and Conditions	102 S. YEON STREET			COLORADO SPRING	CO	80903	\$0.00
735	Cinram Manufacturing LLC	RED-JAM LLC (REDWIND PROD)	Customer Terms and Conditions	23340 NORTHBROOK LANE			VALENCIA	CA	91355	\$0.00
236	Cinram Manufacturing LLC	RED-JAM LLC	Customer Terms and Conditions	23340 NORTHBROOK LANE			VALENCIA	CA	91355	\$0.00
237	Cinram Manufacturing LLC	REDWIND PRODUCTIONS	Customer Terms and Conditions	23340 NORTHBROOK LANE			VALENCIA	CA	91355	\$0.00
238	Cinram Manufacturing LLC	REEBOK INTERNATIONAL LTD	Customer Terms and Conditions	1895 JW FOSTER BLVD			CANTON	MA	2021	\$0.00
239	Cinram Manufacturing LLC	REEBOK INTERNATIONAL LTD	Customer Terms and Conditions	1895 JW FOSTER BLVD			CANTON	MA	2021	\$0.00
240	Cinram Manufacturing LLC	REEL FX INC	Customer Terms and Conditions	301 N CROWDOUS STREET			DALLAS	TX	75226	\$0.00
241	Cinram Manufacturing LLC	REHAB IN MOTION LLC	Customer Terms and Conditions	15275 COLLIER BLVD			NAPLES	FL	34119	\$0.00
242	Cinram Manufacturing LLC	RIGHT MIND RECORDS (EM DISC)	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			MT. KISCO	NY	10549	\$0.00
243	Cinram Manufacturing LLC	ROAD RUNNER RECORDS (ATL)	Customer Terms and Conditions	3400 WEST OLIVE AVENUE			BURBANK	CA	91505	\$0.00
244	Cinram Manufacturing LLC	ROB HALFORD MUSIC LLC	Customer Terms and Conditions	C/D JOHN BAXTER			PHOENIX	AZ	85070	\$0.00
245	Cinram Manufacturing LLC	RODDE INC	Customer Terms and Conditions	PO BOX 30132			COLLEGE STATION	TX	77942	\$0.00
246	Cinram Manufacturing LLC	RON SMITH SPEC MIXT/WORD	Customer Terms and Conditions	ACCOUNTS PAYABLE DEPT			HOT SPRINGS	AR	71903	\$0.00
247	Cinram Manufacturing LLC	RPT LLC DBA RADIO SPIRITS	Customer Terms and Conditions	230 LITTLE FALLS RD			LITTLE FALLS	NJ	7029	\$0.00
248	Cinram Manufacturing LLC	RSVP AND ACT INC (EM DISC)	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			MT KISCO	NY	10549	\$0.00
249	Cinram Manufacturing LLC	SAGUARO ROADS RECORDS	Customer Terms and Conditions	JAF STATION PO BOX 2183			NEW YORK	NY	10116-2183	\$0.00
250	Cinram Manufacturing LLC	SALUNDERS SOFTWARE DUPLICATION	Customer Terms and Conditions	1337 STONEHAM COURT			MCLEAN	VA	22101	\$0.00
251	Cinram Manufacturing LLC	SCREEN MEDIA VENTURES	Customer Terms and Conditions	757 3RD AVENUE			NEW YORK	NY	10017	\$0.00
252	Cinram Manufacturing LLC	SEITHINK LLC	Customer Terms and Conditions	16 BROADWAY #1			BROOKLYN	NY	11216	\$0.00
253	Cinram Manufacturing LLC	SHAMBHALA PUBLICATIONS	Customer Terms and Conditions	300 MASSACHUSETTS AVENUE			BOSTON	MA	2215	\$0.00
254	Cinram Manufacturing LLC	SHAPE MEDIA LLC (EM DISC)	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			MT KISCO	NY	10549	\$0.00
255	Cinram Manufacturing LLC	SHAPE MEDIA LLC **PF1**	Customer Terms and Conditions	875 AVENUE OF THE AMERICAS			NEW YORK	NY	10001	\$0.00
256	Cinram Manufacturing LLC	SIRARHEL RECORDS INC	Customer Terms and Conditions	PO Box P			Novato	CA	94948	\$0.00
257	Cinram Manufacturing LLC	SILVERBIRCH PRODUCTIONS	Customer Terms and Conditions	680 QUEEN'S QUAY WEST			TORONTO	ON	M5V 2Y9	\$0.00
258	Cinram Manufacturing LLC	SIN AND SCHUSTER	Customer Terms and Conditions	1230 SIXTH AVENUE			NEW YORK	NY	10020	\$0.00
259	Cinram Manufacturing LLC	SIN AND SCHUSTER	Customer Terms and Conditions	1639 ROUTE 10 EAST			PARISIPPANY	NJ	7054	\$0.00
260	Cinram Manufacturing LLC	SMITHSONIAN INSTITUTION	Customer Terms and Conditions	750 9TH STREET NW			WASHINGTON	DC	20560	\$0.00
261	Cinram Manufacturing LLC	SOFTWARE LOGISTICS LTD	Customer Terms and Conditions	UNIT 7 THE VALLEY BUSINESS CEN			HIGH WYCOMBE	PA	19133 682L	\$0.00
262	Cinram Manufacturing LLC	SOLODOWSKI STUDIOS	Customer Terms and Conditions	111 MID VALLEY ROAD			LAKE ARREL	PA	18436	\$0.00
263	Cinram Manufacturing LLC	SOUNDS TRUE	Customer Terms and Conditions	413 S. ARTHUR AVENUE			LOUISVILLE	CO	80027	\$0.00
264	Cinram Manufacturing LLC	SOUNDS TRUE INC	Customer Terms and Conditions	413 S. ARTHUR			LOUISVILLE	CO	80027	\$0.00
265	Cinram Manufacturing LLC	SOURCE INTERLINE MEDIA	Customer Terms and Conditions	831 S DOUGLAS STREET			EL SEGUNDO	CA	90245	\$0.00
266	Cinram Manufacturing LLC	SPA (OH)	Customer Terms and Conditions	119 NORTHEAST DRIVE			LOVELAND	OH	45140	\$0.00
267	Cinram Manufacturing LLC	SPA (PA)	Customer Terms and Conditions	600 BLUSCA DRIVE			BRIDGEVILLE	PA	15017	\$0.00
268	Cinram Manufacturing LLC	SPJ MUSIC INC	Customer Terms and Conditions	280 NORTH BEDFORD ROAD			MT. KISCO	NY	10549	\$0.00
269	Cinram Manufacturing LLC	SPRINGHILL MUSIC GROUP	Customer Terms and Conditions	501 WINNERS CIRCLE			GREENWOOD	TN	37057	\$0.00
270	Cinram Manufacturing LLC	ST MARTINS PRESS LLC	Customer Terms and Conditions	ATTN: BILL REES			NEW YORK	NY	10010	\$0.00
271	Cinram Manufacturing LLC	SUCCESSION SOLUTIONS INC	Customer Terms and Conditions	11108 DOWING ROAD			PINEVILLE	NC	28134	\$0.00
272	Cinram Manufacturing LLC	SYBERSOUND	Customer Terms and Conditions	PO BOX 6464			MALIBU	CA	90265	\$0.00
273	Cinram Manufacturing LLC	TECHNICOLOR-DISNEY DOMESTIC	Customer Terms and Conditions	PO BOX 2639			RANCHO CUCAMONGA	CA	91729-2639	\$0.00
274	Cinram Manufacturing LLC	TECHNICOLOR-PARAMOUNT DOMESTIC	Customer Terms and Conditions	P.O. BOX 2639			RANCHO CUCAMONGA	CA	91729-2639	\$0.00
275	Cinram Manufacturing LLC	TECHNICOLOR-WHY DOMESTIC	Customer Terms and Conditions	P.O. BOX 2639			RANCHO CUCAMONGA	CA	91729-2639	\$0.00
276	Cinram Manufacturing LLC	TELENEXT	Customer Terms and Conditions	855 8TH AVENUE			NEW YORK	NY	10019	\$0.00
277	Cinram Manufacturing LLC	THE ASYLUM	Customer Terms and Conditions	72 EAST PALM AVENUE			BURBANK	CA	91502	\$0.00
278	Cinram Manufacturing LLC	THE END RECORDS	Customer Terms and Conditions	34 BOGAERT STREET			BROOKLYN	NY	11206	\$0.00
279	Cinram Manufacturing LLC	THE MUSIC CONNECTION	Customer Terms and Conditions	535 S. BRADAWAY			HICKSVILLE	NC	27102	\$0.00
280	Cinram Manufacturing LLC	THE ORCHARD	Customer Terms and Conditions	23 EAST 4TH STREET			NEW YORK	NY	10003	\$0.00
281	Cinram Manufacturing LLC	THE TAPE HOUSE	Customer Terms and Conditions	7820 VENTURE STREET			IRVINE	CA	92618	\$0.00
282	Cinram Manufacturing LLC	THOMAS NELSON PUBLISHING	Customer Terms and Conditions	501 NELSON PLACE			HASHVILLE	TN	37114-1000	\$0.00
283	Cinram Manufacturing LLC	THUMP RECORDS	Customer Terms and Conditions	1350 CENTRAL AVENUE			BREA	CA	92821	\$0.00
284	Cinram Manufacturing LLC	TIME LIFE MUSIC	Customer Terms and Conditions	JAF STATION PO BOX 2183			NEW YORK	NY	10116-2183	\$0.00
285	Cinram Manufacturing LLC	TIME LIFE MUSIC	Customer Terms and Conditions	8280 WILLOW OAKS			FARFAX	VA	22031	\$0.00
286	Cinram Manufacturing LLC	TOPICS ENTERTAINMENT	Customer Terms and Conditions	3401 LIND AVENUE			BENTON	WA	98027	\$0.00
287	Cinram Manufacturing LLC	TURN UP THE MUSIC	Customer Terms and Conditions	45 FERNWOOD AVENUE			EDISON	NJ	08837	\$0.00
288	Cinram Manufacturing LLC	TVT 2	Customer Terms and Conditions	23 EAST 4TH STREET			NEW YORK	NY	10003	\$0.00
289	Cinram Manufacturing LLC	TVT RECORDS	Customer Terms and Conditions	23 EAST 4TH STREET			NEW YORK	NY	10003	\$0.00
290	Cinram Manufacturing LLC	TYNDALE HOUSE (WAND)	Customer Terms and Conditions	351 EXECUTIVE DRIVE			CAROL STREAM	IL	60188	\$0.00
291	Cinram Manufacturing LLC	VEE ACTIVE MEDIA LTD/SIMON/SCH	Customer Terms and Conditions	55 SUDBURY STREET			TORONTO	ON	M6G 3S7	\$0.00

Customer (B&C Agreements)

Ref No.	Customer 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	Address of Counterparty Line 5	Address of Counterparty Line 6	Cash Amount
292	Cinram Manufacturing LLC	WAVE ENTERTAINMENT	Customer Terms and Conditions	244 W 54TH STREET			NEW YORK	NY	10019	\$0.00
293	Cinram Manufacturing LLC	WGBH EDUCATIONAL FOUNDATION	Customer Terms and Conditions	ONE GUEST STREET			BOSTON	MA	21135	\$0.00
294	Cinram Manufacturing LLC	WIDEAWAKE DEATH ROW ENT	Customer Terms and Conditions	C/O HOME ENTERTAINMENT			FORT WASHINGTON	NY	11050	\$0.00
295	Cinram Manufacturing LLC	WILLIAM MORRIS ENTERTAINMENT	Customer Terms and Conditions	3601 WILSHIRE BLVD			BEVERLY HILLS	CA	90130	\$0.00
296	Cinram Manufacturing LLC	WORD UP ENTERTAINMENT	Customer Terms and Conditions	79 MADISON AVENUE			NEW YORK	NY	10016	\$0.00
297	Cinram Manufacturing LLC	WORD ENTERTAINMENT	Customer Terms and Conditions	ACCOUNTS PAYABLE DEPT.			HOT SPRINGS	AR	71903	\$0.00
298	Cinram Manufacturing LLC	WORD F AND D	Customer Terms and Conditions	ACCOUNTS PAYABLE DEPT.			HOT SPRINGS	AR	71903	\$0.00
299	Cinram Manufacturing LLC	WORD SPECIAL MARKETS	Customer Terms and Conditions	ACCOUNTS PAYABLE DEPT.			HOT SPRINGS	AR	71903	\$0.00
300	Cinram Manufacturing LLC	WORD WOW PARTNERSHIP	Customer Terms and Conditions	ACCOUNTS PAYABLE			HOT SPRINGS	AR	71903	\$0.00
301	Cinram Manufacturing LLC	WORLD COLOR PRESS	Customer Terms and Conditions	4800 SOUTH SANTA FE AVE.			LOS ANGELES	CA	90058	\$0.00
302	Cinram Manufacturing LLC	WORTHY MEDIA INC	Customer Terms and Conditions	ONE BURTON HILLS BLVD			NASHVILLE	TN	17215	\$0.00
303	Cinram Manufacturing LLC	WYSM/BULK	Customer Terms and Conditions	3400 WEST OLIVE AVENUE			BURBANK	CA	91505	\$0.00
304	Cinram Manufacturing LLC	X COUNTRY DRV EATON LANE	Customer Terms and Conditions	PO BOX 391			WELLSFORD	VT	05495-0291	\$0.00
305	Cinram Manufacturing LLC	ZEITGEIST FILMS	Customer Terms and Conditions	247 CENTRE STREET			NEW YORK	NY	10013	\$0.00
306	Cinram Manufacturing LLC	ZIGLAR TRAINING SYSTEMS	Customer Terms and Conditions	5055 W PARK			PLANO	TX	75093	\$0.00
307	Cinram Manufacturing LLC	ZOHDERVAN (WAMO)	Customer Terms and Conditions	5300 PATTERSON AVENUE S.E.			GRAND RAPIDS	MI	49530	\$0.00
308	Cinram Distribution LLC	5381 PARTNERS LLC	Customer Terms and Conditions	5381 CONGRESS STREET			FAIRFIELD	CT	6824	\$0.00
309	Cinram Distribution LLC	ASPTX	Customer Terms and Conditions	PO BOX 5861			AUSTIN	TX	78746	\$0.00
310	Cinram Distribution LLC	ATARI	Customer Terms and Conditions	437 5TH AVENUE			NEW YORK	NY	10016	\$0.00
311	Cinram Distribution LLC	CHILAT LOGISTICS SA DE CV	Customer Terms and Conditions	LEBRUA 296-A			ITZAPALA	MX		\$0.00
312	Cinram Distribution LLC	CINRAM INC	Customer Terms and Conditions	4905 MOORES MILL ROAD			HUNTSVILLE	AL	35811	\$0.00
313	Cinram Distribution LLC	COMPANYK	Customer Terms and Conditions	100PRIDINGS WAY			AMBLER	PA	19002	\$0.00
314	Cinram Distribution LLC	D3P	Customer Terms and Conditions	11500 W OLYMPIC BLVD			LOS ANGELES	CA	90064	\$0.00
315	Cinram Distribution LLC	DIGITAL RIVER	Customer Terms and Conditions	27061 ALISO CREEK			ALISO VIEJO	CA	92656	\$0.00
316	Cinram Distribution LLC	IMAGINATION TECHNOLOGIES LTD	Customer Terms and Conditions	HOME PARK ESTATE			HERTFORDSHIRE		WD4 8LZ	\$0.00
317	Cinram Distribution LLC	LEC	Customer Terms and Conditions	1110 GORGAS AVENUE			SAN FRANCISCO	CA	94129	\$0.00
318	Cinram Distribution LLC	MAJESCO ENTERTAINMENT COMPANY	Customer Terms and Conditions	160 RANITAN CENTER PARKWAY			EDISON	NY	8837	\$0.00
319	Cinram Distribution LLC	MAXIMUM FAMILY GAMES	Customer Terms and Conditions	1547 PALOS VERDES MALL			WALNUT CREEK	CA	94597	\$0.00
320	Cinram Distribution LLC	MUSIC BOX FILMS	Customer Terms and Conditions	942 WEST LAKE STREET			CHICAGO	IL	60607	\$0.00
321	Cinram Distribution LLC	NAVARRA CORPORATION	Customer Terms and Conditions	7400 48TH AVENUE NORTH			NEW HOPE	NH	55428	\$0.00
322	Cinram Distribution LLC	ORIENT CROWN	Customer Terms and Conditions	2900 PLOD PARKWAY			MIDLOTHIAN	VA	23113	\$0.00
323	Cinram Distribution LLC	PTARMIGAN FILMS	Customer Terms and Conditions	1319 COLORADO AVE			SANTA MONICA	CA	90401	\$0.00
324	Cinram Distribution LLC	PURE COM	Customer Terms and Conditions	HOME PARK ESTATE			HERTFORDSHIRE		WD4 8LZ	\$0.00
325	Cinram Distribution LLC	RANOOM	Customer Terms and Conditions	400 BENNETT CENF DRIVE			WESTMINSTER	MD	21157	\$0.00
326	Cinram Distribution LLC	SCREEN MEDIA VENTURES	Customer Terms and Conditions	757 3RD AVENUE			NEW YORK	NY	10017	\$0.00
327	Cinram Distribution LLC	STORED VALUES SYSTEMS	Customer Terms and Conditions	101 BULLITT LANE			LOUISVILLE	KY	40222	\$0.00
328	Cinram Distribution LLC	TECHNO KORE	Customer Terms and Conditions	1818 GIBRETH ROAD			BURLINGAME	CA	94010	\$0.00
329	Cinram Distribution LLC	TILENEXT	Customer Terms and Conditions	825 8TH AVENUE			NEW YORK	NY	10019	\$0.00
330	Cinram Distribution LLC	TRU COM	Customer Terms and Conditions	ONE GEOFFREY WAY			WAYNE	NJ	7470	\$0.00
331	Cinram Distribution LLC	UI ENTERTAINMENT SDF	Customer Terms and Conditions	251 1ST AVENUE NORTH			MINNEAPOLIS	MN	55401	\$0.00
332	Cinram Distribution LLC	UNI	Customer Terms and Conditions	251 1ST AVENUE NORTH			MINNEAPOLIS	MN	55401	\$0.00
333	Cinram Distribution LLC	VIRGIL FILMS AND ENT	Customer Terms and Conditions	403 BROOME STREET			NEW YORK	NY	10013	\$0.00
334	Cinram Distribution LLC	ZOOM SYSTEMS	Customer Terms and Conditions	22 FOURTH STREET			SAN FRANCISCO	CA	94103	\$0.00
335	Cinram Retail Services LLC	BUENA VISTA HOME ENT - CRE	Customer Terms and Conditions	500 S Buena Vista St			Burbank	CA	91521	\$0.00
336	Cinram Retail Services LLC	BUENA VISTA HOME ENTERTAINMENT	Customer Terms and Conditions	500 S Buena Vista St			Burbank	CA	91521	\$0.00
337	Cinram Retail Services LLC	INGRAM ENTERTAINMENT INC - CRE	Customer Terms and Conditions	Two Ingram Blvd			LaVerge	TX	31089	\$0.00
338	Cinram Retail Services LLC	MILLENIUM MEDIA SERVICES - CRE	Customer Terms and Conditions	5900 Wilshire Blvd			Los Angeles	CA	90036	\$0.00
339	Cinram Retail Services LLC	VISION AUSTRALIA - CRE	Customer Terms and Conditions	10809 Continental Dr			Taylor	MI	48189	\$0.00
340	Cinram Retail Services LLC	VIVENDOR ENTERTAINMENT	Customer Terms and Conditions	111 Universal Hollywood Dr			Universal City	CA	91608	\$0.00
341	Cinram Retail Services LLC	VIVENDOR ENTERTAINMENT - CRE	Customer Terms and Conditions	111 Universal Hollywood Dr			Universal City	CA	91608	\$0.00
342	One K Studios LLC	ANDERSON MERCHANDISING	Customer Terms and Conditions	421 S.E. 34TH AVENUE	Attn: Chris Mower		AMARILLO	TX	79103	\$0.00
343	One K Studios LLC	APPLE COMPUTERS INC	Customer Terms and Conditions	1 INFINITE LOOP	P.O. BOX 349114, MS: 198-2AP	Austin, TX 78714-9114	CLPERTIND	CA	95014	\$0.00
344	One K Studios LLC	BARCHAN ENT COAP	Customer Terms and Conditions	3400 WEST OLIVE AVENUE	Suite 370		BURBANK	CA	91505	\$0.00
345	One K Studios LLC	BBC WORLDWIDE AMERICA	Customer Terms and Conditions	1220 AVENUE OF THE AMERICAS	5th Floor		NEW YORK	NY	10036	\$0.00
346	One K Studios LLC	BEACHBODY	Customer Terms and Conditions	3301 EXPOSITION BLVD	3rd Floor	Attn: Brandon Goetz	SANTA MONICA	CA	90404	\$0.00
347	One K Studios LLC	BODY MEDIA INC	Customer Terms and Conditions	430 FORT DUQUESNE BOULEVARD	Suite 1900	Attn: C. Myers	PITTSBURGH	PA	15222	\$0.00
348	One K Studios LLC	CARTOON NETWORK	Customer Terms and Conditions	PO BOX 4026		Attn: Jason Healey, BU 1040	ATLANTA	GA	30303-4026	\$0.00
349	One K Studios LLC	CODEBLACK ENTERTAINMENT	Customer Terms and Conditions	111 UNIVERSAL HOLLYWOOD DRIVE	Suite 2260	Attn: Cynthia Clark	UNIVERSAL CITY	CA	91608	\$0.00
350	One K Studios LLC	CONCERT HOT SPOT	Customer Terms and Conditions	2001 BUTTERFIELD RD.	Suite 340	Attn: Cathy Giangrasso	DOWNERS GROVE	IL	60515	\$0.00
351	One K Studios LLC	COAR ENTERTAINMENT	Customer Terms and Conditions	3907 W. ALAMEDA AVE.		Attn: Edgie Francis	BURBANK	CA	91505	\$0.00
352	One K Studios LLC	O FILMS CORPORATION	Customer Terms and Conditions	55 MILLS ST., EAST BLDG. 5	Suite 510	Attn: Accounts Payable	TORONTO	ON	M4M 1G4	\$0.00
353	One K Studios LLC	DC COMICS	Customer Terms and Conditions	SUITE 2000 THE POINTE BUILDING	3900 West Alameda Avenue	Attn: Nancy Spears	BURBANK	CA	91505	\$0.00
354	One K Studios LLC	DISNEY EDUCATIONAL PRODUCTS	Customer Terms and Conditions	1201 FLOWER STREET	120A	Attn: Cynthia Anderson	GLENDALE	CA	91201	\$0.00
355	One K Studios LLC	DISNEY INTERACTIVE	Customer Terms and Conditions	521 CIRCLE SEVEN DRIVE			GLENDALE	CA	91201	\$0.00
356	One K Studios LLC	DOMINO REC CO LTD	Customer Terms and Conditions	55 WASHINGTON STREET #742			BROOKLYN	NY	11201	\$0.00
357	One K Studios LLC	EMPOWERED MEDIA	Customer Terms and Conditions	9100 WILSHIRE BLVD.	Suite 520E	Attn: Julian Hsien	BEVERLY HILLS	CA	90212	\$0.00
358	One K Studios LLC	ENDORAMA ENTERTAINMENT CO LLC	Customer Terms and Conditions	DBA AMBIENT CONTENT	9100 Wilshire Blvd., Ste. 100W	Attn: Nicholas Angewicz	BEVERLY HILLS	CA	90212	\$0.00
359	One K Studios LLC	ENTERTAINMENT ONE INC	Customer Terms and Conditions	175 BLOOR ST.	E. Tower North, Suite 1400		TORONTO	ON	M4W 3R8	\$0.00
360	One K Studios LLC	EVERYDAY HEALTH INC	Customer Terms and Conditions	1250 CONNECTICUT AVENUE	Suite 600	Attn: Accounts Payable	WASHINGTON	DC	20036	\$0.00
361	One K Studios LLC	FEELGOOD ENTERTAIN SA	Customer Terms and Conditions	12 ZISMOPOLOU STREET	11524		NEA FLOTHEI ATHENS			\$0.00
362	One K Studios LLC	FOREST INCENTIVES	Customer Terms and Conditions	210 FARRHILL STREET		Attn: Accounts Payable	WILLOW GROVE	PA	19090	\$0.00

Customer (T&C Agreements)

Ref No.	Contract 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	Address of Counterparty Line 5	Address of Counterparty Line 6	Due Amount
363	One K Studios LLC	GRAZLAND ENTERPRISES	Customer Terms and Conditions	3734 ELVIS PRESLEY BLVD.	Attn: Accounts Payable		MEMPHIS	TN	38116	\$0.00
364	One K Studios LLC	HBO VIDEO DOMESTIC	Customer Terms and Conditions	1100 AVENUE OF THE AMERICAS	G14-8A	ATTN: SVF, BUSINESS AFFAIRS	NEW YORK	NY	10036	\$0.00
365	One K Studios LLC	HM MOTION ENTERTAINMENT	Customer Terms and Conditions	225 E BROADWAY	Suite 112	Attn: Annabella	GLENDALE	CA	91205	\$0.00
366	One K Studios LLC	STV BUSINESS SERV CENTRE	Customer Terms and Conditions	PO BOX 4296	88-100 QUAY STREET	MANCHESTER	GREATER MANCHESTER		M60 10X	\$0.00
367	One K Studios LLC	SWITZERLAND	Customer Terms and Conditions	4200 SHADYGLADE AVE.	Attn: Bruce Kimmel		STUDIO CITY	CA	91604	\$0.00
368	One K Studios LLC	LIGHTNING ENTERT	Customer Terms and Conditions	301 ARIZONA AVENUE 4TH FLOOR			SANTA MONICA	CA	90401	\$0.00
369	One K Studios LLC	MARVEL STUDIOS	Customer Terms and Conditions	1600 ROSECRANS AVE.	846, 7, Suite 110	Attn: Andrea Enache-Thun	MANHATTAN BEACH	CA	90266	\$0.00
370	One K Studios LLC	MICHAEL SHUWOCK & M/W	Customer Terms and Conditions	820 MOUNT PLEASANT	Attn: MICHAEL SHUWOCK		TORONTO	ON	M4P 2L2	\$0.00
371	One K Studios LLC	MOB SCENE CREATIVE PROD	Customer Terms and Conditions	8447 WILSHIRE BLVD.	3rd floor	Attn: Josh Berger	BEVERLY HILLS	CA	90211	\$0.00
372	One K Studios LLC	MONGREL MEDIA INC	Customer Terms and Conditions	1028 QUEEN STREET WEST			TORONTO	ON	M4G 1H6	\$0.00
373	One K Studios LLC	NATV NETWORKS EUROPE	Customer Terms and Conditions	17-29 HAWLEY CRESCENT			LONDON		WV1 8TT	\$0.00
374	One K Studios LLC	HAZARENE PUBLISHING	Customer Terms and Conditions	PO BOX 419537	Attn: Bruce Huffer		KANSAS CITY	MO	64141	\$0.00
375	One K Studios LLC	NETFLIX INC	Customer Terms and Conditions	100 WINCHESTER CIRCLE	Attn: D. Martinez-Warren		LOS ANGELES	CA	90032	\$0.00
376	One K Studios LLC	NICKELODEON VIACOM INT	Customer Terms and Conditions	1515 BROADWAY	42nd Floor	Attn: Ishrajit Cohen & Joseph Rukhovich	NEW YORK	NY	10036	\$0.00
377	One K Studios LLC	PARADISE ENT DISTRIB GMB	Customer Terms and Conditions	REGISTRIER AT AMTSGERICHT HAMBURG	HRB 11 Behringstrasse 28A	Attn: Ralph Boege	HAMBURG		22765	\$0.00
378	One K Studios LLC	PARAMOUNT DIGI MAST SERV	Customer Terms and Conditions	RODDENBERRY BUILDING, ROOM 2044-A	5555 Melrose Avenue		HOLLYWOOD	CA	90038	\$0.00
379	One K Studios LLC	PENGUIN GROUP USA	Customer Terms and Conditions	345 HURON STREET			NEW YORK	NY	10014	\$0.00
380	One K Studios LLC	PHE	Customer Terms and Conditions	PARAMOUNT PICTURES	WWYO Admin Roddenberry Bldg, Room 2044-A	5555 Melrose Avenue	HOLLYWOOD	CA	90038	\$0.00
381	One K Studios LLC	PIREG DIV VGN(B) BV	Customer Terms and Conditions	ATLAS ARENA, ASIA BUILDING 2ND FLOOR	Hoogvorddrecht 5		AMSTERDAM		1101 BA	\$0.00
382	One K Studios LLC	RANDOM HOUSE INC	Customer Terms and Conditions	400 KAHN ROAD	Attn: Accounts Payable		WESTMINSTER	MD	21157	\$0.00
383	One K Studios LLC	RELIANCE MEDIA WORKS	Customer Terms and Conditions	2777 N. ONTARIO STREET	Suite 200	Attn: Accounts Payable	BURBANK	CA	91504	\$0.00
384	One K Studios LLC	ROADSHOW FILMS PTY LTD	Customer Terms and Conditions	690 LOCKED BAG 20035			MELBOURNE		VIC 3001	\$0.00
385	One K Studios LLC	SAUREN MEDIA	Customer Terms and Conditions	8383 WILSHIRE BLVD	Suite 1050	Attn: George Rausch	LOS ANGELES	CA	90231	\$0.00
386	One K Studios LLC	SANTA MONICA VIDEO	Customer Terms and Conditions	4000 W. ALAMEDA AVE.	Suite 1050	Attn: Accounts Payable	BURBANK	CA	91505	\$0.00
387	One K Studios LLC	SCREEN MEDIA VENTURES	Customer Terms and Conditions	757 THIRD AVE.	3rd Floor		NEW YORK	NY	10017	\$0.00
388	One K Studios LLC	SONY COLUMBIA TRI STAR	Customer Terms and Conditions	10202 WEST WASHINGTON BLVD.	Attn: Aileen Cho		CULVER CITY	CA	90232	\$0.00
389	One K Studios LLC	SONY DADC	Customer Terms and Conditions	10202 WEST WASHINGTON BLVD.	Capa 210		CULVER CITY	CA	90232	\$0.00
390	One K Studios LLC	STARZ ENTERTAINMENT	Customer Terms and Conditions	523 FIFTH AVENUE	19th Floor	Attn: Jeremy Howell	NEW YORK	NY	10175	\$0.00
391	One K Studios LLC	STRICTLY UNDERGROUND	Customer Terms and Conditions	STRICTLY UNDERGROUND MAYPOLE Manor	Colter Row Road Colter Row	Attn: Mark Ryder	ROMFORD ESSEX		RM5 1BH	\$0.00
392	One K Studios LLC	TELENEXT MEDIA INC	Customer Terms and Conditions	1675 BROADWAY	8th Floor	Attn: Tom Uebau	NEW YORK	NY	10019	\$0.00
393	One K Studios LLC	THE COLLECTIVE	Customer Terms and Conditions	8383 WILSHIRE BLVD. #1050			BEVERLY HILLS	CA	90231	\$0.00
394	One K Studios LLC	VIVENDI ENTERTAINMENT	Customer Terms and Conditions	111 UNIVERSAL HOLLYWOOD DRIVE	Suite 2400		UNIVERSAL CITY	CA	91608	\$0.00
395	One K Studios LLC	WALT DISNEY ST HOME ENT	Customer Terms and Conditions	500 SOUTH BUENA VISTA STREET	Attn: Patti Awabuni		BURBANK	CA	91521-6650	\$0.00
396	One K Studios LLC	WEINSTEIN	Customer Terms and Conditions	9100 WILSHIRE BLVD	7th Floor	Attn: Accounts Payable	BEVERLY HILLS	CA	90212	\$0.00

Notes:  
The T&C Agreements to be assumed include the associated Replication Rights Agreements executed by the respective customers in connection with them.

Customer Contracts (Agreements)

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
397	Cinram International Inc.	Alliance Films Inc.	Replication and Distribution Services Agreement	121 Bloor Street East, Suite 1500 Toronto, Ontario M4W3M5	\$0.00
398	Cinram International Inc.	Alliance Films Inc.	Letter Agreement re: DVD Replication and Distribution Services Agreement	145 King Street East, 3rd Floor, Toronto, ON MSC 2Y7	\$2,588,000.00
399	Cinram International Inc.	Alliance Films Inc.	Letter Agreement re: DVD Replication and Distribution Services Agreement Addendum	145 King Street East, 3rd Floor, Toronto, ON MSC 2Y7	\$575,200.00
400	Cinram International Inc.	Alliance Films Inc.	Retail Inventory Services Agreement	145 King Street East, 3rd Floor, Toronto, ON MSC 2Y7	\$0.00
401	Cinram International Inc.	Alliance Films Inc.	Transportation Rates and Service Agreement	145 King Street East 3rd Floor Toronto, ON MSC 2Y7	\$0.00
402	Cinram International Inc.	Alliance Films Inc.	Letter Agreement re: Transportation Rates and Service Agreement	145 King Street East 3rd Floor Toronto, ON MSC 2Y7	\$0.00
403	Cinram International Inc.	EMI Music Canada	Manufacturing and Distribution Services Agreement (Canada)	3109 American Drive Mississauga, ON, L4V 1B2	\$0.00
404	Cinram International Inc.	Universal Music Canada Inc.	Manufacturing Agreement	2450 Victoria Park Avenue, Willowdale, ON M2J 4A2	\$0.00
405	Cinram International Inc.	Universal Music Canada Inc.	Warehouse and Distribution Services Agreement	2450 Victoria Park Avenue, Willowdale, ON M2J 4A2	\$0.00
406	Cinram International Inc.	Universal Studios Canada Inc.	Distribution Services Agreement	Unit 31 - 120 Dynamic Dr., Scarborough, ON M1V 5C8	\$0.00
407	Cinram International Inc.	Warner Home Video and Warner Bros. Entertainment Canada.	Amended and Restated Security Agreement	400 Warner Blvd., Burbank, California 91522	\$0.00
408	Cinram International Inc. and Cinram GmbH	Warner Home Video and Warner Home Video Germany	European Print Services Agreement	4000 Warner Blvd. Burbank, California 91522 Attn: Clarissa Weirick, EVP & General Counsel	\$0.00
409	Cinram International Inc., Cinram Manufacturing LLC, Cinram Distribution LLC, Cinram GmbH, Cinram France S.A.S., Cinram Optical Discs S.A.S., Cinram Operations UK Limited, Cinram Logistics UK Limited, Cinram Latinoamericana S.A. de C.V. and Cinram Iberia S.L.	Warner Home Video, Warner Home Video Benelux, Warner Home Video France, Warner Home Video Mexico S.A., Warner Home Video UK, Warner Home Video Germany, Warner Home Video Spain and Warner Bros. Entertainment Canada	Distribution Services Agreement	4000 Warner Blvd. Burbank, California 91522 Attn: Clarissa Weirick, EVP & General Counsel	\$0.00
410	Cinram International Inc., Cinram GmbH and Cinram Operations UK Limited	Warner Home Video, Warner Home Video UK and Warner Home Video Germany	Replication Services Agreement	4000 Warner Blvd. Burbank, California 91522 Attn: Clarissa Weirick, EVP & General Counsel	\$0.00
411	Cinram International Inc., Cinram Manufacturing LLC, Cinram Distribution LLC, Cinram GmbH, Cinram France S.A.S., Cinram Optical Discs S.A.S., Cinram Operations UK Limited, Cinram Logistics UK Limited, Cinram Latinoamericana S.A. de C.V., Cinram Iberia S.L.	Warner Home Video, Warner Home Video Benelux, Warner Home Video France, Warner Home Video Mexico S.A., Warner Home Video UK, Warner Home Video Germany, Warner Home Video Spain and Warner Bros. Entertainment Canada	Amended and Restated Security Agreement	4000 Warner Blvd. Burbank, California 91522 Attn: Clarissa Weirick, EVP & General Counsel, Jat Kinn, VP, Business & Legal Affairs	\$0.00
412	Cinram Distribution LLC, Cinram Manufacturing LLC, Cinram International Inc., Cinram GmbH, Cinram France S.A.S., Cinram Optical Discs S.A.S., Cinram Logistics UK Limited, Cinram Operations UK Limited and Cinram Iberia S.L.	Warner Home Video, Warner Bros. Entertainment Canada Inc., Warner Home Video Benelux, Warner Home Video France, Warner Home Video UK, Warner Home Video Germany and Warner Home Video Spain	Settlement Agreement and Release	4000 Warner Blvd. Burbank, California 91522	\$0.00
413	Cinram Manufacturing LLC	Warner Home Video	Subcontractor Non-Disturbance Agreement (Permitted Offload Parties)	4000 Warner Blvd. Burbank, California 91522	\$0.00
414	Cinram International Inc., Cinram GmbH, and Cinram Operations UK Limited	WEA International Inc.	International Manufacturing and PP&S Agreement	75 Rockefeller Plaza New York, New York, 10019	\$0.00
415	Cinram International Inc., Cinram GmbH, and Cinram Operations UK Limited	WEA International Inc.	International Transition Agreement	75 Rockefeller Plaza New York, New York, 10019	\$0.00
416	Cinram International Inc.	WEA International Inc.	Settlement Agreement	75 Rockefeller Plaza New York, New York, 10019	\$0.00

## Customer Contracts (Agreements)

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
417	Cinram International Inc., Cinram Manufacturing LLC, and Cinram Distribution LLC	Warner-Elektra-Atlantic Corporation	US/Canada Manufacturing and PP&S Agreement	75 Rockefeller Plaza New York, New York, 10019	\$0.00
418	Cinram International Inc., Cinram Manufacturing LLC, and Cinram Distribution LLC	Warner-Elektra-Atlantic Corporation	US/Canada Transition Agreement	75 Rockefeller Plaza New York, New York, 10019	\$0.00
419	Cinram Inc. and Cinram International Inc.	Twentieth Century Fox Home Entertainment Inc. and Twentieth Century Fox Home Entertainment Canada Limited	DVD Services Agreement (U.S. and Canada)	P.O. Box 900 Beverly Hills, California 90213  2121 Avenue of the Stars Los Angeles, California 90067 attention, President, TCFHE-US Domestic Division, SVP, Operations, TCFHE-US Domestic Division and Legal Department	\$0.00
420	Cinram Inc. and Cinram International Inc.	Twentieth Century Fox Home Entertainment Inc. and Twentieth Century Fox Home Entertainment Canada Limited	Cassette Duplication and Product Distribution Services Agreement (U.S. and Canada)	P.O. Box 900 Beverly Hills, California 90213  2121 Avenue of the Stars Los Angeles, California 90067 attention, President, TCFHE-US Domestic Division, SVP, Operations, TCFHE-US Domestic Division and Legal Department	\$0.00
421	Cinram International Inc., Cinram Europe B.V., Cinram Optical Disc S.A.S., Cinram GmbH and Cinram Operations U.K. Limited	Twentieth Century Fox Home Entertainment Inc.	DVD Services Agreement (International)	P.O. Box 900 Beverly Hills, California 90213  2121 Avenue of the Stars Los Angeles, California 90067 attention, President, TCFHE-US Domestic Division, SVP, Operations, TCFHE-US Domestic Division and Legal Department	\$0.00
422	Cinram International Inc., Cinram Europe B.V., Cinram France Holdings S.A., Cinram GmbH, Cinram Operations U.K. Limited and Cinram Logistics U.K. Limited	Twentieth Century Fox Home Entertainment Inc., Twentieth Century Fox Home Entertainment B.V., Twentieth Century Fox Home Entertainment France SA, Twentieth Century Fox Home Entertainment Germany GmbH and Twentieth Century Fox Home Entertainment Limited	Cassette Duplication Services and Product Distribution Services Agreement (Europe)	P.O. Box 900 Beverly Hills, California 90213  2121 Avenue of the Stars Los Angeles, California 90067 attention, President, TCFHE-US Domestic Division, SVP, Operations, TCFHE-US Domestic Division and Legal Department	\$0.00
423	Cinram International Inc., Cinram International ULC, Cinram Inc. and IHC Corporation, Cinram (US) Holding's Inc	Twentieth Century Fox Home Entertainment LLC, among Twentieth Century Fox Home Entertainment Inc.	Non-Disturbance Agreement	2121 Avenue of the Stars, Los Angeles, California 90067, atten: Laura Cook	\$0.00
424	Cinram International Inc., Cinram Inc., Cinram Europe B.V., Cinram Optical Discs S.A.S., Cinram Operations UK Limited, Cinram Logistics UK Limited, Cinram GmbH and Cinram France S.A.S.	Twentieth Century Fox Home Entertainment LLC, Twentieth Century Fox Home Canada Limited, Twentieth Century Fox Home B.V., Twentieth Century Fox Home France SA, Twentieth Century Fox Home Germany GmbH	Access Agreement	2121 Avenue of the Stars, Los Angeles, California 90067, atten: Laura Cook	\$0.00
425	Cinram International Inc.	Twentieth Century Fox Home Entertainment LLC	New Business Commission Agreement	2121 Avenue of the Stars Los Angeles, California 90067	\$0.00
426	Cinram Inc.	Lions Gate Entertainment Inc. (acquired Artisan Home Entertainment Inc.)	DVD Services Agreement	2700 Colorado Avenue Santa Monica, CA 90404	\$0.00
427	Cinram Inc.	RML Distribution Domestic, LLC	Exclusivity and Loan Agreement	8899 Beverly Blvd. Suite 510 Los Angeles, CA 90048	\$0.00
428	Cinram Inc.	Relativity Media, LLC	Parent Guaranty	8899 Beverly Blvd. Suite 510 Los Angeles, CA 90048	\$0.00
429	Cinram Inc. and Cinram International Inc.	Twentieth Century Fox Home Entertainment LLC	Term Sheet	2121 Avenue of the Stars Los Angeles, California 90067	\$0.00
430	Cinram Inc. and Cinram International Inc.	Twentieth Century Fox Home Entertainment LLC	Term Sheet	2121 Avenue of the Stars Los Angeles, California 90067	\$0.00
431	Cinram Inc. and Cinram International Inc.	Twentieth Century Fox Home Entertainment LLC	Term Sheet	2121 Avenue of the Stars Los Angeles, California 90067	\$0.00

Customer Contracts (Agreements)

Ref No.	Contract Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
432	Cinram Distribution LLC	Gaiam Americas, Inc.	Inventory Management Services Agreements	833 W. South Boulder Road Louisville, CO 80027 Attn: Davis Hart, Director, Corporate ; copy : Bill Sondheim, President Gaiam Americas, Inc.  350 Madison Avenue 17th Floor New York, NY 10017 copy: Jonathan Lieberman, Esq., Vice President Business & Legal Affairs Gaiam Americas, Inc. 350 Madison Avenue 17th Floor New York, NY 10017	\$0.00
433	Cinram Retail Services LLC	Gaiam Americas, Inc.	Retail Inventory Services Agreement	350 Madison Avenue New York, NY 10017	\$0.00
434	Cinram Distribution LLC	PopCap Games Inc.	Inventory Management Services Agreement	2401 4th Avenue Suite 810 Seattle, WA 98121 Attn: Mr. Dennis Ryan  copy: PopCap Games, Inc. 2401 4th Avenue, Suite 810 Seattle, WA 98121 Attn: General Counsel	\$0.00
435	Cinram Distribution LLC	Best Buy Purchasing LLC	Inventory Management and Retail Distribution Services Agreement	7601 Penn Avenue South Richfield, MN 55423 Attn: VP Logistics Planning CC: VP Logistics Transportation	\$0.00
436	Cinram Distribution LLC	Best Buy Purchasing LLC	Network Access Agreement	Attn: General Counsel 7601 Penn Ave. So. Richfield, MN 55423	\$0.00
437	Cinram Distribution LLC	Ubisoft Inc.	Inventory Management Services Agreement	625 Third Avenue San Francisco, CA 94107 Attn: Linda Stackpoole	\$0.00
438	Cinram Distribution LLC	Sears Roebuck and Co, Kmart Corporation	Inventory Management Services Agreement	3333 Beverly Road Hoffman Estates, IL 60179 Attn: SVP, Supply Chain & Director, Inventory Management  copy: Sears Holdings Management Corporation 3333 Beverly Road Hoffman Estates, IL 60179 Attn: General Counsel	\$0.00
439	Cinram Manufacturing LLC	Watchtower Bible and Tract Society of New York, Inc.	Letter Agreement	25 Columbia Heights Brooklyn, NY 11201-2483	\$0.00
440	Cinram Retail Services LLC	Electronic Arts Inc,	Retail Inventory Services Agreement	209 Redwood Shores Parkway Redwood City, CA 94065	\$0.00
441	Cinram Distribution LLC	Take-Two Interactive Software, Inc. and Jack Of All Games, Inc.	Inventory Management Services Agreement	622 Broadway New York, NY 10012 Attn: Chief Executive Officer  copy: Take-Two Interactive Software, Inc. 622 Broadway New York, NY 10012 Attn: Legal Department	\$0.00
442	Cinram Distribution LLC	Wells Fargo Capital Finance and Take-Two Interactive Software, Inc.	Bailee Agreement	One Boston Place 18th Floor Boston, Massachusetts 02108	\$0.00
443	Cinram International Inc.	Take-Two Interactive Software, Inc.	Inventory Management Services Agreement	622 Broadway New York, New York 10012	\$0.00
444	Cinram International Inc.	Take-Two Interactive Software, Inc. and Jack Of All Games, Inc.	Guaranty	622 Broadway New York, New York 10012	\$0.00

## Customer Contracts (Agreements)

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
445	Cinram Distribution LLC	Sega of America Inc.	Inventory Management Services Agreement	350 Rhode Island Street Suite 400 San Francisco, CA 94103 Attn: Mr. Thomas P. Dudley  copy: SEGA of America, Inc. 350 Rhode Island Street, Suite 400 San Francisco, CA 94103 Attn: Director of Legal	\$0.00
446	Cinram Distribution LLC	Namco Bandai Games America Inc.	Inventory Management Services Agreement	4555 Great America Parkway, Suite 201 Santa Clara, CA 95054 Attn: Jennifer Tersigni  Copy: NAMCO BANDAI Games America Inc. 4555 Great America Parkway, Suite 201 Santa Clara, CA 95054 Attn: Legal Dept.	\$0.00
447	Cinram International Inc.	Take-Two Interactive Software, Inc.	Letter of Intent Concerning Canada Transportation Services	622 Broadway New York, NY 10012	\$0.00
448	Ditan Distribution LLC	OfficeMax Incorporated	Third Party Delivery Agreement	263 Shuman Blvd. Naperville, IL 60563	\$0.00
449	Cinram Manufacturing LLC	Rodale Inc.	Terms of Service Agreement	400 South 10th Street Emmaus, PA 18098	\$0.00
450	Cinram Manufacturing LLC	Simon & Schuster Audio, a division of Simon & Schuster, Inc.	Terms and Conditions of Services	1230 Avenue of the Americas New York, NY 10020	\$0.00
451	Cinram Distribution LLC	S05 Games (US), Inc.	Inventory Management Services Agreement	5008 Chesebro Road Agoura Hills, CA 91301 Attn: Claudia Cavazza Manager of Operations and Corporate Liaison	\$0.00
452	Cinram Distribution LLC	Arts Alliance America, Inc.	Inventory Management Services Agreement	304 Hudson Street 7th Floor New York, NY 10013 Attn: Mr. Thomas O'Hara, CFO	\$0.00
453	Cinram Distribution LLC	Alliance Distributors Holding Inc.	Inventory Management Services Agreement	1160 Commerce Avenue Bronx, NY 10462 Attn: Jay Gelman, CEO  copy: Law Offices of Oscar Folger 521 Fifth Avenue New York, NY 10175 Attn: Oscar Folger, Esq.	\$0.00
454	Cinram Distribution LLC	ASPYR Media, Inc.	Inventory Management Services Agreement	2404 Rio Grande Austin, TX 78705 Attn: Mr. Michael Rodgers, President;  copy: PO Box 5861 Austin, TX 78763 Attn: Michael Blair	\$0.00
455	Cinram Distribution LLC	Atari, Inc.	Inventory Management Services Agreement	417 Fifth Avenue New York, NY 10016 Attn: Bob Spellerberg  copy: Atari, Inc. 417 Fifth Avenue New York, NY 10016 Attn: Legal Counsel	\$0.00
456	Cinram Distribution LLC	Ceridian Stored Value Solutions, Inc.	Inventory Management Services Agreement	101 Bullitt Lane Louisville, KY 40222 Attn: General Manager	\$0.00
457	Cinram Distribution LLC	CodeMasters, Inc.	Inventory Management Services Agreement	10 Universal City Plaza, Suite 2400 Universal City, CA 91608 Attn: Mr. Geoffrey H. Mulligan, President	\$0.00
458	Cinram Distribution LLC	Company X Accessories, LLC.	Inventory Management Services Agreement	P.O. Box 372 Ambler, PA 19002 Attn: Mr. Matt Segal	\$0.00
459	Cinram Distribution LLC	D3Publisher of America, Inc.	Inventory Management Services Agreement	2615 Pacific Coast Highway, Suite 225 Hermosa Beach, CA 90254 Attn: Ms. Cathy Tische, VP Sales and Marketing	\$0.00

Customer Contracts (Agreements)

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount (1)
460	Cinram Distribution LLC	DR globalTech, Inc.	Inventory Management Services Agreement	DR globalTech, Inc. 27081 Aliso Creek Road, Suite 100 Aliso Viejo, CA 92656 Attn: Sr. Director of Operations  copy: DR globalTech, Inc. 9625 West 76th Street Eden Prairie, MN 55344 Attn: Kevin Crudden, Vice	\$0.00
461	Cinram Distribution LLC	DreamCatcher Interactive, Inc.	Inventory Management Services Agreement	5000 Dufferin Street – Building R Toronto, Ontario M3H 5T5 Canada Attn: Ms. Paula Raposo	\$0.00
462	Cinram Distribution LLC	GameStop, Inc.	Inventory Management Services Agreement	2250 William D. Tate Avenue Grapevine, Texas 76051 Attn: Ms. Angel Sohn	\$0.00
463	Cinram Distribution LLC	Genius Products, LLC	Inventory Management Services Agreement	3301 Exposition Blvd. Santa Monica, CA 90404 Attn: Senior Vice President, Operations  copy: Genius Products, LLC 3301 Exposition Blvd. Santa Monica, CA 90404 Attn: SVP, Business and Legal Affairs and SVP/Senior Corporate Counsel	\$0.00
464	Cinram Distribution LLC	Goodbetterbest Ltd.	Inventory Management Services Agreement	Devonshire Business Centre, Works Road Letchworth, Herts SG6 1GJ United Kingdom Attn: Chris Berhelot, SVP of Sales and Marketing, North America	\$0.00
465	Cinram Distribution LLC	Hastings Entertainment, Inc.	Inventory Management Services Agreement	3601 Plains Blvd. Amarillo, TX 79012 Attn: Robert Oram, Director of Interactive	\$0.00
466	Cinram Distribution LLC	Ignition Entertainment Ltd.	Inventory Management Services Agreement	500 N. Central Avenue, Suite 930 Glendale, CA 91203 Attn: Ajay Chadha, President  copy: Mel Schulman, Esq. 3130 4th Avenue – Suite 103 San Diego, CA 92103	\$0.00
467	Cinram Distribution LLC	KOEI, Inc.	Inventory Management Services Agreement	29863 Santa Margarita Pkwy., Suite 100 Rancho Santa Margarita, CA 92688 Attn: Matthew Scott, President	\$0.00
468	Cinram Distribution LLC	LucasArts, a division of Lucasfilm Entertainment Company Ltd.	Inventory Management Services Agreement	1110 Gorgas Avenue San Francisco, CA 94129 Attn: Evelynne Bolling	\$0.00
469	Cinram Distribution LLC	Macy's Corporate Services, Inc.	Inventory Management Services Agreement	7 West Seventh Street Cincinnati, Oh 45202 Attn: Robert G. Crabtree	\$0.00
470	Cinram Distribution LLC	Magix AG	Inventory Management Services Agreement	Rotherstrasse 19 10245 Berlin, Germany Attn: Mr. Jurgen Jaron  copy: MAGIX AG Michael Niermann General Manager One Valleywood Dr. #302 Markham, ON L3R 5L9 Canada	\$0.00
471	Cinram Distribution LLC	Magnolia Home Entertainment	Inventory Management Services Agreement	2222 South Barrington Avenue Los Angeles, CA 90064 Attn: Randy Wells; Attn: Gabe Monterrubio	\$0.00
472	Cinram Distribution LLC	Mastiff, LLC	Inventory Management Services Agreement	2762 Octavia Street – Suite 8 San Francisco, CA 94123 Attn: Mr. William Swartz	\$0.00
473	Cinram Distribution LLC	NC Soft Interactive	Inventory Management Services Agreement	6801 N. Capital of Texas Hwy. Building 1, Suite 102 Austin, TX 78731 Attn: Mr. Michael Grajeda, CFO	\$0.00
474	Cinram Distribution LLC	NIS America, Inc.	Inventory Management Services Agreement	1221 East Dyer Road, Suite 210 Santa Ana, CA 92705 Attn: Johanna Hirota	\$0.00



## Customer Contracts (Agreements)

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
475	Cinram Distribution LLC	O-Games, Inc.	Inventory Management Services Agreement	2015 Birch Avenue San Carlos, CA 94070 Attn: Greg Lanz, General Manager	\$0.00
476	Cinram Distribution LLC	Orchard Enterprises NY, Inc. d/b/a TVT Distribution	Inventory Management Services Agreement	100 Park Avenue - 2nd Floor New York, NY 10017 Attn: Mr Paul Ralmer	\$0.00
477	Cinram Distribution LLC	Pioneer Distributors, Inc.	Inventory Management Services Agreement	15355 Raymer Street Van Nuys, CA 91406 Attention: Mr. Ben Nabati, Partner	\$0.00
478	Cinram Distribution LLC	Porchlght Entertainment	Inventory Management Services Agreement	11050 Santa Monica Blvd., 3rd Floor Los Angeles, CA 90025 Atn: Garry Jones, Sr. VP / Jeff Gonzalez, CFO	\$0.00
479	Cinram Distribution LLC	Prima Games, Inc.	Inventory Management Services Agreement	3000 Lava Ridge Court Roseville, CA 95661 Attn: Mr. Mark Hughes	\$0.00
480	Cinram Distribution LLC	SNK PLAYMORE USA Corporation	Inventory Management Services Agreement	1720 Highway 34 PO BOX 1140 Wall, NJ 07719 Attn: Ben Herman, President	\$0.00
481	Cinram Distribution LLC	Sony Online Entertainment LLC	Inventory Management Services Agreement	8928 Terman Court San Diego, CA 92121 Attn: Mr. Phil Tish copy: Office of General Counsel	\$0.00
482	Cinram Distribution LLC	Southport Music Box Corporation	Inventory Management Services Agreement	942 West Lake Street Chicago, IL 60607 Attn: Scott Luke	\$0.00
483	Cinram Distribution LLC	Square Enix LLC	Inventory Management Services Agreement	999 N. Sepulveda Blvd., 3rd Floor Los Angeles, CA 90045 Attn: Mr. Ron Kurtz.	\$0.00
484	Cinram Distribution LLC	Starbucks Coffee Company	Inventory Management Services Agreement	2401 Utah Avenue South, Suite 800 Seattle, WA 98134 Attn: Vice President of SCO Operations	\$0.00
485	Cinram Distribution LLC	Strategy First, Inc.	Inventory Management Services Agreement	147 St. Paul West, Suite 300 Montreal, Quebec, Canada H2Y 1Z5 Attn: President  copy: Silverstar Holdings, Ltd. 6100 Glades Road, Suite 305 Boca Raton, FL 33434 Attn: Clive Kabatznik, President & CEO	\$0.00
486	Cinram Distribution LLC	Toys "R" Us, Inc.	Inventory Management Services Agreement	One Geoffrey Way Wayne, NJ 07470 Attn: Senior Director of Logistics  Copy: Toys "R" Us, Inc. One Geoffrey Way Wayne, NJ 07470 Attn: General Counsel	\$0.00
487	Cinram Distribution LLC	Transworld Entertainment	Inventory Management Services Agreement	38 Corporate Circle Albany, NY 12203 Attn: Corporate Controller  copy: Transworld Entertainment 38 Corporate Circle Albany, NY 12203 Attn: Legal Department	\$0.00
488	Cinram Distribution LLC	U&I Entertainment	Inventory Management Services Agreement	4528 France Avenue South Minneapolis, MN 55410 Attn: Marty Hawk	\$0.00
489	Cinram Distribution LLC	XSeed JKS, Inc.	Inventory Management Services Agreement	XSeed Marketing, Inc. 23001 Hawthorne Boulevard, Suite 205 Torrance, CA 90503 Attn: Mr. Sean Montgomery  copy: XSeed JKS, Inc. XSeed Marketing, Inc. 23001 Hawthorne Boulevard, Suite 205 Torrance, CA 90503 Attn: Mr. Ken Berry	\$0.00

Customer Contracts (Agreements)

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
490	Cinram Distribution LLC	NewZoom, Inc.	Inventory Management Services Agreement	625 Second Avenue, 1st Floor San Francisco, CA 94107 Attn: Mr. Matt Conler, VP, Finance	\$0.00
491	Cinram Distribution LLC	Deep Silver	Inventory Management Services Agreement	2615 Pacific Coast Highway, Suite 225 Hermosa Beach, CA 90254 Attn: Ms. Cathy Tische, VP Sales and Marketing	\$0.00
492	Cinram Distribution LLC	Little Orbit, LLC	Inventory Management Services Agreement	29863 Santa Margarita Pkwy., Suite 100 Rancho Santa Margarita, CA 92688 Attn: Matthew Scott, President	\$0.00
493	Cinram Inc.	MAPLE PICTURES CORP	Customer Terms and Conditions	455 ST.ANTOINE W., STE300, Montreal, QC H2Z 1J1 Attn: Accounts Payable	\$0.00
494	Cinram Manufacturing LLC	EM PRODUCTIONS LLC	Inventory Management Services Agreement	9100 WILSHIRE BOULEVARD BEVERLY HILLS CA 90212	\$0.00
495	Cinram Manufacturing LLC	RED-JAM LLC	Inventory Management Services Agreement	23340 NORTHBROOK LANE Valencia, CA 91355	\$0.00
496	Cinram Manufacturing LLC	REDWIND PRODUCTIONS	Inventory Management Services Agreement	23340 NORTHBROOK LANE Valencia, CA 91355	\$0.00
497	Cinram Retail Services LLC	New Video Group, Inc	Retail Inventory Services Agreement	902 Broadway New York, NY 10010	\$0.00
498	Cinram Retail Services LLC	Alliance Films, Inc.	Retail Inventory Services Agreement	145 King Street East Suite 300 Toronto, Ontario M5C 2Y7	\$0.00
499	Cinram Retail Services LLC	Millenium Media Services, LLC	Retail Inventory Services Agreement	2000 Avenue of the Stars Suite 350 Los Angeles, CA 90067	\$0.00
500	Cinram Retail Services LLC	Penguin Group (USA) Inc.	Letter of Intent	375 Hudson Street New York, NY 10014	\$0.00
501	One K Studios LLC	DISNEY INTERACTIVE MEDIA GROUP	SERVICES AGREEMENT	500 S. BENUA VISTA STREET ATTN: LEGAL DEPT Burbank, CA 91521	\$0.00
502	One K Studios LLC	DISNEY PUBLISHING	Independent Contractor Agreement	1201 FLOWER STREET Attn: Julie Blore-Bizot Gendale, CA 91201	\$0.00
503	One K Studios LLC	HBO HOME ENTERTAINMENT	PRODUCTION SERVICES AGREEMENT	1100 AVENUE OF THE AMERICAS Attn: SVP, Business Affairs New York, NY 10036	\$0.00
504	One K Studios LLC	PARAMOUNTHOME ENTERTAINMENT	RESULTS OF PROCEEDS AGREEMENT	5555 Melrose Avenue, ATTN: Redlich Richard Hollywood, CA 90038	\$0.00
505	One K Studios LLC	AMERICA STAR MEDIA, LLC (aka Morningstar)	Graphic Designer Agreement	350 N. Glenoaks Blvd. Suite 300 Burbank, CA 91502	\$0.00

[1] The Cure Amounts set forth in this schedule are subject to downward adjustment by the Debtors for the following:  
 (i) any credits, rebates and other amounts due to the Debtors and their affiliates by the Contract Counter-Party and its affiliates as of the date of assumption;  
 (ii) all amounts paid by the Debtors after June 30, 2012 on account of amounts owing to the Contract Counter-Party or its affiliates on the date of entry of the CCAA Initial Order; and  
 (iii) differences between the amounts actually incurred by the Debtors for the months of May and June 2012 and the estimates for such periods used for the estimation of the Cure Amounts.

## IT Contracts

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
506	Cinram Ltd.	Harbinger	Software Schedule No. 129191SQ with the Terms and Conditions of the Master Software License Agreement No. MMX041600CLX	1000 Campus Drive Ann Arbor Michigan 48104-6700	\$0.00
507	Cinram Ltd.	Peregrine Connectivity, Inc.	Software Schedule No. 138580SQ with the Terms and Conditions of the Master Software License Agreement No. MMX081600CXX	Parkway 400 1277 Lenox Park Blvd. Atlanta, GA 30319	\$0.00
508	Cinram Ltd.	Inovis USA, Inc.	Product Schedule A No. MSX063004CLXV01 with the Terms and Conditions of Inovis USA, Inc. Software License Agreement SLA-US-063004CLXV01	Parkway 400 1277 Lenox Park Blvd. Atlanta, GA 30319	\$0.00
509	Cinram International, Inc.	Inovis USA, Inc.	Inovis Order Form with the Software License Terms & Conditions	Suite 100 Parkway 400 11720 AmberPark Drive Alpharetta, GA 30009-2271	\$0.00
510	Cinram International	nuBridges, Inc.	Schedule No. 3 to nuBridges Master License Agreement	1000 Abernathy Road Suite 250 Atlanta, GA 30328	\$195.29
511	Cinram International Inc.	nuBridges, LLC	Software License Agreement	1000 Abernathy Road Suite 250 Atlanta, GA 30328	Included in Contract No. 510 above.
512	Vision Information Services	iSoft Corporation	Schedule to iSoft Corporation Master License Agreement	15303 Dallas Parkway Suite 1110 Addison, Texas 7501	\$0.00
513	Cinram Manufacturing, LLC	170 Systems, Inc.	Conterminus Software Support Amendment (License Schedule No. 2 to the Master Software License and Professional Service Agreement)	36 Crosby Drive Bedford, MA 01730	\$0.00
514	Cinram International Inc.	KNAPP Logistics and Automation, Inc.	Hotline Contract	659 Henderson Drive Suite I Cartersville, GA 30120	\$0.00
515	Cinram International, Inc.	Salvair, LLC	Software License Agreement	180 W. Mohawk Drive Powell, OH 43065	\$0.00
516	Cinram International Inc.	IBM Canada Ltd.	Statement of Work for Services	3600 Steeles Avenue East Markham, Ontario L3R 9Z7	\$6,415.08
517	Cinram Manufacturing	Oracle USA, Inc.	Oracle License and Service Agreement	20 Davis Drive Belmont, CA 94002	\$0.00
518	Cinram Inc	Dell Computer Corporation	Dell Extended Services Details	One Dell Way RR1 Mailstop 8035 Round Rock, TX 78682	\$0.00
519	Ditan Corporation	Kewill	Addendum #062107 to Kewill Software License and Service Agreement	100 Nickerson Road, Marlborough, MA 01752	\$0.00
520	Ditan Corporation	Miracle Software Systems, Inc.	Master Service Agreement	45625 Grand River Ave. Novi, MI 48374	\$0.00
521	Cinram Inc.	KNAPP Logistics and Automation, Inc.	Invoice No. 116229	2124 Barrett Park Drive Suite 100 Kennesaw, GA 30144	\$0.00
522	Cinram Manufacturing	ASK	2012 IBM Maintenance Renewal	3125 Sovereign Drive, Suite 9B, Lansing, MI, 48911	\$0.00
523	Cinram International Inc.	IBM Canada Ltd.	IBM Statement of Work for Services	PO Box 5100 Str. F Toronto, Ontario M4Y 2T5	Included in Contract No. 516 above.
524	Cinram Manufacturing Inc	KNAPP Logistics and Automation, Inc.	Invoice No. 116236	2124 Barrett Park Drive Suite 100 Kennesaw, GA 30144	\$0.00
525	Cinram Manufacturing	Oracle America, Inc.	Invoice No. 41424930	PO Box 44471 San Francisco, CA 94144	\$0.00
526	Cinram Manufacturing	Oracle America, Inc.	Invoice No. 41424928	PO Box 44471 San Francisco, CA 94144	\$0.00
527	Cinram Manufacturing	Oracle America, Inc.	Invoice No. 41515643	PO Box 44471 San Francisco, CA 94144	\$0.00
528	Cinram Manufacturing	Oracle America, Inc.	Invoice No. 41424929	PO Box 44471 San Francisco, CA 94144	\$0.00

IT Contracts

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount (1)
529	Cinram Manufacturing	Oracle America, Inc.	Invoice No. 41424927	PO Box 44471 San Francisco, CA 94144	\$0.00
530	Cinram Manufacturing	Oracle America, Inc.	Invoice No. 41515832	PO Box 44471 San Francisco, CA 94144	\$0.00
531	Cinram Inc	Rand McNally & Company	Rand McNally & Company Milemaker Resident AS/400 On Demand	8255 N. Central Park Skokie, IL 60076	\$0.00
532	Ditan Distribution	SAP America	Amendment No. 5, Amendment No. 2 to Software License Agreement	2400 Main Street Extension Suite 3 Sayreville, New Jersey 08872	\$0.00
533	Ditan Distribution, LLC	SAP America, Inc.	Invoice No. 6008184924 as of 12/01/2010	3999 West Chester Pike Newtown Square, PA 19073	\$0.00
534	Ditan Distribution, LLC	SAP America, Inc.	Invoice No. 600818925 as of 12/01/2010	3999 West Chester Pike Newtown Square, PA 19073	\$0.00
535	Ditan Distribution, LLC	SAP America, Inc.	Purchase Order No. CORP-010208F-IT	3 Van De Graaff Drive 4th Fl Burlington, MA 01803	\$0.00
536	Ditan Distribution, LLC	SAP America, Inc.	Invoice No. 6008184927 as of 12/01/2010	3999 West Chester Pike Newtown Square, PA 19073	\$0.00
537	Cinram International, Inc./	SMC^3	Agreement for receipt of CzarLite and/or CanadaLite Data in Logility's Proprietary Format for use through the Varsity Logistics System	500 Westpark Drive Suite 300 Peachtree City, GA 30269	\$78.90
538	Cinram International Inc.	Sterling Commerce	Managed Service Agreement (Canada)	Brunswick House Suite 1000 44 Chipman Hill PO Box 7289 Postal Station A Saint John, NB Canada E2L 456	\$0.00
539	Cinram Distribution LLC	Sterling Commerce (America), inc.	Assignment Agreement	PO Box 73199 Chicago, IL 60673	\$0.00
540	Ditan Distribution LLC	Sterling Commerce (America), inc.	Amendment K to Software License Agreement	PO Box 73199 Chicago, IL 60673	\$0.00
541	Ditan Corporation	Sterling Commerce (America), inc.	Amendment H to Software License Agreement	PO Box 73199 Chicago, IL 60673	\$0.00
542	Vision Info Services	Unicom Systems, Inc.	Invoice # 12002052	15535 San Fernando Mission Blvd. Mission Hills, CA 91345	\$0.00
543	Cinram, Inc.	Varsity Logistics, Inc.	Master License and Maintenance and Support Agreement for Software and Related Documentation	185 Berry St Suite 3500 San Francisco, California 94017	\$0.00
544	Vision Information Logistics	Potix Corporation	Quotation No.: SQ1105410	11F-2, No. 87 Xhengzhou Road Taipei, Taiwan	\$0.00
545	Cinram	API Digital Acknowledgment		1821 University Drive Huntsville, AL 35801	\$1,480.00
546	Cinram	API Digital Acknowledgment		1821 University Drive Huntsville, AL 35801	\$0.00
547	Cinram	Converged Resource Integrators, LLC	Support Agreement	197 Cahaba Valley Parkway Pelham, Alabama 35124	\$0.00
548	Cinram Inc./ Cinram Distributio	iFax Solutions, Inc.	Pre-Incident Support Agreement	160 Leverington Ave. Suite 102 Philadelphia, PA 19127	\$0.00
549	Cinram	ParkPlace International	Maintenance Service Agreement - Equipment List	8401 Chagrin Road Chagrin Falls, OH 44023	Included in Contract No. 560 below.
550	Manhattan Associates	WEA Corporation	Oracle Database Addendum	111 N. Hollywood Way Burbank, CA 91505-4356	\$0.00

## IT Contracts

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount (1)
551	Manhattan Associates	WEA Corporation	Purchase Order No. HO-21642	111 N. Hollywood Way Burbank, CA 91505-4356	\$0.00
552	Manhattan Associates	WEA Corporation	Purchase Order No. HO-22302	111 N. Hollywood Way Burbank, CA 91505-4356	\$0.00
553	Manhattan Associates	WEA Corporation	Purchase Order No. HO-26320	111 N. Hollywood Way Burbank, CA 91505-4356	\$0.00
554	Cinram International Ltd.	Pansophic Systems of Canada, Ltd.	Assignment Agreement Between SSA Global Canada Inc., Cinram International Inc., Media Motion B.V., and SSA Global Technologies Inc.	6711 Mississauga Road Suite 601 Mississauga, Ontario L5N 2W3	\$0.00
555	Cinram International Inc.	Computer Associates Canada Company	Amendment Number 1 to the Pansophic Systems of Canada, Ltd. Software License Agreement dated July 31, 1990 by and between Computer Associates Canada Company and Cinram International Inc.	5935 Airport Road Mississauga, Ontario L4V 1W5	\$0.00
556	Cinram Ltd.	Pansophic Systems of Canada, Ltd.	Software License Agreement	6711 Mississauga Road, Suite 601, Mississauga, Ontario L5N 2W3	\$0.00
557	Cinram International Inc.	Computer Associates Canada Ltd.	License Agreement	5935 Airport Road, Mississauga, Ontario L4V 1W5	\$0.00
558	Cinram Manufacturing	Carousel Industries of North America	Business Partner Temporary or Permanent Login Request For Ayava Definity or Audix System Access	659 South County Trail Exeter, RI 02822	\$2,058.31
559	Cinram Manufacturing	Oracle	Ordering Document (Service Contract #: 2814365)	PO Box 71027 Chicago, IL 60694-1028	\$0.00
560	Cinram Manufacturing	Park Place Technologies	Maintenance Service Agreement	8401 Chagrin Road Cleveland, OH 44023	\$1,328.53
561	Cinram Manufacturing	Park Place Technologies	Maintenance Service Agreement	8401 Chagrin Road Cleveland, OH 44023	Included in Contract No. 560 above.
562	Cinram Manufacturing	symantec	Essential Support Certificate	2300 Stevens Creek Blvd. Cupertino, CA 95014	\$0.00
563	Cinram Manufacturing	Park Place Technologies	Maintenance Service Agreement - Equipment List	8401 Chagrin Road Cleveland, OH 44023	Included in Contract No. 560 above.
564	Cinram Manufacturing	Park Place Technologies	Maintenance Service Agreement - Equipment List	8401 Chagrin Road Cleveland, OH 44023	Included in Contract No. 560 above.
565	Cinram Manufacturing LLC	Aspera, Inc.	End-User License Agreement for Aspera Software	5900 Hollis St. Suite E. Emeryville, CA 94608	\$0.00
566	Cinram Manufacturing LLC	Carousel Industries	Maintenance Coverage Support Specification - Attachment A	PO Box 849084 Boston, MA 02284-9084	\$0.00
567	Cinram Manufacturing LLC	CDW Direct	Sales Quotation	200 North Milwaukee Ave. Vernon Hills, IL 60061	\$2,075.10
568	Cinram Manufacturing	Websense, Inc.	Websense Subscription Confirmation for Key P8NH7K8J6PCTJC2A	10240 Sorrento Valley Rd. San Diego, CA 92121	\$0.00
569	Cinram Manufacturing	Oracle	Ordering Document (Service Contract #: 2771607)	PO Box 71027 Chicago, IL 60694-1028	\$0.00
570	Cinram Manufacturing	symantec	Renewal Contract (Renewal ID: RNW548-716-754)	350 Ellis Street Mountain View, CA 94043	\$0.00
571	Cinram International Inc.	Diversified Information Technologies, Inc.	Customer Agreement	1043 Gerrard St. East Toronto, Ontario, M4M1Z7	\$2,051.57
572	Cinram Manufacturing	Frontier	Dedicated Internet Access ("DIA") and Managed Router (applicable to Frontier Service Agreement)	100 CTE Drive Dallas, PA 18612	\$56,785.75
573	Cinram Manufacturing LLC	Frontier	Dedicated Internet Access ("DIA") and Managed Router (applicable to Frontier Service Agreement)	101 CTE Drive Dallas, PA 18612	\$0.00
574	Cinram Manufacturing, LLC	globalscape	Globalscape Order Details (Invoice 1157724)	4500 Lockhill-Selma Suite 150 San Antonio, TX 78249	\$0.00

IT Contracts

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
575	Cinram Inc.	IKON Financial Services	Image Management Amendment	PO Box 9115 Macon, GA 21308-9115	\$13,774.09
576	Cinram Inc.	IKON Financial Services	Image Management Product Schedule	PO Box 9115 Macon, GA 21308-9115	Included in Contract No. 575 above
577	Cinram Manufacturing	IKON Office Solutions	Financials Based on a new 18 Month Agreement	70 Valley Stream Pkwy. Malvern, PA 19355-1453	Included in Contract No. 575 above
578	Cinram Manufacturing LLC	The Pythian Group	Contract Agreement (amendment to Service Agreement for Database Administration Services)	1200 St. Laurent Blvd. Suite 261 (PO Box 207) Ottawa, Ontario K1K 3B8	\$9,059.40
579	Cinram Manufacturing	aspera	Invoice INASP606	5900 Hollis Street Suite E Emeryville, CA 94608	\$0.00
580	Cinram	Park Place Technologies	Park Place Maintenance Service Agreement Renewal	8401 Chagrin Road Cleveland, OH 44023	Included in Contract No. 560 above
581	Cinram Manufacturing LLC	Symantec Corporation	Purchase Order #286021	20330 Stevens Creek Blvd. Cupertino, CA 95014	\$0.00
582	Cinram Manufacturing	Oracle Support Services	Ordering Document - Renewal	PO Box 71027 Chicago, IL 60694-1028	\$0.00
583	Cinram Manufacturing LLC	Warner Music Inc.	Bill of Sale	75 Rockefeller Plaza New York, NY 10019	\$0.00
584	Cinram International Inc.	Infor Global Solutions	PRMS Software License Agreement	555 Briarwood Circle Ann Arbor, MI 48108	\$0.00

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- (i) any credits, rebates and other amounts due to the Debtors and their affiliates by the Contract Counter-Party and its affiliates as of the date of assumption
- (ii) all amounts paid by the Debtors after June 30, 2012 on account of amounts owing to the Contract Counter-Party or its affiliates on the date of entry of the CCAA Initial Order; and
- (iii) differences between the amounts actually incurred by the Debtors for the months of May and June 2012 and the estimates for such periods used for the estimation of the Cure Amounts

## Supply Contracts

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
585	Cinram Manufacturing LLC	PPL EnergyPlus, LLC	Retail Electricity Agreement	Two North Ninth Street Allentown, PA 18101-1179	\$553,293.46
586	Cinram Manufacturing LLC	PPL EnergyPlus, LLC	Retail Electricity Agreement	Two North Ninth Street Allentown, PA 18101-1179	\$0.00
587	Cinram, Inc.	Ambassador	Temporary Staffing Services Agreement	15068 US Highway 195 Thomasville, VA 31757	\$62,817.41
588	Cinram International Inc.	Klass Security and Investigations Inc.	Security Services Agreement (Canada)	40 Production Drive 2nd Floor Toronto, ON M1H 2X8	\$10,941.82
589	Cinram	JK Guardian Security Services Inc.	Security Services Agreement November 1, 2010	3300 West 127th Street, Blue Island, IL 60406	\$11,858.45
590	Cinram, Inc.	Lyons HR	Temporary Staffing Services Agreement	1941 Florence Blvd. Florence, AL 35630	\$315,110.16
591	Cinram, Inc.	Lyons HR	Exhibit A to Agreement for Staffing Services	1941 Florence Blvd. Florence, AL 35630	Included in Contract No. 590 above.
592	Cinram Inc.	Securitas Security Services USA, Inc.	Addendum/Amendment/Renewal to Security Services Agreement	3776 Sullivan Street Suite G Madison, AL 35758	\$189,707.48
593	Cinram, Inc.	Securitas Security Services USA, Inc.	Security Services Agreement	3776 Sullivan Street Suite G Madison, AL 35758	Included in Contract No. 593 above.
594	Cinram	Allegiance Security Group, LLC	Security Services Agreement (United States)	Dallas Branch 835 E. Lamar Blvd. #403 Arlington, TX 76011	\$72,772.08
595	Cinram International Inc.	Xerox Canada Ltd.	Total Document Solutions Agreement	33 Bloor St. East Toronto, Ontario M4W3H1	\$0.00
596	Vision Information Logistics LLC	US Signal Company, LLC	Colocation Agreement	201 Ionia Ave. SW, Grand Rapids, MI 49503	\$0.00
597	Vision Information Logistics LLC	US Signal Company, LLC	Internet Services Agreement	201 Ionia Ave. SW Grand Rapids, MI 49503	\$0.00
598	Ditan	N Frame, Inc.	Master Agreement	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	\$8,455.00
599	Ditan	N Frame, Inc.	Invoice	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
600	Ditan	N Frame, Inc.	Invoice	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
601	Ditan	N Frame, Inc.	Invoice	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
602	Ditan	N Frame, Inc.	Invoice	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
603	Ditan	N Frame, Inc.	Term Sheet	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
604	Ditan	N Frame, Inc.	Term Sheet	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
605	Ditan	N Frame, Inc.	Term Sheet	701 Congressional Blvd. Ste. 100 Carmel, IN 46032	Included in Contract No. 598 above.
606	Vision Information Logistics LLC	US Signal Company, LLC	Private Line Service Agreement	201 Ionia Ave. SW Grand Rapids, MI 49503	\$0.00
607	Vision Information Logistics LLC	US Signal Company, LLC	Virtual Ethernet Services Point to Point Agreement	201 Ionia Ave. SW Grand Rapids, MI 49503	\$0.00
608	Vision Information Logistics LLC	US Signal Company, LLC	Colocation Agreement	201 Ionia Ave. SW Grand Rapids, MI 49503	\$0.00

Supply Contracts

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
609	Cinram	windstream	Service Agreement	600 Willowbrook Office Park Fairport, NY 14450	\$0.00
610	Cinram Inc.	Singulus Technologies AG	Order Acknowledgment for Five Automatic BD ROM Single and Dual Layer Manufacturing Systems (Purchase Order attached)	Hanauer Landstrasse 103 63796 Kahl/Main Germany	\$0.00
611	Cinram Operations UK Ltd.	Singulus Technologies AG	Order Acknowledgment for Two Automatic BD ROM Single and Dual Layer Manufacturing Systems	Hanauer Landstrasse 103 63796 Kahl/Main Germany	\$0.00
612	Cinram International Inc.	Marsh Canada Limited	Client Services Agreement	70 University Avenue Suite 800 Toronto, ON M5J 2M9	\$0.00
613	Cinram International Inc.	Arkadin	Service Agreement	480 University Avenue Suite 505 Toronto, Ontario MSG 1V2	\$1,009.22
614	Cinram Manufacturing LLC	United Parcel Service, Inc.	Carrier Agreement	17201 Westview Avenue Suite B South Holland, IL 60473	\$803,367.25
615	Cinram Manufacturing LLC	United Parcel Service, Inc.	UPS Incentive Program Agreement	17201 Westview Avenue Suite B South Holland, IL 60473	Included in Contract No. 614 above.
616	Cinram Manufacturing LLC	EMC Corporation	EMC2 Master Ordering Agreement	176 South Street Hopkinton, MA 01749	\$5,843.42
617	Cinram Manufacturing LLC	EMC Corporation	Master Lease Agreement, as amended	176 South Street Hopkinton, MA 01749	Included in Contract No. 616 above.
618	Cinram International Inc.	Grand & Troy Limited	Sales Agreement	200 Aviva Park Drive Vaughn, ON L4L 9C7	\$1,718.13
619	Cinram International Inc.	OfficeMax Incorporated	Addendum to Sales Agreement	263 Shuman Blvd. Naperville, IL 60563	\$40,853.94
620	Cinram, Inc.	Alliance Inc.	Temporary Staffing Services Agreement	9370 Madison Blvd. Madison Al, 35758	\$95,575.17
621	Cinram Inc.	ABAE Personnel / EPSCO	Temporary Staffing Services Agreement	3305 A Bob Wallace Ave, Huntsville, Al 35805	\$75,521.47
622	Cinram International Inc.	Motion Industries, Inc.	Purchasing Agreement	[390 BRADWICK DR VAUGHAN, ON L4K 2W4]	\$43.00
623	Cinram Manufacturing LLC	Wafer Reclaim Services, LLC	Purchase Agreement	Michelle Hannah WRS Materials 5250 Neil Road, Suite 101 Reno, NV 89502	\$7,125.00
624	Cinram -- LaVergne, TN	AdPro Generator Services	Maintenance Agreement	110 Donna Drive Hendersonville, TN 37075	\$163.88

[1] The Cure Amounts set forth in this schedule are subject to downward adjustment by the Debtors for the following:

- (i) any credits, rebates and other amounts due to the Debtors and their affiliates by the Contract Counter-Party and its affiliates as of the date of assumption;
- (ii) all amounts paid by the Debtors after June 30, 2012 on account of amounts owing to the Contract Counter-Party or its affiliates on the date of entry of the CCAA Initial Order; and
- (iii) differences between the amounts actually incurred by the Debtors for the months of May and June 2012 and the estimates for such periods used for the estimation of the Cure Amounts.



## Employment Agreements

Ref No	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
625	Cinram International Inc.	John Bell	Employment Agreement	61 Clifton Road Toronto, ON M4T 2E8	\$0.00
626	Cinram International Inc.	John Bell	KERP Letter Agreement	61 Clifton Road, Toronto, ON M4T 2E8	\$0.00
627	Cinram International Inc.	Steven Brown	Employment Agreement	264 Spadina Road Toronto, ON MSR 2V1	\$0.00
628	Cinram International Inc.	Steven Brown	KERP Letter Agreement	264 Spadina Road Toronto, ON MSR 2V1	\$0.00
629	Cinram Distribution LLC	Howard Berman	Employment Agreement	860 Via de la Paz, Suite F-4, Pacific Palisades, CA 90272	\$0.00
630	Cinram International Inc.	David Ashton	Employment Agreement	2224 Robinwood Court, Mississauga, ON LSM 5B9	\$0.00
631	Cinram Distribution LLC	John Crosier	Employment Agreement	2258 Ronda Vista Drive, Los Angeles, CA 90067	\$0.00
632	Cinram International Inc	John Barnett	Employment Agreement	931 Denbar Ct. White Lake, MI 48386	\$0.00
633	One K Studios, LLC	Matthew L. Kennedy	Employment Agreement	384 Norcroft Avenue Los Angeles, California 90024	\$0.00
634	Cinram Distribution LLC	Ben Higgins	Employment Agreement	1873 N. Kingsley Los Angeles, CA 90027	\$0.00
635	Cinram International Inc.	David Ashton	KERP Letter Agreement	2224 Robinwood Court, Mississauga, ON LSM 5B9	\$0.00
636	Cinram International Inc.	Adam Dlugosz	KERP Letter Agreement	6 Long Stan Stouffville, ON L4A 1P5	\$0.00
637	Cinram International Inc.	Dave Munro	KERP Letter Agreement	222 Donlea Dr. Toronto, ON M4G 2N2	\$0.00
638	Cinram International Inc.	Jason Gorel	KERP Letter Agreement	75 Westglen Crescent Toronto, ON M9B 4R2	\$0.00
639	Cinram International Inc.	Artur Hausz	KERP Letter Agreement	99 Southfield Ave. Courtice, ON L1E 3J9	\$0.00
640	Cinram International Inc.	Mark Pereira	KERP Letter Agreement	194 Sunnyside Ave. Toronto, ON M6R 2P2	\$0.00
641	Cinram International Inc.	Chris Nadon	KERP Letter Agreement	250 Kingslake Road North York, ON M2J 3G8	\$0.00
642	Cinram International Inc.	Joy Webster	KERP Letter Agreement	6412 Blackriver Rd P.O. Box 4, RR#2 Sutton West, ON L0E 1R0	\$0.00
643	Cinram International Inc.	Dean MacNeill	KERP Letter Agreement	22 Ivanic Ct. Whitby, ON L1N 6E3	\$0.00
644	Cinram International Inc.	Joanne Greslovski	KERP Letter Agreement	785 Hedgerow Place Pickering, ON L1V 3H3	\$0.00
645	Cinram International Inc.	William Mueller	KERP Letter Agreement	9117 Brentmeade Blvd. Brentwood, TN 37027	\$0.00
646	Cinram International Inc.	John Barnett	KERP Letter Agreement	931 Denbar Ct. White Lake, MI 48386	\$0.00
647	Cinram International Inc.	Phil Tocco	KERP Letter Agreement	400 Chaney Road Apt 511 Smyrna, TN 37167	\$0.00
648	Cinram International Inc.	Tom Whishard	KERP Letter Agreement	1001 Charles Street Dunmore, PA 18512	\$0.00
649	Cinram International Inc.	Marc Rachlin	KERP Letter Agreement	3030 Bonaventure Ct Murfreesboro, TN 37127	\$0.00
650	Cinram International Inc.	Bob McAndrew	KERP Letter Agreement	1325 Cherry Street Scranton, PA 18505	\$0.00

Employment Agreements

Ref No	Chiram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
651	Cinram International Inc.	Shawn Getchell	KERP Letter Agreement	804 Overtake Ct. Euless, TX 76039	\$0.00
652	Cinram International Inc.	Sean Mancuso	KERP Letter Agreement	502 Thackeray Close Moosic, PA 18507	\$0.00
653	Cinram International Inc.	Divit Basaravaj	KERP Letter Agreement	180 S Washington Street Apt# 229 South Wilkes Barre, PA 18701	\$0.00
654	Cinram International Inc.	Stephen Smith	KERP Letter Agreement	338 Pear Street Scranton, PA 18505	\$0.00

## Real Property Leases

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
655	Cinram Inc.	300 Diamond Drive, LLC	Warehouse Lease	C/O Triad Properties 100 Church Street, SW Huntsville, AL 35801	\$0.00
656	Cinram Inc.	Stag II Huntsville, LLC	Lease Agreement	99 Chauncy St. 10th Flr. Boston, MA 02111	\$0.00
657	Cinram International Inc.	Nugget Avenue (Phase I) Inc.	Lease	c/o KingSett Capital Inc. Suite 4400 TD Bank Tower Toronto-Cominion Centre 66 Wellington St. W Toronto, ON M5K 1H6	\$0.00
658	Cinram International Inc.	Rodenbury Investments Limited	Industrial Lease – Single Tenancy	2425 Matheson Blvd. East 8th Flr Mississauga, Ontario L4W5K4	\$0.00
659	Cinram Distribution LLC	Industrial MS Logistec_Owner LLC	Industrial Building Lease	c/o Carter 4211 W. Boy Scout Boulevard Suite 520 Tampa Florida 33607 Atten: John Carter	\$0.00
660	Cinram Distribution LLC	US Industrial REIT II	Industrial Building Lease and Termination of Lease, as amended (dated April 16, 2012, amended April 27, 2012 and May 4, 2012)	9830 Colonnade Boulevard Suite 600 San Antonio, TX 78230-2239	\$0.00
661	Cinram Distribution LLC	Raymond Handling Concepts Corporation	Sublease Agreement	Atten: Ron Curtis, VP Finance 41400 Boyce Road Fremont, CA 94538	\$0.00
662	Cinram Distribution LLC	Harsch Investment	Lease Agreement	Harsch Investment Realty, LLC Series E c/o West Park Corporation Campus 5003 Pacific Highway East, Unit 2 Fife, WA 98424	\$0.00
663	Cinram Distribution LLC	Annabel Investment Company	Bishop Ranch Building Lease	One Annabel Lane Suite 201 San Ramon, CA	\$0.00
664	Cinram Distribution LLC	South Park Group LLC	Office Lease	PO Box 150764 Nashville, TN 37215-0764	\$0.00
665	Cinram Distribution LLC	Batavia Enterprises, Inc.	Office Lease	140 First St. Batvia, IL 60510	\$0.00
666	Cinram Retail Services LLC	Osprey-Troy Officentre, LLC	Lease Agreement	7600 Grand River Ave. Suite210 Brighton, MI 48114	\$0.00
667	One-K Studios LLC	Warner Music Group Inc.	Office Sublease	75 Rockefeller Plaza New York, NY 10019	\$47,459.87
668	Cinram Inc.	The Industrial Development Board of the City of Huntsville	Amended and Restated Lease Agreement	225 Church St. Huntsville, AL 35801	\$45,170.83
669	Cinram Distribution LLC	Take-Two Interactive Software, Inc. and Jack Of All Games, Inc.	Agreement of Sublease	626 Broadway New York, NY 10012	\$0.00

Real Property Leases

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
670	Cinram Distribution LLC.	Crossings Center Seven, LLC and Arnold Moving Company, Inc.	Three Party Agreement Amending Lease and Terminating Sub	Crossing Center Seven, LLC c/o Capstone Realty, Inc. 12910 Shelbyville Road Suite 200, Louisville, KY 40243 & Arnold Moving Company 5200 Interchange Way Louisville, KY 40229	\$0.00

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## IP License Agreements

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
671	Cinram International Inc.	Cinram Latinoamericana S.A. de C.V.	License Agreement	Boulevard Adolfo Ruiz Cortines No. 3642 Piso 16, Unidad 01 Col. Jadres del Pedregal Dl. Alvaro Obregon CP 01900 Mexico, D.F.	\$0.00
672	Cinram International Inc.	Toshiba Corporation	DVD Patent License Agreement	1-1, Shibaura 1-chome Minato-ku Tokyo 105-8001 Japan	\$9,180,187.70
673	Cinram International Inc.	PricewaterhouseCoopers Aarata	Request for royalty adjustment of DVD Patent License Agreement	Sumitomo Fudosan Shiodome Hamarikyu Bldg. 8-21-1 Ginza Chuo-ku Tokyo 104-0061 Japan	\$0.00
674	Cinram International Inc.	MPEG LA, L.L.C.	MPEG-2 Patent Portfolio License and MPEG-2 Packaged Medium Amendment	6312 S. Fiddler's Green Circle Suite 400E Greenwood Village, CO 80111, USA	\$2,362,144.63
675	Cinram International Inc.	Koninklijke Philips Electronics N.V.	DVD Video Disc and DVD ROM Disc Patent License Agreement	PO Box 80002 Building SFF-8 5600 JB Eindhoven The Netherlands	\$2,370,542.38
676	Cinram International Inc.	Koninklijke Philips Electronics N.V.	MPEG Patent License Agreement	PO Box 80002 Building SFF-8 5600 JB Eindhoven The Netherlands	\$0.00
677	Cinram International Inc.	Koninklijke Philips Electronics N.V.	CD Disc Patent License Agreement	PO Box 80002 Building SFF-8 5600 JB Eindhoven The Netherlands	\$2,313.42
678	Cinram International, Inc.	Toshiba Corporation	BD4C Patent License Agreement	1-1, Shibaura 1-chome Minato-ku Tokyo 105-8001, Japan	\$1,181,028.24
679	Cinram International, Inc.	Macrovision Corporation	Intellectual Property License for Macrovision's Technologies	2830 De La Cruz Boulevard Santa Clara California 95050, USA	\$0.00
680	Cinram International, Inc.	Matsushita Electric Industrial, Co., Ltd.	Settlement and License Agreement	1006 Kadoma Kadoma Osaka 571-8501 Japan	\$0.00
681	Cinram International Inc.	Discovision Associates	Settlement Agreement	2355 Main Street Suite 200 Irvine, California 92614	\$0.00
682	Cinram International Inc.	Discovision Associates	Patent Acquisition Agreement	2355 Main Street Suite 200 Irvine, California 92614	\$0.00

IP License Agreements

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
683	Cinram International Inc.	Discovision Associates	Patent License Agreement for Disc Products, as amended by letter agreement dated January 1, 1999	2183 Fairview Road Suite 211 Costa Mesa, California 92627	\$0.00
684	Cinram International Inc.	Philips Electronics, N.V.	Patent and Know-How License Agreement	75 Rockefeller Plaza New York, NY 10019	\$0.00
685	Cinram International Inc.	Time Warner Companies, Inc.	Cross-License Assignment and Assumption Agreement	1 Time Warner Centre New York, NY 10019	\$0.00
686	Cinram International Inc.	Time Warner Inc.	Indemnification Agreement	1 Time Warner Centre New York, NY 10019	\$0.00
687	Cinram International Inc.	Time Warner Inc.	Patent Covenant Not to Sue Agreement	75 Rockefeller Plaza New York, NY 10019	\$0.00
688	Cinram International Inc.	DVD Format/Logo Licensing Corporation	DVD Format/Logo License Agreement	2-3-6 Shibadaimon Minato-ku, Tokyo 105-0012 Japan	\$0.00
689	Cinram International Inc.	Blu-ray Disc Association	Blu-ray Disc Read Only Format 2.0 and Logo Licensing Agreement	10 Universal City Plaza T-100 Universal City, CA 91608, USA	\$0.00
690	Cinram International Inc.	Blu-ray Disc Association	Blu-ray Disc Read Only Format 3.0 and Logo Licensing Agreement	10 Universal City Plaza T-100 Universal City, CA 91608, USA	\$0.00
691	Cinram International Inc.	Advanced Access Content System License Administrator LLC	AACS Interim Adopter Agreement	AACS Administration 3855 SW 153rd Drive Beaverton, OR 97006	\$0.00
692	Cinram Manufacturing LLC	Advanced Access Content System License Administrator LLC	AACS Key Delivery Agreement	AACS Administration 3855 SW 153rd Drive Beaverton, OR 97006	\$29,763.60
693	Cinram International Inc.	Rovi Solutions Corporation	CopyBlock Letter Agreement	2830 De La Cruz Boulevard Santa Clara, California 95050, USA	\$0.00
694	Cinram Manufacturing LLC	4C Entity LLC	4C CPRM/CPPM License Agreement	225 B Cochrane Circle Morgan Hill, CA 95037	\$0.00
695	Cinram International Inc.	Koninklijke Philips Electronics N.V.	Side Letter to DVD Video Disc and DVD ROM Disc Patent License Agreement	PO Box 218 5600 MD Eindhoven The Netherlands	\$0.00

## IP License Agreements

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
696	Cinram International Inc.	Koninklijke Philips Electronics N.V.	Side Letter to DVD Video Disc and DVD ROM Disc Patent License Agreement	PO Box 218 5600 MD Eindhoven The Netherlands	\$0.00
697	Cinram International Inc.	Koninklijke Philips Electronics N.V.	Side Letter to CD Disc Patent License Agreement	PO Box 218 5600 MD Eindhoven The Netherlands	\$0.00

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Personal Property Leases

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
698	Cinram, Inc.	Crown Credit Company	Lease Schedule No. 40189774 pursuant to the terms of the Master Lease Agreement	New Bremen, Ohio 45869	\$0.00
699	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	New Bremen, Ohio 45869	\$0.00
700	Cinram	Thompson Lift Truck Co.	Lift Truck Rental Contract	2222 Pinson Highway PO Box 10367 Birmingham, AL 35202	\$1,665.56
701	Cinram, Inc.	NMHG Financial Services, Inc.	Master Lease Agreement No. 8487075	10 Riverview Drive Danbury, CT 06810	\$0.00
702	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement Number 2100730	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
703	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement Number 2100731	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
704	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement Number 2100736	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
705	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement Number 2100737	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
706	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement 210733	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
707	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement Number 2100738	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
708	Cinram, Inc.	Carolina Handling LLC	Raymond Leasing Corporation Schedule A Agreement Number 2100739	1955 Montreal Road Tucker, GA 30084-5218	\$0.00
709	Cinram	Thompson Lift Truck Co.	Lift Truck Rental Contract	2222 Pinson Highway PO Box 10367 Birmingham, AL 35202	\$0.00
710	Cinram	Thompson Lift Truck Co.	Thompson Tractor Rental Extension	2222 Pinson Highway PO Box 10367 Birmingham, AL 35202	\$0.00
711	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6024)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
712	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6026)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
713	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 6072/4918)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
714	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6859)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
715	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6905)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
716	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6906)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
717	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6970)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
718	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7200)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
719	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 7200/9053)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
720	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7689)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
721	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7690)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
722	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7691)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
723	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7762)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
724	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number MTA 6255/JDE 7835)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
725	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number MTA 6254/7882)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
726	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number MTA 6223/7883)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
727	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease #: 8024/6224)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00



## Personal Property Leases

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount [1]
728	Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 7366/8285)	5990 Avebury Road Mississauga, ON L5R 3R2	\$0.00
729	Cinram Ltd.	Pitney Bowers Canada	Agreement No. 8198536	5500 Explorer Drive Mississauga, Ontario L4W5C7	\$0.00
730	Cinram International Inc.	CIT Financial Ltd.	Lease Agreement	5035 South Service Road PO Box 5060 Burlington, ON L7R 4C8	\$0.00
731	Cinram International Inc.	Xerox Canada Ltd.	Total Document Solutions Agreement	33 Bloor St. East Toronto, Ontario M4W3H1	\$0.00
732	Cinram, Inc.	Brauer Material Handling Systems, Inc.	Raymond Leasing Corporation Schedule A Agreement Number: 2100739	226 Molly Walton Drive Hendersonville, TN 37075	\$0.00
733	Ditan Distribution/Cinram Corp.	Network Storage, Inc.	LeaseNet, Inc.	2361 Morse Road Columbus, Ohio 43229	\$0.00
734	Cinram, Inc.	Orion Asset Management div of Orion Energy Systems Inc.	Orion Throughput Agreement	2210 Woodland Drive Manitowoc, WI 54220	\$45,782.33
735	Cinram, Inc.	Yale Leasing - NMHG Financial Services, Inc.	Master Lease Agreement No. 8487075	10 Riverview Drive Danbury, CT 06810	\$19,390.98
736	Cinram Distribution	Pure Water Technology of Nashville	Rental Agreement	120 E. Lake Street Suite 401 Sandpoint, ID 83864	\$1,197.00

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Purchase Agreements

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
737	Cinram International Inc.	Fevama S.A. de C.V., Monica Valdes Macias and Magdalena Valdes Macias	Agreement for Sale of Stock	Boulevard Adolfo Ruiz Cortines No. 3642 Piso 16, Unidad 01 Col. Jardines del Pedregal Dl. Alvaro Obregon CP 01900 Mexico, D.F.	\$0.00
738	Cinram (U.S.) Holding's Inc.	Matthew Kennedy and Jayson Won	Purchase Agreement	Matthew Kennedy 384 Norcroft Avenue Los Angeles, CA 90024  &  Jayson Won 831 North Clybourne Avenue Burbank, CA 91505  &  Mad Media USA 3450 Cahuenga Blvd Suite 101 Universal City, CA 91608	\$0.00
739	Cinram (U.S.) Holding's, Inc.	Community Bank	Commercial Guaranty	2800 N. Hollywood Way Burbank, CA 91505-1023 Attn: Jeffrey Garavanian	\$0.00

## Employee Benefits/Workers Compensation Agreements

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
740	Cinram, Inc.	Blue Cross and Blue Shield of Alabama	Administrative Services Agreement (as renewed)	450 Riverchase Parkway East Birmingham AL 35244-2858	\$0.00
741	Cinram (U.S.) Holding's, Inc.	Medco Health Solutions, Inc.	Integrated Prescription Drug Program Agreement (as renewed)	100 Parsons Pond Drive Franklin Lakes, NJ 07417	\$0.00
742	Cinram US Holdings Inc.	Metropolitan Life Insurance Company	Group Policy 303280-1-G (as renewed)	200 Park Avenue New York, NY 10166	\$0.00
743	Cinram US Holdings Inc.	UnitedHealthcare Insurance Company	Group Policy B217 (as renewed)	6220 Old Dobbin Lane Columbia, MD 21045 Attention Account Management Services  copy Legal Department	\$0.00
744	Cinram (U.S.) Holding's, Inc.	Prudential Insurance Company of America	Non-union Employees Employee Term Life Coverage, Dependents Life Coverage, Accidental Death and Dismemberment Coverage (as renewed)	751 Broad Street Newark, NJ 07102	\$0.00
745	Cinram (U.S.) Holding's, Inc.	Liberty Life Assurance Company of Boston	Policy GD/GF3-830-505658-01 (as renewed)	175 Berkeley Street Boston, Massachusetts 02117	\$0.00
746	Cinram U.S. Holding's, Inc.	Elite Underwriting Services / American Fidelity Insurance Company	Policy AFA-SLP-2012-01309-ELITE	2000 North Classen Blvd. Oklahoma City, OK 71306	\$0.00
747	WEA Manufacturing	Scranton Counseling Center	Employee Assistance Program Agreement for Service	326 Adams Avenue Scranton, PA 18503	\$0.00
748	Cinram Manufacturing LLC	Sentry Casualty Company	Workers Compensation and Employers Liability Insurance Policy 90-16862-01 00 111	1800 Northpoint Drive Stevens Point, WI 54481	\$0.00
749	Cinram Manufacturing LLC	Sentry Casualty Company	Specific Excess and Aggregate Excess Workers Compensation and Employers Liability Indemnity Policy 90-16862-03 00 111 and related claims handling agreement(s)	1800 Northpoint Drive Stevens Point, WI 54481	\$0.00
750	Cinram Manufacturing LLC	St. Paul Travelers / The Travelers Indemnity Company	Agreement for Cinram Manufacturing LLC	1500 Market Street 29th Floor - West Tower Philadelphia, PA 19102 Attn Michael D. Rogers	\$0.00
751	Cinram Manufacturing LLC	Travelers / The Travelers Indemnity Company	Workers Compensation and Employers Liability Agreement for Cinram Manufacturing LLC	1500 Market Street 29th Floor - West Tower Philadelphia, PA 19102	\$0.00
752	Cinram International Inc.	Travelers / The Travelers Indemnity Company	Agreement for Cinram International Inc.	1500 Market Street 29th Floor - West Tower Philadelphia, PA 19102 Attn Michael D. Rogers	\$0.00
753	Cinram Manufacturing LLC	St. Paul Travelers / The Travelers Indemnity Company	Agreement for Cinram Manufacturing LLC	1500 Market Street 29th Floor - West Tower Philadelphia, PA 19102 Attn Scott A. Bosco	\$0.00
754	Cinram Manufacturing LLC	Travelers Property Casualty Company of America	Workers Compensation and Employers Liability Policy TRJUB-822K662-5-06 (as renewed)	1500 Market Street 29th Floor - West Tower Philadelphia, PA 19102 Attn Scott A. Bosco	\$0.00
755	Cinram Manufacturing LLC	Travelers Property Casualty Company of America	Workers Compensation and Employers Liability Policy TRJUB-822K661-3-06 (as renewed)	1500 Market Street 29th Floor - West Tower Philadelphia, PA 19102 Attn Scott A. Bosco	\$0.00
756	Cinram Manufacturing LLC	Constitution State Services LLC	Claim Service Agreement TCSSS-306T2451 (as renewed)	One Tower Square 10-G5 Hartford, CT 06183 Attn Andrew J. Apacella, President	\$0.00
757	Cinram Manufacturing LLC	Constitution State Services LLC	Claim Service Agreement TCSSC-306T2045 (as renewed)	One Tower Square 10-G5 Hartford, CT 06183 Attn Andrew J. Apacella, President	\$0.00
758	Cinram Manufacturing LLC	Constitution State Services LLC	Claim Service Agreement TCSSC-306T2045 (as renewed)	One Tower Square 10-G5 Hartford, CT 06183 Attn Andrew J. Apacella, President	\$0.00
759	Cinram Manufacturing LLC	Constitution State Services LLC	Claim Service Agreement TCSSC-306T2045 (as renewed)	One Tower Square 10-G5 Hartford, CT 06183 Attn Andrew J. Apacella, President	\$0.00
760	WEA Manufacturing	PMA Management Corp.	Agreement for TPA Services	380 Sentry Parkway PO Box 3031 Blue Bell, PA 19422-0754	\$0.00

Employee Benefits/Workers Compensation Agreements

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
761	Cinram Manufacturing LLC	Safety National Casualty Corporation  &  Commonwealth of Pennsylvania Department of Labor and Industry Bureau of Workers Compensation	Surety Bond of Self Insurer SIB 3337	2043 Woodland Parkway St. Louis, MO 63146  &  1171 South Cameron Street Room 324 Harrisburg, PA 17104-2501	\$0.00
762	Cinram Manufacturing LLC, Cinram Distribution LLC, Cinram US Holding, Inc., Cinram, Inc., Cinram Retail Services LLC, Cinram Wireless LLC and One K Studios, LLC	Applied Underwriters, Inc.	Workers Compensation Policy	P.O. Box 3646 Omaha, NE 68103	\$0.00
763	Cinram	Green Spring Services of Canada Co. o/a Corporate Health Consultants	Ad Hoc Letter of Understanding (professional assessment, trauma services, short-term counselling and case management services)	895 Don Mills Rd. Suite 700 Toronto, ON M3C 1W3	\$0.00
764	Cinram International Inc.	Manufacturers Life Insurance Company	Employee Benefits Policy 901735	Manulife Financial Suite 201, 4 Lansing Square North York, Ontario M2J 5A2	\$0.00

**F**

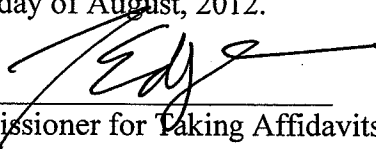
**F**

This is Exhibit "F" referred to in the

affidavit of John H. Bell

sworn before me, this 14<sup>th</sup>

day of August, 2012.

  
A Commissioner for Taking Affidavits

JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

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

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

**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

<sup>1</sup> 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 "Supplemental Assumption Schedule").

**PLEASE TAKE FURTHER NOTICE THAT** the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the 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 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 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 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](mailto: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 Supplemental Assumption Schedule to which you may be a party.<sup>2</sup>

**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.

<sup>2</sup> Neither the exclusion nor inclusion of any executory contract or unexpired lease on the Supplemental 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 Supplemental 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 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 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 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](http://www.kccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kccllc.com](mailto: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 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 52<sup>nd</sup> 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 13, 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**

**Supplemental Assumption Schedule**

Supplement No. 1 to Assumed Contracts List

1	Cinram Distribution LLC	Happiest Baby, Inc.	Inventory Management Services Agreement	Attn: Marija Sipka	11357 Montana Avenue		Los Angeles	CA	90049	
2	Cinram Retail Services LLC	Activision Blizzard Deutschland GmbH and Activision Blizzard France SAS	Retail Inventory Services Agreement	Attn: VP International Business Affairs	3 Roundwood Avenue	Stockley Park	Uxbridge	United Kingdom	UB11 1AF	\$50,000
3	Cinram Retail Services LLC	Universal Music Group International	Letter of Intent	Attn: Richard Constant	364-366 Kensington High Street		London	United Kingdom	W14 8NS	\$50,000
4	Cinram Retail Services LLC (f/k/a Vision Information Logistics, LLC)	Buena Vista Home Entertainment, Inc.	Analyst Loan-Out Agreement		3900 West Alameda Avenue		Burbank	CA	91505	\$50,000
5	Cinram International Inc.	ADP Canada Co.	Payroll services sales order and terms and conditions	Attn: Jeff Gladman, National Account Management	3250 Bloor Street West		Etobicoke	ON	M8X 2X9	\$50,000
6	Cinram International Inc.	Ailen and Huras Professional Corporation	Agreement for Workers' Compensation Cost Containment & Recovery Services		2 Toronto St.		Toronto	ON	M5C 2B6	\$50,000
7	Cinram International Inc.	HR Technologies	Sales Agreement		290 North Queen Street		Etobicoke	ON	M9C 5K4	\$50,000
8	Cinram International Inc.	HR Technologies	License Agreement (December 8, 2005)		290 North Queen Street		Etobicoke	ON	M9C 5K4	\$50,000
9	Cinram International Inc.	HR Technologies	License Agreement (July 13, 2006)		290 North Queen Street		Etobicoke	ON	M9C 5K4	\$50,000
10	Cinram International Inc.	HR Technologies	Software Maintenance Agreement		290 North Queen Street		Etobicoke	ON	M9C 5K4	\$50,000
11	Cinram International Inc.	HR Technologies	Hardware Maintenance Agreement		290 North Queen Street		Etobicoke	ON	M9C 5K4	\$50,000
12	Cinram International Inc.	Cintas	Standard Uniform Rental Service Agreement		3370 Dundas Street West		Toronto	ON	M6S 2S2	\$50,000
13	Cinram Manufacturing LLC	WRS Materials	Consigned Inventory Agreement	Attn: Michelle Hannah	5250 Neil Road	Suite 101	Reno	NV	89502	\$50,000
14	Cinram Manufacturing LLC	Penguin Group (USA) Inc.	Terms and Conditions of Sale		375 Hudson Street		New York	NY	10014	\$50,000
15	Cinram International Inc.	PHH Vehicle Management Services Inc.	Cash Collateral Agreement	Attn: Angie Aucoin	2233 Argentia Rd	Suite 400	Mississauga	ON	LSN 2X7	\$50,000
16	Cinram International Inc.	PHH Vehicle Management Services Inc.	Card Services Agreement	Attn: Angie Aucoin	2233 Argentia Rd	Suite 400	Mississauga	ON	LSN 2X7	\$50,000
17	Cinram (U.S.) Holding's, Inc.	ADP, Inc.	National Account Services Master Service Agreement		5800 Windward Parkway		Alpharetta	GA	30005	\$1,953,299

\* Included in cure for contract reference no. 623 in original notice

**G**

This is Exhibit "G" referred to in the

affidavit of John H. Bell

sworn before me, this 14<sup>th</sup>

day of August, 2012.



A Commissioner for Taking Affidavits

JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.



IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., <i>et al.</i> , <sup>1</sup>	:	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

<sup>1</sup> 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](mailto: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.<sup>2</sup>**

**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.

<sup>2</sup> 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](http://www.kccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kccllc.com](mailto: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 52<sup>nd</sup> 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

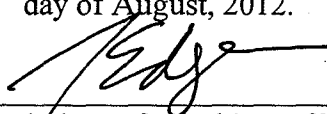
**Notes:**

[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.

H



This is Exhibit "H" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.



A Commissioner for Taking Affidavits

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., et al., <sup>1</sup>	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
-----	X	Ref. Docket Nos. 50, 59 and 65

**THIRD 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

<sup>1</sup> 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 "Third Supplemental Assumption Schedule").

**PLEASE TAKE FURTHER NOTICE THAT** the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the Third 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 Third 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 Third 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 Third 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](mailto: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 Third Supplemental Assumption Schedule to which you may be a party.<sup>2</sup>

**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.

<sup>2</sup> 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 Third 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 Third 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 Third 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](http://www.kccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kccllc.com](mailto: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 Third 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 52<sup>nd</sup> 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 19, 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**

**Third Supplemental Assumption Schedule**

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
1	Cinram Manufacturing LLC	Wafer Reclaim Services, LLC	Purchase Agreement	Michelle Hannah WRS Materials 5250 Neil Road, Suite 101 Reno, NV 89502	\$15,675.00 [1]
2	Cinram	Thompson Lift Truck Co.	Lift Truck Rental Contract	2222 Pinson Highway PO Box 10367 Birmingham, AL 35202	\$14,953.28 [1]

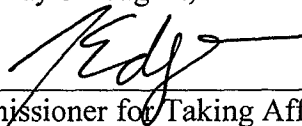
**Notes:**

[1] The noted contracts were included in 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." The Cure Amounts noted in this schedule reflect updated amounts after a meet and confer between the parties.





This is Exhibit "I" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., et al., <sup>1</sup>	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
-----	X	Ref. Docket Nos. 50, 59, 65 and 69

**FOURTH 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

<sup>1</sup> 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 "Fourth Supplemental Assumption Schedule").

**PLEASE TAKE FURTHER NOTICE THAT** the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the Fourth 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 Fourth 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 Fourth 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 Fourth 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](mailto: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 Fourth Supplemental Assumption Schedule to which you may be a party.<sup>2</sup>

**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.

<sup>2</sup> 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 Fourth 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 Fourth 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 Fourth 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.kcccllc.net/cinram](http://www.kcccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kcccllc.com](mailto:CinramInfo@kcccllc.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 Fourth 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 52<sup>nd</sup> 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 20, 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**

**Fourth Supplemental Assumption Schedule**



Supplement No. 4 to Assumed Contracts List

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount	
1	Cinram Manufacturing	Park Place Technologies	Maintenance Service Agreement	8401 Chagrin Road Cleveland, OH 44023	\$61,710.27	[1], [2]
2	Cinram International Inc.	Park Place Technologies	Maintenance Service Agreement	8401 Chagrin Road Cleveland, OH 44023	\$23,310.30	[1], [2]

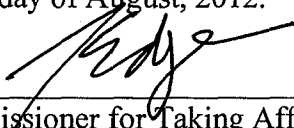
**Notes:**

[1] The noted contracts were included in 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." The Cure Amounts noted in this schedule reflect updated amounts after a meet and confer between the parties.

[2] The Cure Amounts set forth in this schedule are subject to downward adjustment by the Debtors for all amounts paid by the Debtors after June 25, 2012 on account of amounts owing to the Contract Counter-Party or its affiliates.

J

This is Exhibit "J" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

† JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., et al., <sup>1</sup>	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
-----	X	Ref. Docket Nos. 50, 59, 65, 69 and 78

**FIFTH 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

<sup>1</sup> 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 "Fifth Supplemental Assumption Schedule").

**PLEASE TAKE FURTHER NOTICE THAT** the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the Fifth 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 Fifth 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 Fifth 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 Fifth 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](mailto: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 Fifth Supplemental Assumption Schedule to which you may be a party.<sup>2</sup>**

**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.

<sup>2</sup> 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 Fifth 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 Fifth 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 Fifth 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](http://www.kccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kccllc.com](mailto: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 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 23, 2012

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

**Fifth Supplemental Assumption Schedule**



Supplement No. 5 to Assumed Contracts List

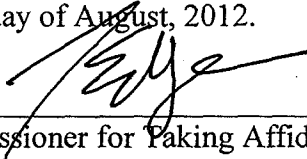
Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
1	Cinram, Inc.	Raymond Leasing Corporation	Raymond Leasing Corporation Schedule A Agreement Number 2100736	1955 Montreal Road Tucker, GA 30084-5218	\$303,14 [1]
2	Cinram, Inc.	Raymond Leasing Corporation	Raymond Leasing Corporation Schedule A Agreement Number 2100737	1955 Montreal Road Tucker, GA 30084-5218	\$163,59 [1]
3	Cinram, Inc.	Raymond Leasing Corporation	Raymond Leasing Corporation Schedule A Agreement Number 2100738	1955 Montreal Road Tucker, GA 30084-5218	\$1,773,19 [1]
4	Cinram Distribution LLC	Raymond Leasing Corporation	Raymond Leasing Master Lease 30280	1955 Montreal Road Tucker, GA 30084-5218	\$11,922,52
5	Cinram International Inc.	Alliance Films Inc.	Letter Agreement re: DVD Replication and Distribution Services Agreement, as amended on July 17, 2012.	145 King Street East, 3rd Floor, Toronto, ON M5C 2Y7	CAD \$428,215 [2]

**-Notes:**

- [1] The noted contracts were included in 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." The Cure Amounts noted in this schedule reflect updated amounts after a meet and confer between the parties.
- [2] The noted contract was included in 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," under Reference No. 397 and 398. The Cure Amounts noted in this schedule reflect updated amounts after an amendment accepted and agreed to by the parties on July 17, 2012. The Cure Amount set forth is subject to downward adjustment by the Debtors for all amounts paid by the Debtors subsequent to the date of the amendment.

**K**

This is Exhibit "K" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., et al., <sup>1</sup>	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	Jointly Administered
	:	
-----	X	Ref. Docket Nos. 50, 59, 65, 69, 78 and 85

**SIXTH 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

<sup>1</sup> 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 "Sixth Supplemental Assumption Schedule").

**PLEASE TAKE FURTHER NOTICE THAT** the Purchaser has not yet determined to designate any of the Assigned Contracts identified on the Sixth 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 Sixth 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 Sixth 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 Sixth 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](mailto: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 Sixth Supplemental Assumption Schedule to which you may be a party.<sup>2</sup>

**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.

<sup>2</sup> 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 Sixth 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 Sixth 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 Sixth 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](http://www.kccllc.net/cinram); (b) e-mailing the Debtors at [CinramInfo@kccllc.com](mailto: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 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 24, 2012

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

**Sixth Supplemental Assumption Schedule**

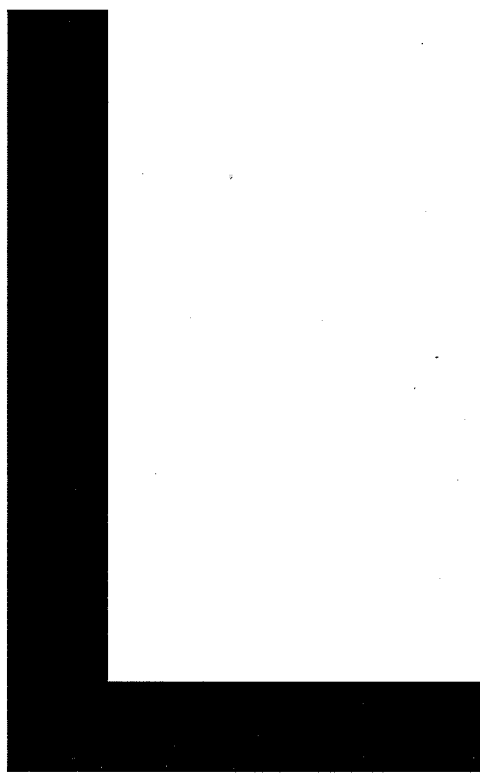


Supplement No. 6 to Assumed Contracts List

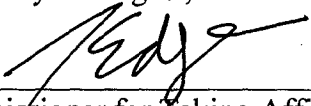
Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
1	Cinram International Inc.	Koninklijke Philips Electronics N.V.	DVD Video Disc and DVD ROM Disc Patent License Agreement	PO Box 80002 Building SFF-8 5600 JB Eindhoven The Netherlands	\$2,370,542.38 [1]
2	Cinram International Inc.	Koninklijke Philips Electronics N.V.	Side Letter to DVD Video Disc and DVD ROM Disc Patent License Agreement	PO Box 218 5600 MD Eindhoven The Netherlands	Included in No. 1 above [1]
3	Cinram International Inc.	Koninklijke Philips Electronics N.V.	Side Letter to DVD Video Disc and DVD ROM Disc Patent License Agreement	PO Box 218 5600 MD Eindhoven The Netherlands	Included in No. 1 above [1]
4	Cinram International Inc.	Koninklijke Philips Electronics N.V.	CD Disc Patent License Agreement	PO Box 80002 Building SFF-8 5600 JB Eindhoven The Netherlands	\$2,313.82 [2]
5	Cinram International Inc.	Koninklijke Philips Electronics N.V.	Side Letter to CD Disc Patent License Agreement	PO Box 218 5600 MD Eindhoven The Netherlands	Included in No. 4 above [2]
6	Cinram Ltd.	Oracle Canada ULC	Technical Support Services Contract Number H-S002960-006	Anca Boldea Oracle Canada ULC PO Box 4598 Postal Station A Toronto, Ontario M5W 4Y3	\$0.00
7	Cinram International Inc.	Oracle Canada ULC	Technical Support Services Contract Number H-S002960-005	Anca Boldea Oracle Canada ULC PO Box 4598 Postal Station A Toronto, Ontario M5W 4Y3	\$0.00
8	Cinram International Inc.	Oracle Canada ULC	Technical Support Services Contract Number H-S002960-003	Anca Boldea Oracle Canada ULC PO Box 4598 Postal Station A Toronto, Ontario M5W 4Y3	\$0.00
9	Cinram Manufacturing	Oracle Corporation	Oracle License and Services Agreement V122304-15502661-28-FEB-2005	PO Box 44471 San Francisco, CA 94144	\$0.00
10	Cinram Manufacturing	Oracle USA, Inc.	Oracle License and Services Agreement OLSAv122304-11502661-28-FEB-2005	500 Oracle Parkway Redwood City, CA 94065	\$0.00
11	Cinram Manufacturing	Oracle USA, Inc.	Oracle Term License Lease Schedule	500 Oracle Parkway Redwood City, CA 94065	\$0.00
12	Cinram Manufacturing	Oracle Corporation	Enterprise Linux and Oracle VM Services Agreement v111407	PO Box 71028 Chicago, IL 60694	\$0.00

Ref No.	Cinram Party	Counterparty	Title of Agreement	Address of Counterparty	Cure Amount
13	Cinram, Inc.	Raymond Leasing Corporation	Raymond Leasing Corporation Schedule A Master Lease 21007, Schedule 2100736	Raymond Leasing Corporation Accounts Receivable Manager Risk Management 20 South Canal Street Greene, NY 13778	\$303.14 [3]
14	Cinram, Inc.	Raymond Leasing Corporation	Raymond Leasing Corporation Schedule A Master Lease 21007, Schedule 2100737	Raymond Leasing Corporation Accounts Receivable Manager Risk Management 20 South Canal Street Greene, NY 13778	\$163.59 [3]
15	Cinram, Inc.	Raymond Leasing Corporation	Raymond Leasing Corporation Schedule A Master Lease 21007, Schedule 2100738	Raymond Leasing Corporation Accounts Receivable Manager Risk Management 20 South Canal Street Greene, NY 13778	\$1,773.19 [3]
16	Cinram Distribution LLC	Raymond Leasing Corporation	Raymond Leasing Master Lease 30280	Raymond Leasing Corporation Accounts Receivable Manager Risk Management 20 South Canal Street Greene, NY 13778	\$11,922.52

- [1] The listed cure amount, which is related to certain royalty liabilities that are calculated on a quarterly basis, is subject to upward or downward adjustment prior to the applicable date of assumption in accordance with the normal business practices of the parties.
- [2] The listed cure amount is disputed by Philips. The Parties have agreed that this amount will be resolved consensually or by the Bankruptcy Court prior to assumption and assignment of the listed contract.
- [3] The noted contracts were included in 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." The Cure Amounts noted in this schedule reflect updated amounts after a meet and confer between the parties.



This is Exhibit "L" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
A Commissioner for Taking Affidavits

JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.

Court File No. CV12-9767-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

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

Applicants

**AFFIDAVIT OF JOHN BELL**

**(sworn June 23, 2012)**

*[Faint, illegible text]*

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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

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

Applicants

**AFFIDAVIT OF JOHN BELL  
(sworn June 23, 2012)**

I, John Bell, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

**I. INTRODUCTION**

1. I am the Chief Financial Officer of Cinram International Inc. ("CII"). I am also a director and/or an officer of certain of the subsidiaries that are owned either directly or indirectly by CII. As such, I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and in all such cases believe it to be true.

2. This Affidavit is sworn in support of a motion for an Initial Order protecting CII, Cinram International Income Fund ("Cinram Fund"), CII Trust and the companies listed in Schedule "A" hereto (collectively, the "Applicants") from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"). While Cinram International Limited Partnership ("Cinram LP", together with the Applicants,

the "CCAA Parties") is not an Applicant in these proceedings, the Applicants seek to have a stay of proceedings and other relief under the CCAA extended to Cinram LP as it forms a part of the income trust structure with Cinram Fund, the ultimate parent of the Cinram Group (defined below), the remaining entities of which are all Applicants in these proceedings.

3. Cinram Fund, collectively with its direct and indirect subsidiaries, shall be referred to herein as "**Cinram**" or the "**Cinram Group**". A copy of the Cinram corporate chart is attached hereto as Exhibit "A".

4. Cinram Fund, CII, Cinram International General Partner Inc. ("**Cinram GP**"), CII Trust, Cinram International ULC ("**Cinram ULC**") and 1362806 Ontario Limited ("**1362806**") are the Canadian entities in the Cinram Group that are Applicants in these proceedings (collectively, the "**Canadian Applicants**"). Cinram (U.S.) Holding's Inc. ("**CUSH**"), Cinram, Inc., IHC Corporation ("**IHC**"), Cinram Manufacturing LLC ("**Cinram Manufacturing**"), Cinram Distribution LLC ("**Cinram Distribution**"), Cinram Wireless LLC ("**Cinram Wireless**"), Cinram Retail Services, LLC ("**Cinram Retail**") and One K Studios, LLC ("**One K**") are the U.S. entities in the Cinram Group that are Applicants in these proceedings (collectively, the "**U.S. Applicants**"). All of the CCAA Parties, with the exception of Cinram Fund, Cinram GP, CII Trust and Cinram LP (collectively, the "**Fund Entities**"), are Borrowers and/or Guarantors under the Credit Agreements (defined below). There are also several European entities that form part of the Cinram Group, certain of which are Guarantors under the Credit Agreements. Cinram's European entities are not part of these proceedings.

5. All dollar amounts expressed herein, unless otherwise noted, are in United States currency.

6. The principal objectives of these proceedings are: (i) to ensure the ongoing operations of the Cinram Group; (ii) to ensure the CCAA Parties have the necessary availability of working capital funds to maximize the ongoing business of the Cinram Group for the benefit of its stakeholders; and (iii) to complete the sale and transfer of substantially all of Cinram's business as a going concern (the "**Proposed Transaction**") to Cinram Acquisition, Inc. (the "**Proposed Purchaser**") or one or more of its nominees.

7. In connection with the Proposed Transaction, (a) CII has entered into an Asset Purchase Agreement dated June 22, 2012, with the Proposed Purchaser (the "**Asset Purchase Agreement**") pursuant to which CII and certain other asset sellers listed therein (together with CII, the "**Asset Sellers**") will sell, and the Proposed Purchaser will purchase, substantially all of the assets used in connection with the Cinram Business in North America (other than certain excluded assets) (the "**Purchased Assets**"); and (b) the Proposed Purchaser has provided to CII and 1362806 (together, the "**Share Sellers**") a binding purchase offer dated June 22, 2012 (the "**Purchase Offer**", together with the Asset Purchase Agreement, the "**Purchase Agreement**") pursuant to which the Proposed Purchaser will purchase the Cinram Business (defined below) in Europe through the acquisition of all of the outstanding shares of Cooperatie Cinram Netherlands UA (the "**Purchased Shares**"), subject to the terms and conditions therein.

8. The Proposed Transaction allows Cinram to return to a market leader in the industry. Cinram will be well positioned to increase its market share in the industry based on its status as being the leading service provider and with an improved and normalized capital structure.

9. The Proposed Transaction has the support of the lenders who are members of the steering committee with respect to Cinram's first lien credit facilities (the "Steering Committee") and who have been subject to confidentiality agreements, representing approximately 40% of the loans under the First Lien Credit Agreement (as defined below). Cinram anticipates further support of the Proposed Transaction from additional lenders under its credit agreements following the public announcement of the Proposed Transaction.

10. In connection with the Proposed Transaction, the Applicants intend to bring a motion in conjunction with the within application to be heard on a date to be set by this Court to, *inter alia*, approve the Proposed Transaction pursuant to the Purchase Agreement and, upon the closing of the transactions contemplated by the Asset Purchase Agreement and Purchase Offer, vest the right, title and interest in and to the Purchased Assets and the Purchased Shares in the Proposed Purchaser, or one or more of its nominees, free and clear of liens and encumbrances, other than permitted encumbrances (the "Sale Approval Motion"). Further details with respect to the Proposed Transaction are discussed below and will be set out in the affidavit filed in support of the Sale Approval Motion.

11. Over the past several years, Cinram has continued to evaluate its strategic alternatives and to rationalize its operating footprint in order to attempt to balance its ongoing operations and financial challenges with its existing debt levels. Despite cost-reduction and recapitalization initiatives and the implementation of a variety of restructuring alternatives, the Cinram Group has been experiencing a number of challenges that have led to its seeking the protections provided by the CCAA. These challenges include, among other things:

- (a) significant declines in liquidity resulting from declining customer volumes, reductions in pricing and decreasing EBITDA;
- (b) the loss of a major customer contract;
- (c) approximately \$244.8 million of first and second lien term debt outstanding as at March 31, 2012, with associated quarterly interest expense of approximately \$7.6 million for the first quarter of 2012;
- (d) \$19 million outstanding under revolving credit facilities as at March 31, 2012, with associated quarterly interest expense of approximately \$1.4 million for the first quarter of 2012; and
- (e) approximately \$12 million of letter of credit exposure relating to the first lien credit facility.

12. In April 2011, Cinram completed a recapitalization transaction involving the amendment and extension of its senior secured credit facilities and the exchange of a portion of its first lien debt into mandatorily exchangeable second lien debt. However, continuing declines in revenue and EBITDA left Cinram in a position where it could not meet certain financial and other covenants under its amended senior secured credit facilities. As a result, in 2011 and 2012, Cinram and its senior lenders entered into a series of amendments and waivers, the latest of which expires as of June 30, 2012.

13. As part of its restructuring efforts and pursuant to the August 2011 Amendment (defined below) to its credit facilities, in September 2011, Cinram engaged Moelis & Company LLC ("Moelis"), an investment bank, to assist Cinram in a review of strategic alternatives with

the goal of maximizing value for Cinram's stakeholders, including a potential investment in the Cinram Group, a sale transaction of all or substantially all of Cinram's assets, property, business and undertaking (collectively, the "**Property**"), or a stand-alone transaction with Cinram's lenders. The strategic review process is further described in Section II(F)(iii) below. Throughout this strategic review process, Cinram has been working with its senior secured lenders and their advisors to assess and evaluate its restructuring options. This review of strategic alternatives has culminated in the Proposed Transaction.

14. Having regard to the financial circumstances of the Cinram Group, the CCAA Parties have determined that it is necessary to seek protection under the CCAA in order to preserve enterprise value and continue as a going concern while seeking to implement the Proposed Transaction and pursue a restructuring or other alternatives relating to their remaining assets and property. The CCAA Parties also intend to pursue certain limited in-process operational restructuring initiatives while under CCAA protection. Any such operational restructuring initiatives will be undertaken for the purpose of further improving the Cinram Group's financial position and facilitating the Proposed Transaction.

15. The Applicants are proposing that the U.S. Applicants be included in these proceedings and it is not intended that any insolvency proceedings will be commenced with respect to Cinram's European entities, except for Cinram Optical Discs S.A.S. ("**Cinram Optical Discs**"), which has commenced insolvency proceedings in France.

16. It is currently contemplated that these CCAA proceedings will be the primary court-supervised restructuring of the CCAA Parties. The Cinram Group's integrated business, headquartered in Canada, is reliant on the shared management and operational services provided

by CII. Accordingly, it is in the best interests of the stakeholders to deal with the Cinram Group on a consolidated basis through a single, centralized restructuring process. The Applicants are seeking authorization for Cinram ULC to apply as foreign representative for recognition of these proposed CCAA proceedings as "Foreign Main Proceedings" under Chapter 15 of the United States Bankruptcy Code ("**Chapter 15**") as soon as practicable.

## II. BACKGROUND

17. The CCAA Parties are part of a consolidated business in Canada, the United States and Europe that is headquartered in Canada and operationally and functionally integrated in many significant respects. Cinram is one of the world's largest providers of pre-recorded multimedia products and related logistics services and is a leader in the industry for production, service, delivery and customer satisfaction. With facilities in North America and Europe, Cinram (i) manufactures DVDs, Blu-ray discs and CDs, and provides distribution services for motion picture studios, music labels, video game publishers, computer software companies, telecommunication companies and retailers around the world; (ii) provides various digital media services through One K; and (iii) provides retail inventory control and forecasting services through Cinram Retail (collectively, the "**Cinram Business**").

18. As at December 31, 2011, the Cinram Group employed approximately 8,300 people worldwide, including contract and agency workers.

19. The Cinram Group's administrative functions and decision making functions are centralized in Canada. All senior level customer contracts for Cinram's major international customers are handled by CII, all strategic decision making is led by CII and all corporate functions, such as financial planning, internal audit, financial reporting, and dealings with

Cinram's lenders, are managed in Canada. Additionally, North American cash management, information technology, accounting, accounts receivable, accounts payable, insurance procurement, marketing, treasury, real estate and tax services are provided predominantly by CII.

20. As described in greater detail below, the Cinram Group is financed primarily through a term loan and revolving credit facilities under the Amended and Restated Credit Agreement dated as of April 11, 2011, among CII, Cinram, Inc. and CUSH, as borrowers (the "**First Lien Borrowers**"), the guarantors party thereto, the lenders from time to time party thereto, and JPMorgan Chase Bank N.A., as administrative agent (as amended by that certain Amendment No. 1 dated as of August 12, 2011, that certain Amendment No. 2 and Waiver dated as of December 30, 2011 and that certain Amendment No. 3 and Waiver dated as of March 15, 2012, the "**First Lien Credit Agreement**") which amended and restated the credit agreement dated May 5, 2006 (as amended as of March 22, 2007 and as of March 30, 2009, the "**Original Credit Agreement**") (as further discussed below). As at March 31, 2012, there was approximately \$233 million outstanding under the term loan facility; \$19 million outstanding under the revolving credit facilities; and approximately \$12 million of letter of credit exposure under First Lien Credit Agreement.

21. CUSH, as borrower (collectively with the First Lien Borrowers, the "**Borrowers**" and each a "**Borrower**") also entered into a mandatorily exchangeable Second Lien Credit Agreement dated as of April 11, 2011, among Cinram ULC and the other guarantors party thereto (collectively with the guarantors under the First Lien Credit Agreement, the "**Guarantors**", and each a "**Guarantor**"), the lenders from time to time party thereto (collectively with the lenders party to the First Lien Credit Agreement, the "**Lenders**") and JPMorgan Chase Bank N.A., as administrative agent (together with the administrative agent



under the First Lien Credit Agreement, the “**Administrative Agent**”) (as amended by that certain Amendment No. 1 dated as of August 12, 2011, that certain Amendment No. 2 and Waiver dated as of December 30, 2011 and that certain Amendment No. 3 and Waiver dated as of March 15, 2012, the “**Second Lien Credit Agreement**”), pursuant to which the principal amounts outstanding and a portion of the accrued interest were exchanged into units of Cinram Fund in January 2012. Approximately \$12 million of accrued interest remains outstanding under the Second Lien Credit Agreement as of March 31, 2012.

22. Each of the First Lien Credit Agreement and the Second Lien Credit Agreement (together, the “**Credit Agreements**”) has a maturity date of December 31, 2013. The senior secured credit facilities are direct or guarantee obligations of certain North American and European companies within the Cinram Group, including the CCAA Parties (with the exception of the Fund Entities), and are secured by substantially all of the assets of the Applicants and certain of their European subsidiaries.

23. As a result of the financial challenges currently facing the Cinram Group, Cinram is unable to comply with certain financial and other covenants under the Credit Agreements and Cinram’s adjusted EBITDA is not sufficient to satisfy its obligations under the Credit Agreements.

(A) **History of the Cinram Group**

24. CII was formed as Cinram Ltd./Cinram Ltée by letters patent dated July 28, 1969, pursuant to the *Canada Business Corporations Act*. From its inception Cinram grew in part through a number of strategic acquisitions. On May 5, 2006, CII converted from a corporate

structure to an income trust structure through a plan of arrangement that was approved by shareholders on April 28, 2006.

25. In April 2007, Cinram acquired substantially all of the assets of Ditan Corporation (“**Ditan**”), a leading video games distributor in the United States. Ditan specialized in direct-to-store and third-party logistics. During 2011, Ditan was merged into Cinram Distribution where its operations are conducted under the name Cinram Games™.

26. In September 2007, Cinram acquired the North American and European assets of Vision Worldwide Management, LLC (“**Vision**”), a leading provider of outsourced Vendor Managed Inventory services to the home entertainment industry. Vision offers a web based supply chain management system that provides visibility, insight and analytical tools to various levels of the supply chain. The Vision™ solution is used in both North America and Europe. In 2011, Vision changed its name to Cinram Retail Services, LLC.

27. In June 2008, Cinram acquired (i) substantially all of the UK assets and (ii) 100% of the shares of Spanish and French subsidiaries of ODS Business Services, a European replicator and distributor of DVDs. These acquisitions expanded Cinram’s distribution capacity in Spain, France and the United Kingdom to service its DVD replication and distribution agreement with Universal Pictures.

28. In September 2008, Cinram completed the acquisition of substantially all of the assets of the warehouse management, distribution, processing, and value-added service operations of Jack of All Games, Inc. through Ditan. Following the merger of Ditan into Cinram Distribution described above, these assets and operations, which involve the distribution of

products of third party software, hardware and accessories to retail outlets in North America, formed part of Cinram Distribution's games distribution business.

29. On January 31, 2011, Cinram acquired Los Angeles-based digital media company One K as part of a broad initiative to advance Cinram further into digital platforms. One K specializes in building enhanced consumer experiences for movies, TV shows, music, books and games. One K has been a key service provider to many of the world's top media and technology companies. One K provides creative and technical services to the companies to help them release their content in different venues, including digital downloads, mobile and tablet applications, advanced Blu-ray discs, stereoscopic 3D and social media.

**(B) The Cinram Business**

**(i) Overview**

30. Cinram manufactures DVDs, Blu-ray discs and CDs, and provides distribution services for motion picture studios, music labels, video game publishers, computer software companies, telecommunication companies and retailers in North America and Europe. Cinram is an industry leader with respect to production, distribution, service and customer satisfaction.

31. Cinram has long established itself as a leading replicator and distributor of CDs and DVDs with a growing footprint in the emerging market for Blu-ray. Cinram has a diversified operational footprint across North America and Europe that enables the Cinram Group to meet the replication and logistics demands of its customers. Cinram's facilities are strategically positioned to optimize Cinram's distribution capabilities across key media markets in North America and Europe.

32. Cinram is engaged in an industry that is highly price-competitive, with a high degree of customer concentration. Cinram's production levels and, in turn, revenue and cash flows, are largely affected by the schedule according to which its major customers release their products and the public demand for such products. In addition, the Cinram Business and the industry generally are subject to seasonality, with consumer purchases typically taking place primarily in the last three months of the calendar year, and following specific release dates for popular titles at other times during the year.

33. Cinram manufactures products on orders from its customers, generally pursuant to multi-year contracts. Cinram does not bear the risk of unsold products as customers cannot return any previously purchased inventory, with the exception of defective products. Cinram does not have title to the products it distributes. Cinram's major contracts are, to a large extent, exclusive for particular territories, and many of Cinram's manufacturing agreements contain periodic market price tests that may require Cinram to lower its selling prices or amend other contract terms. The products Cinram manufactures generally experience price declines on an annual basis, with declines historically being steeper in the early stages of the products' life cycles.

34. Cinram has recently taken steps to streamline its physical infrastructure and operations to actively manage its cost structure to reflect changing industry dynamics. By streamlining its physical footprint, Cinram's ability to continue providing seamless service to customers, expand services to those customers and create a platform for growth in other distribution-centric businesses has increased significantly. Cinram meanwhile maintains significant production capacity and operational flexibility to meet potential increased demand.

35. While many of Cinram's facilities were acquired as part of strategic acquisitions, a number of key sites were specifically developed by Cinram. Sites such as the Nashville distribution center and the Huntsville plant were selected due to their proximity to major traffic arteries and the ability to reach a significant portion of the U.S. market within a short trucking distance. Other sites, such as the Texas wireless distribution and repair center, were established to take advantage of favourable local tax incentive programs and proximity to key customers.

(ii) **Business Segments**

36. Cinram operates through three business segments: Pre-recorded Multimedia Products, Video Game and Other.

(a) Pre-recorded Multimedia Products

37. Cinram's Pre-recorded Multimedia Products segment consists of the replication, packaging and distribution of DVDs, Blu-ray discs and CDs, including new releases and catalogue titles, for the entertainment divisions of motion picture studios and music labels.

38. Replication customers provide Cinram with a master in digital format, label design, and in some cases, graphics and promotional materials. Cinram assumes responsibility for all manufacturing and packaging operations, and delivers/distributes finished product directly to retailers or distributors on behalf of its customers.

39. Revenue from the Pre-recorded Multimedia Products segment was \$693.4 million in 2011, compared to \$1,002.2 million in 2010, as Cinram experienced declines in standard DVD and CD unit sales and related distribution revenue during 2011. The Pre-recorded Multimedia

Products segment accounted for 86% of Cinram's 2011 consolidated revenue, down from 90% in 2010.

(i) *DVDs*

40. Cinram's major customers in North America and Europe are major motion picture studios. Cinram enters into agreements in the ordinary course of business with major film studio customers, which deal generally with pricing, delivery, order size, confidentiality and copyright protection.

41. The DVD market in North America and Europe includes a number of significant players with whom Cinram competes. In addition, a number of large multimedia conglomerates with music and video content subsidiaries manufacture DVDs and other multimedia in-house through captive subsidiaries. Such captive subsidiaries also provide significant competition for Cinram.

42. At the end of 2011, Cinram had the capacity to manufacture approximately 1.9 billion DVDs per year, which allowed Cinram to service most of its customers' seasonal peaks in demand and to minimize offload. According to FutureSource Consulting, an industry expert, Cinram was one of the top three DVD manufacturers in each of North America and Europe in 2011.

43. In 2011, sales of standard DVDs continued to be the dominant source and the main driver of revenue for Cinram. DVD revenue (including revenue from related distribution services) accounted for 67% of Cinram's consolidated revenue in 2011, compared with 75% in 2010 and 77% in 2009. Cinram replicated 575 million DVDs in 2011, a decrease of 38% from

933 million in 2010, and, as a result, DVD revenue decreased to \$532.6 million in 2011 from \$835.4 million in 2010 and \$1,111.8 million in 2009. The decrease in DVD replication, and by consequence revenue, was primarily the result of the loss a major customer contract (further discussed below), which terminated on July 31, 2010.

(ii) *Blu-ray*

44. Blu-ray is the format of choice for high-capacity pre-recorded media. Blu-ray discs can hold up to 25 gigabytes of data or high-definition video on a single layer disc and up to 50 gigabytes on a dual-layer disc. Blu-ray disc production requires capital investment as existing DVD equipment cannot be retrofitted to manufacture these discs. FutureSource estimates that unit sales of Blu-ray discs will continue to increase globally at a compound annual growth rate of approximately 21% per annum for the four years commencing January 2012 while unit sales of standard DVD discs will decline by approximately 25% per annum for the foreseeable future, consistent with past experience with the introduction of new pre-recorded media formats. Cinram has continued to increase its manufacturing capacity for Blu-ray in both North America and Europe.

45. Blu-ray replication revenue increased to \$40.5 million in 2011, compared to \$36.1 million in 2010 and \$22.5 million in 2009, as consumers continue to migrate towards Blu-ray discs. While Blu-ray unit shipments increased by 36%, this was partially offset by declining average selling prices for this format.

(iii) *CDs*

46. Cinram's principal customers in the CD segment are major music labels and publishers in North America and Europe. Cinram enters into agreements in the ordinary course of business with major music customers, which deal generally with pricing, delivery, order size, confidentiality and copyright protection.

47. Cinram is one of the three largest global CD manufacturers. CD revenue (including revenue from related distribution services) accounted for 15% of Cinram's consolidated revenue in 2011, up from 12% in 2010 and 11% in 2009.

48. Even though CD revenue has increased as a percentage of Cinram's consolidated revenue, actual CD production and revenue have declined. In 2011, Cinram's North American and European CD production declined by 5% and 6%, respectively. CD revenue decreased to \$120.3 million in 2011, compared to \$130.7 million in 2010 and \$161.4 million in 2009. The 8% decline in revenue was consistent with industry declines for pre-recorded physical music media and slightly ahead of expectations given the resurgence of physical CD sales primarily driven by attractive consumer pricing for this format at the retail level.

(iv) *Distribution*

49. Distribution and fulfillment services continue to be a major factor in Cinram's ability to attract customers. Cinram provides complete manufacturing to retail distribution solutions that allow Cinram's studio and music customers to focus their efforts on their core competencies in creating content. Cinram's capital investments in distribution services over the past few years have allowed Cinram to provide its customers with increased frequency of



shipments, more customized order sizes and the ability to handle more stock-keeping units. However, given the loss of the business from a major customer during 2010, revenue from distribution services, primarily associated with DVDs, decreased to \$210.1 million in 2011, compared to \$259.0 million in 2010.

(b) Video Game

50. The Video Game segment distributes packaged software for console games and computers, and related peripherals in the gaming marketplace. In addition, Cinram Games™ manages on behalf of its clients third party logistics, virtual warehousing services, direct channel sales, merchandising, transportation management and retail product lifecycle management services. The peak processing period is from mid-August through early January, with November as the focal point of activity. The customer base comprises video game publishers, content providers, studios, major retail chains and distributors and includes many of the industry's leaders.

51. Revenue from the Video Game segment was \$44.9 million in 2011, compared to \$59.0 million in 2010 as a result of reduced consumer spending combined with the loss of certain video game customers.

(c) Other

52. Revenue from the Other business segment, which includes revenue from logistics services provided through Cinram Wireless, vendor managed inventory revenues associated with Cinram Retail, and revenues from newly acquired One K, increased to \$62.6 million in 2011 from \$47.7 million in 2010. The increase was primarily related to 11 months of revenue from

One K during 2011 as the acquisition was completed on January 31, 2011. Revenue from the Other business segment also includes activities such as authoring and other pre-production services, and the sale of components and stampers. Revenue from the Other business segment represented 8% of consolidated revenue in 2011, up from 5% in 2010.

**(iii) Customers**

53. Cinram's customers include motion picture studios, music labels, video game publishers, computer software companies, telecommunication companies and retailers around the world. Cinram has multi-year agreements with many of its customers for the provision of replication, distribution, and other services. Many of these customer services agreements contain provisions limiting Cinram's ability to assign the agreement or undergo a change of control event.

54. Due to Cinram's high customer concentration, Cinram depends on its customers' ability to capture and maintain their market share of consumer home entertainment spending. In 2011, Cinram's three largest customers in the Pre-recorded Multimedia Products segment accounted for approximately 38%, 23% and 12% of consolidated revenue respectively, a total of 73% of Cinram's total Pre-Recorded Multimedia Product revenue. In 2010, Cinram's three largest customers in the Pre-recorded Multimedia Products segment accounted for 31%, 24% and 16% of consolidated revenue respectively, or 71% of Cinram's total Pre-Recorded Multimedia Product revenue.

55. On June 22, 2012, based on the potential CCAA filing of Cinram, one of Cinram's customers provided a termination notice with respect to its replication and distribution services agreements with Cinram, but has advised Cinram that it fully intends to continue to

operate and use Cinram on the same basis and terms of its contractual arrangements with Cinram.

**(iv) Offices and Facilities**

56. Cinram operates facilities in North America and Europe that span nearly 9.0 million square feet. Cinram currently has the capacity to manufacture approximately 108 million Blu-ray discs, 1.9 billion DVDs and about 459 million CDs per year to service seasonal peaks in demand.

57. Cinram operates out of 33 facilities in Canada, the United States and Europe, 11 of which are owned and 22 of which are leased. Of the 33 facilities, 9 are used primarily for the provision of replication services, 9 are used primarily to provide distribution services, one is used as both a replication and distribution center, five are warehouse facilities, one is a printing facility, and the remainder are used as offices. A list of facilities owned and leased by Cinram and their primary use is attached hereto as Exhibit "B".

**(v) Employees**

58. As of December 31, 2011, Cinram employed approximately 8,300 people worldwide including contract and agency workers.

**(a) Employees by Region**

**(i) *Canada***

59. CII employs approximately 621 individuals, including approximately 128 salaried employees and 493 hourly employees, comprised of employees who provide senior management,

accounting, financial reporting, information technology and other corporate services and employees who are employed in Cinram's Canadian-based distribution business or replication business.

60. CII supplements its workforce with temporary employees from third-party temporary staffing agencies. For the month ending March 31, 2012, CII used approximately 124 temporary agency employees. The number of agency employees used by CII almost triples during Cinram's busy season in the fourth quarter.

(ii) *United States*

61. Cinram's U.S. entities employ approximately 2,447 individuals, including approximately 302 salaried employees and 2,145 hourly employees. These employees all provide management or labour services related to the replication, packaging, distribution, sales, and customer service aspects of the U.S. based Cinram Business. In addition, the U.S. entities regularly employ approximately 76 independent contractors who are mostly engaged in computer programming activities carried out in the ordinary course of One K's business, and approximately 1,422 temporary contract workers performing services such as disc replication, product packaging, information technology, security and janitorial work.

(b) Collective Agreements

62. Cinram does not have any active unions or collective agreements in place in North America.

(c) Pension Plans

(i) *Canada*

63. Cinram does not maintain any pension plans for Canadian employees. CII offers a group RRSP plan which allows employees to contribute a portion of their payroll on a pre-tax basis to the plan. CII does not match employee contributions.

(ii) *United States*

64. Cinram's U.S. entities maintain an employee savings plan for all eligible employees (the "**Employee Savings Plan**"). The Employee Savings Plan is tax-qualified within the meaning of, and administered in accordance with, the requirements of section 401(k) and other applicable sections of the United States Internal Revenue Code. Approximately 681 employees currently participate in the Employee Savings Plan, with a total of approximately \$206,583 withheld each month from employees' paychecks for employee contributions.

65. For employees of One K only, the Employee Savings Plan also includes an employer matching component, pursuant to which One K matches approximately 30% of each employee's 401(k) contributions, up to an amount equal to 6% of that employee's salary (the "**Employer 401(k) Contributions**"). One K pays an aggregate of approximately \$5,000 per month in Employer 401(k) Contributions.

66. In addition, certain Cinram employees in the United States participate in the Cinram Music Union Pension Plan ("**Music Union Plan**"). CUSH assumed sponsorship of the Music Union Plan in connection with Cinram's acquisition of the entities now known as IHC and Cinram Manufacturing from AOL Time Warner Inc. in July, 2003.

67. Pension benefits under the Music Union Plan are based on formulas that reflect the employee's years of service multiplied by a specified dollar amount negotiated in collective bargaining. At December 31, 2011, Cinram had a net \$1.9 million unfunded defined benefit pension obligation in the United States representing the expected contributions to its defined benefit pension plan.

(d) Other Employee Benefit Plans

(i) *Canada*

68. CII provides medical and dental benefits and insurance coverage through Manulife Financial ("Manulife") to the Canadian employees. CII incurs medical and dental costs associated with employees that participate in the Manulife health care benefit plans, a 50% portion of the Life Insurance premium expense associated with Life Insurance plans offered by Manulife, and a 50% portion of the Accidental Death and Dismemberment ("AD&D") premium expense associated with the AD&D policies offered by Manulife.

(ii) *United States*

69. In addition to the Employee Savings Plan and Music Union Plan described above, benefits enjoyed by Cinram's U.S. based employees include:

- a. medical insurance provided through a plan administered by Blue Cross and Blue Shield of Alabama ("BCBS"), covering approximately 4,558 U.S. based employees and their dependents;
- b. dental insurance provided through BCBS (for Huntsville, Alabama based employees only) or Metropolitan Life Insurance Company for reasonable and customary charges up to an individual maximum benefit of \$2,000 per year, covering approximately 4,421 employees and their dependents;

- c. vision insurance provided through UnitedHealthcare Vision, covering approximately 4,578 employees and their dependents;
- d. prescription drug coverage provided through Medco Health Solutions, Inc.;
- e. an Employee Assistance Program provided by Liberty Mutual Insurance Company that offers short-term professional counselling to U.S. based employees and their family members who are experiencing problems that may affect their general well-being and job performance;
- f. optional pre-tax contribution of employee compensation to healthcare flexible spending accounts;
- g. term life insurance equal to two times annual base pay; and
- h. optional long term disability insurance and supplemental life insurance availability.

(e) Key Employee Retention Program

70. Cinram has put in place a key employee retention program for certain eligible employees and eligible officers, which is described in detail in Section III(G) below.

(C) Corporate Structure and Financial Position of the Cinram Group

71. As described above, in May 2006, CII converted from a corporate structure to an income trust structure through a plan of arrangement that was approved by shareholders on April 28, 2006. As a result of the recapitalization, shareholders exchanged their shares of CII for units of Cinram Fund (or in the case of electing shareholders, into units of the Cinram LP) on a one-for-one basis. Cinram Fund, the other Fund Entities and CII are Canadian entities and Cinram Fund is the direct or indirect parent and sole shareholder of all of the subsidiaries in Cinram's corporate structure.

72. Cinram's financial reporting is done on a consolidated basis. The following financial statements are being provided to this Honourable Court in support of this Affidavit:

- (a) Cinram's audited consolidated financial statements as at December 31, 2011, attached hereto as Exhibit "C"; and
- (b) Cinram's unaudited consolidated financial statements as at March 31, 2012, attached hereto as Exhibit "D".

73. Based on Cinram's audited consolidated financial statements dated December 31, 2011, the Cinram Group's assets had a book value of approximately \$452.7 million. Of this asset value, approximately \$274.8 million consists of current assets while the remaining \$177.9 million is non-current assets. The current assets include cash totalling approximately \$70.1 million, accounts receivable of approximately \$167.5 million and inventory of approximately \$24.2 million.

74. As at December 31, 2011, the Cinram Group's liabilities amounted to approximately \$527.8 million, including approximately \$496.1 million of current liabilities and approximately \$31.7 million of non-current liabilities. Of the total liabilities, approximately \$148.8 million consisted of accounts payable, while the current portion of the long-term debt was approximately \$232.5 million.

75. The Cinram Group's principal source of long-term debt is the senior secured credit facilities provided by the Lenders under the First Lien Credit Agreement and the Second Lien Credit Agreement. The senior secured credit facilities are guaranteed by certain companies within the Cinram Group, including all of the CCAA Parties (with the exception of the Fund Entities), and are secured by substantially all of the assets of the Borrowers and Guarantors (with the exception of the Cinram Holdings GmbH and Cinram GmbH whose guarantees are limited as a result of German corporate law, as further discussed below). As at March 31, 2012, members



of the Cinram Group were indebted in the aggregate principal amount of approximately \$252 million under the First Lien Credit Agreement (plus approximately \$12 million in letter of credit exposure) and in the aggregate principal amount of approximately \$12 million under the Second Lien Credit Agreement as follows:

- a) with respect to the First Lien Credit Agreement:
  - (i) C II was indebted as Borrower in the aggregate principal amount of approximately \$92 million under the term loan facility;
  - (ii) Cinram, Inc. was indebted as Borrower in the aggregate principal amount of approximately \$141 million under the term loan facility;
  - (iii) CUSH was indebted as Borrower in the aggregate principal amount of approximately \$19 million under the revolving credit facilities;
  - (iv) there was approximately \$1.3 million of letter of credit exposure relating to Cinram, Inc.;
  - (v) there was approximately \$1.2 million of letter of credit exposure relating to Cinram Distribution; and
  - (vi) there was approximately \$9.5 million of letter of credit exposure relating to Cinram's U.S. operating entities in connection with certain employee obligations; and
  
- b) with respect to the Second Lien Credit Agreement:
  - (i) CUSH was indebted as Borrower in the aggregate principal amount of approximately \$12 million.

76. There are three main facilities under the First Lien Credit Agreement: (1) a term loan facility provided by certain lenders; and (2) two revolving credit facilities provided by certain lenders (which are not necessarily the same lenders that provided the term loan facility). The revolving credit facilities have an aggregate commitment of \$35 million. There is one \$14 million revolving credit facility which is utilized as at March 31, 2012 in connection with outstanding letters of credit in the amounts noted above, with the remaining \$2 million drawn down by CUSH. The second revolving credit facility of \$21 million is a first-out revolving credit facility that has a priority above all other security and loans, and can only be utilized after the \$14 million revolving credit facility is fully drawn. As at March 31, 2012, approximately \$17 million of the first-out revolving credit facility has been utilized.

77. Certain of the Applicants also have letter of credit exposure not relating to the Credit Agreements that are secured by cash collateral, in particular as at March 31, 2012:

- a) there was approximately \$200,000 of letter of credit exposure relating to One K with respect to which Community Bank is the issuer; and
- b) there was approximately \$575,000 of letter of credit exposure relating to Cinram Manufacturing with respect to which PNC is the issuer.

78. As further described in this Affidavit (including in the discussion on the cash management system and payment for shared services), the Cinram Group also has intercompany amounts owing among many of the Cinram entities. Principal assets and liabilities on an entity basis, excluding intercompany investments, intercompany receivables and intercompany payables, are described below with respect to the CCAA Parties. These assets and liabilities are

based on unaudited balance sheets as at March 31, 2012, copies of which with respect to the CCAA Parties are attached hereto as Exhibit "E".

**(i) Canadian Applicants or CCAA Party**

79. Cinram Fund, as the ultimate parent of the Cinram Group, is an Applicant in these proceedings. All of the Canadian entities that are CCAA Parties in these proceedings, other than the Fund Entities, are Borrowers and/or Guarantors under the Credit Agreements.

*(i) Cinram Fund*

80. Cinram Fund is an unincorporated, open-ended limited purpose trust, established under the laws of the Province of Ontario by Declaration of Trust dated March 21, 2006, as amended and restated on May 5, 2006. Cinram Fund has 439.0 million units outstanding. Its units are listed on the TSX under the symbol CRW.UN. On June 15, 2012, the TSX announced that it had determined to delist the units of Cinram Fund at the close of market on July 16, 2012 for failure to meet the continued listing requirements of the TSX.

81. Cinram Fund, together with Cinram GP, CII Trust, Cinram LP and Cinram ULC, comprises the entities within the income fund structure. All of the entities within the income fund structure are Applicants, or in the case of Cinram LP, a CCAA Party, in these proceedings.

82. Cinram Fund's assets consist primarily of intercompany receivables and intercompany investments.

83. As at March 31, 2012, Cinram Fund's primary liabilities were certain intercompany payables.

(ii) *Cinram GP*

84. Cinram GP is an Ontario company and a wholly-owned subsidiary of Cinram Fund. It is a holding company that does not carry on business operations.

85. Cinram GP directly owns 0.01% of the units of Cinram LP and has no materials assets or liabilities.

(iii) *CII Trust*

86. CII Trust is an unincorporated, open-ended limited purpose trust, established under the laws of the Province of Ontario by Declaration of Trust dated March 21, 2006, and forms part of Cinram's income fund structure.

87. CII Trust directly owns 99.4% of the units of Cinram LP, which ownership interest constitutes its principal asset.

88. CII Trust's intercompany payables constitute its principal liabilities.

(iv) *Cinram LP*

89. Cinram LP is limited partnership formed under the laws of Manitoba pursuant to a partnership agreement between Cinram GP and CII Trust, as amended and restated on May 5, 2006. Cinram LP is not an Applicant in these proceedings and the Applicants are requesting to have the protections under the Initial Order extended to Cinram LP as a CCAA Party.

90. Cinram LP directly owns Cinram ULC, which ownership interest constitutes its principal asset, and has no material liabilities.

(v) *Cinram ULC*

91. Cinram ULC is a Nova Scotia unlimited liability company. It is a holding company that does not carry on business operations.

92. Cinram ULC directly owns CII, which ownership interest constitutes its principal asset.

93. Cinram ULC is a Guarantor under the Credit Agreements, which guarantee obligations constitute its principal liabilities.

(vi) *CII*

94. CII, a corporation organized under the *Canada Business Corporations Act*, RSC 1985, c C-44 ("CBCA"), is a wholly-owned subsidiary of Cinram ULC. It provides replication and distribution services to several major customers in Canada from its owned replication facility and its leased distribution facilities located in Toronto. CII also provides many shared services to the Cinram Group and operates and monitors the cash management system used by Cinram's North American entities.

95. The registered and principal office of CII, and head office of the Cinram Group, is located at 2255 Markham Road, Toronto, Ontario.

96. CII directly owns CUSH, 1362806, two other non-operating European entities and a 99.95% interest in Cooperatie Cinram Netherlands UA ("Cinram Netherlands"), a Netherlands company which is the holding company for the European structure. In addition to its intercompany receivables and intercompany investments, as at March 31, 2012, CII's assets

consisted primarily of approximately \$15,700,366 of accounts receivable, \$6,407,646 of plant, property and equipment, \$2,726,242 of cash and cash equivalents, \$1,880,375 of inventory and \$886,057 of prepaid expenses.

97. CII is a Borrower and Guarantor under the Credit Agreements. In addition to its obligations under the Credit Agreements and its intercompany payables, as at March 31, 2012, CII's other liabilities consisted primarily of approximately \$10,648,156 of accrued liabilities, \$8,876,914 of income taxes payable, \$3,894,926 of current employee benefits, \$2,620,475 of accounts payable and \$1,738,994 of current provisions.

*(vii) 1362806*

98. 1362806 is an Ontario company and a wholly-owned subsidiary of CII. It is a holding company that does not carry on business operations.

99. 1362806 holds a 0.05% interest in Cinram Netherlands. 1362806's intercompany investments constitute its principal assets.

100. 1362806 is a Guarantor under the Credit Agreements, which guarantee obligations constitute its principal liabilities.

**(ii) U.S. Applicants**

101. All of the U.S. entities that are Applicants in these proceedings are Borrowers and/or Guarantors under the Credit Agreements.

(i) *CUSH*

102. CUSH is a corporation organized under the laws of the State of Delaware and a wholly-owned subsidiary of CII. CUSH is a holding company that does not carry on business operations.

103. CUSH directly owns all of the U.S. entities, which ownership interests and intercompany receivables constitute its principal assets.

104. CUSH is a Borrower and Guarantor under the Credit Agreements. CUSH's liabilities consist primarily of its obligations under the Credit Agreements and intercompany payables.

(ii) *Cinram, Inc.*

105. Cinram, Inc. is a corporation organized under the laws of the State of Delaware and is a wholly-owned subsidiary of CUSH. It is an operating company providing, *inter alia*, DVD and Blu-ray replication and distribution services to several major customers in the U.S. out of its owned replication and distribution facility and leased warehouse facilities in Huntsville, Alabama.

106. In addition to its intercompany receivables, as at March 31, 2012, Cinram, Inc.'s assets consisted primarily of approximately \$41,273,065 of plant, property and equipment, \$21,474,400 of accounts receivable, \$5,815,449 of cash and cash equivalents, and \$6,641,430 of inventory.

107. Cinram, Inc. is a Borrower and Guarantor under the Credit Agreements. In addition to its obligations under the Credit Agreements and its intercompany payables, as at March 31, 2012, Cinram, Inc.'s liabilities consisted primarily of approximately \$18,480,466 of accrued liabilities, \$4,971,030 of accounts payable, \$4,483,201 of current employee benefits, \$4,027,346 of current provisions and \$6,119,877 of financing leases.

(iii) *IHC*

108. IHC, formerly Ivy Hill Corporation, is a corporation organized under the laws of the State of Delaware and is a wholly-owned subsidiary of CUSH. In April 2009, substantially all of the assets of Ivy Hill Corporation were sold to Multi Packaging Solutions, Inc. ("MPS"). IHC continues to own a printing facility in Louisville, Kentucky but has no active business operations.

109. In addition to its intercompany receivables, as at March 31, 2012, IHC's assets consisted primarily of approximately \$2,593,313 of investment property and \$267,276 of prepaid expenses.

110. IHC is a Guarantor under the Credit Agreements. In addition to its guarantee obligations and its intercompany payables, as at March 31, 2012, IHC's liabilities consisted primarily of approximately \$1,424,387 of current employee benefits and \$2,937,256 of current provisions.

(iv) *Cinram Manufacturing*

111. Cinram Manufacturing is a limited liability company existing under the laws of the State of Delaware and is a wholly-owned subsidiary of CUSH. It is an operating company



providing replication services in the U.S. from its owned replication facility in Olyphant, Pennsylvania.

112. In addition to its intercompany receivables, as at March 31, 2012, Cinram Manufacturing's assets consisted primarily of approximately \$37,292,286 of plant, property and equipment, \$9,997,515 of accounts receivable, \$2,881,009 of inventory, \$1,429,196 of prepaid expenses and \$991,221 of cash and cash equivalents.

113. Cinram Manufacturing is a Guarantor under the Credit Agreements. In addition to its guarantee obligations and its intercompany payables, as at March 31, 2012, Cinram Manufacturing's liabilities consisted primarily of approximately \$5,250,856 of accrued liabilities, \$4,369,702 of current employee benefits, \$2,095,272 of accounts payable and \$1,722,210 of current provisions.

(v) *Cinram Distribution*

114. Cinram Distribution is a limited liability company existing under the laws of the State of Delaware and is a wholly-owned subsidiary of CUSH. It is an operating company providing distribution services in the U.S. from its leased distribution facilities in Aurora, Illinois (terminating July 31, 2012) and Laverne, Tennessee. Cinram Distribution also has leased office facilities in Auburn, Washington, Carmel, Indiana, San Ramon, California, Greenwood, Indiana and Batavia, Illinois.

115. In addition to its intercompany receivables, as at March 31, 2012, Cinram Distribution's assets consisted primarily of approximately \$6,845,221 of accounts receivable and \$2,695,536 of cash and cash equivalents.

116. Cinram Distribution is a Guarantor under the Credit Agreements. In addition to its guarantee obligations and its intercompany payables, as at March 31, 2012, Cinram Distribution's liabilities consisted primarily of approximately \$2,953,308 of current employee benefits, \$1,974,662 of accounts payable and \$1,380,778 of accrued liabilities.

(vi) *Cinram Wireless*

117. Cinram Wireless is a limited liability company existing under the laws of the State of Delaware and is a wholly-owned subsidiary of CUSH. It provides repair, programming, packaging and related logistics services for mobile devices in the United States solely for Motorola from its leased facility in Fort Worth, Texas.

118. In addition to its intercompany receivables, as at March 31, 2012, Cinram Wireless' assets consisted primarily of approximately \$10,671,024 of accounts receivable, \$6,709,233 of cash and cash equivalents and \$1,889,608 of plant, property and equipment.

119. Cinram Wireless is a Guarantor under the Credit Agreements. In addition to its guarantee obligations and its intercompany payables, as at March 31, 2012, Cinram Wireless' total liabilities consisted primarily of approximately \$1,610,632 of current employee benefits and \$1,158,930 of accrued liabilities.

(vii) *Cinram Retail*

120. Cinram Retail, formerly Vision Information Logistics LLC, is a limited liability company existing under the laws of the State of Delaware and is a wholly-owned subsidiary of CUSH. It offers its logistics services and merchandising solutions to studios and retailers in the United States from its leased office facilities in Troy, Michigan.

121. In addition to its intercompany receivables, as at March 31, 2012, Cinram Retail's assets consisted primarily of approximately \$733,750 of investment property, which investment property was sold in May 2012 for net proceeds of approximately \$750,000.

122. Cinram Retail is a Guarantor under the Credit Agreements. Cinram Retail's guarantee obligations and intercompany payables constitute its primary liabilities.

(viii) *One K*

123. One K is a limited liability company existing under the laws of the State of California and is a wholly-owned subsidiary of CUSH. It is a digital media firm with leased office facilities in Burbank, California and a sub-office in Olyphant, Pennsylvania providing creative and technical services and specializing in building enhanced consumer experiences for movies, TV shows, music, books and games.

124. As at March 31, 2012, One K's assets consisted primarily of approximately \$1,856,942 of accounts receivables, \$2,145,408 of work in process, \$1,141,809 of intangible assets and \$836,859 of plant, property and equipment.

125. One K is a Guarantor under the Credit Agreements. In addition to its guarantee obligations and its intercompany payables, as at March 31, 2012, One K's liabilities consisted primarily of approximately \$498,514 of current employee benefits and \$482,064 of accounts payable.

**(iii) European Entities**

126. The European entities shown on the Cinram corporate chart are not Applicants in these proceedings. Certain of the European entities are Guarantors under the Credit Agreements, namely:

- a) Cinram Netherlands, a holding company organized under the laws of the Netherlands of which 99.95% is held by CII and 0.05% by 1362806 that does not carry on any business operations;
- b) Cinram Europe B.V., a holding company organized under the laws of the Netherlands that is a wholly-owned subsidiary of Cinram Netherlands which carries on certain administrative functions for Cinram's European structure;
- c) Cinram Operations UK Limited, a company organized under the laws of the United Kingdom providing replication services from a leased facility in Ipswich, England;
- d) Cinram Holdings GmbH, a holding company organized under the laws of Germany that does not carry on business operations;
- e) Cinram GmbH, a company organized under the laws of Germany providing replication, distribution and printing services from its owned and leased facilities in Alsdorf, Germany; and

- f) Cinram International (Hungary) Kft, a company organized under the laws of Hungary that is a wholly-owned subsidiary of CII that does not carry on business operations and that is in the process of a voluntary corporate dissolution under the control of an administrator in Budapest, Hungary.

127. While Cinram Holdings GmbH and Cinram GmbH are both Guarantors under the Credit Agreement, the guarantees provided by them are limited as a result of German corporate law, which is embodied in the German limitation language in the Credit Agreements.

128. The remaining European entities that form part of the Cinram Group are not Borrowers or Guarantors under the Credit Agreements.

129. The European entities mainly operate in the United Kingdom through Cinram Operations UK Limited and Cinram Logistics UK Limited; in Germany through Cinram GmbH; and in France through Cinram Optical Discs and Cinram Logistics France SA. At the top of the Cinram Group's European structure are holding companies in the Netherlands.

130. European operations in the UK, Germany and France collectively employ approximately 1,900 permanent employees, certain of which are party to collective agreements and many of which are entitled to receive pension and/or other retirement benefits from the relevant European entity.

131. On May 29, 2012, one of the French operating entities, Cinram Optical Discs, that provides replication services through a facility in Louviers, France owned by SCI Cinram France, commenced insolvency proceedings in France. Cinram Optical Discs' DVD manufacturing operation has been impacted by a steady decline in volumes in recent years. It is

not intended that any insolvency proceedings will be commenced with respect to any of Cinram's other European entities.

(D) Credit Agreements

132. The Original Credit Agreement provided a term loan and revolving credit facilities with a maturity date of May 5, 2011. Each of the borrowers and guarantors under the Original Credit Agreement guaranteed the obligations of each other thereunder. As security for the repayment of the amounts owed under the Original Credit Agreement, each of the borrowers and guarantors granted security over all or substantially all of its respective assets.

(i) Refinancing and Recapitalization

133. On April 11, 2011, Cinram completed a refinancing and recapitalization transaction (the "Refinancing and Recapitalization").

134. The key elements of the changes to Cinram's capital structure included: (1) an amendment and extension of the Original Credit Agreement to December 31, 2013 pursuant to the First Lien Credit Agreement; (2) an increase to the interest rate on the term loan (the "Term Loan") under the First Lien Credit Agreement; (3) a reduction in the amount of the existing Term Loan by \$120 million; and (4) a reduction of commitments under the revolving facility from \$100 million to \$35 million.

135. The reduction of the Term Loan as at April 11, 2011 was effected through (1) a cash pay-down at closing of the Refinancing and Recapitalization in the principal amount of \$30 million and (2) an exchange of outstanding first-lien term debt in the amount of \$90 million for

\$90 million second-lien secured debt (the "**Second Lien Debt**") mandatorily exchangeable into equity of Cinram Fund on December 31, 2011 pursuant to the Second Lien Credit Agreement.

136. Lenders also received cash and units in Cinram Fund as consideration for the Refinancing and Recapitalization.

(ii) **Mandatory Exchange of Second Lien Debt**

137. The Second Lien Debt was not repaid prior to the December 31, 2011 exchange date. As a result, pursuant to the terms of the Second Lien Credit Agreement, on January 3, 2012, Cinram Fund completed the issuance of 373,172,682 Cinram Fund units in exchange for the \$90 million original principal amount of the Second Lien Debt and \$308,000 of accrued interest which certain of the holders of the Second Lien Debt elected to exchange. Following the exchange, approximately \$11.6 million of accrued interest owing to those holders who elected to retain their portion of accrued interest paid in kind remained outstanding under the Second Lien Credit Agreement with a maturity date of December 31, 2013.

(iii) **Amendments to the Credit Agreements**

(a) August 2011 Amendment

138. In August 2011, Cinram sought amendments to the Credit Agreements following disappointing results for the first half of 2011 due primarily to a decline in customer order volumes.

139. On August 12, 2011, Cinram completed amendments to the First Lien Credit Agreement and the Second Lien Credit Agreement (the "**August 2011 Amendment**"). Key

changes resulting from the amendments included: (1) changes to certain financial covenants under the Credit Agreements; (2) interest rate increases on both the Term Loan and the Second Lien Debt; (3) the addition of certain restrictions on permitted expenditures for certain items; and (4) the addition of a requirement for lender approval of a multi-year financial plan by no later than March 15, 2012 (the “**Business Plan**”). Also, as described below, pursuant to the August 2011 Amendment, Cinram engaged Moelis as investment banker to assist Cinram in a review of Cinram’s strategic alternatives.

(b) Waivers to Credit Agreements

140. Continued decline in customer volumes for the fourth quarter of 2011 resulted in Cinram seeking waivers to certain covenants in the Credit Agreements, including covenants pertaining to the leverage ratio and interest coverage ratio. A series of waivers was extended from December 2011 to June 30, 2012, relating to certain financial covenants and, commencing in March 2012, relating to timing for lender approval of the Business Plan and certain other financial reporting requirements. Upon expiry of the waivers, the Lenders will have the ability to demand immediate repayment of the amounts outstanding under the Credit Agreements.

(E) The Need for Relief

(i) **Economic Challenges**

141. As described above, Cinram operates in an industry where there is a high degree of customer concentration and where production levels and cash flows in any period are materially affected by the timing and commercial success of customer product releases.



Although Cinram has secured exclusive multi-year contracts with key customers, these come up for renewal at different times and typically do not include volume commitments.

142. The economic downturn in Cinram's primary markets of North America and Europe has impacted consumers' discretionary spending and adversely affected the industry. For example, according to industry information:

- (a) U.S. consumer home entertainment rental and sell-through spending decreased in 2011, led by shrinking rental revenue from retail stores and fewer DVD sales, and while Blu-ray disc sales increased, total spending on packaged videos fell 13% in 2011 compared to 2010;
- (b) the physical CD replication industry is currently relatively fragmented and continues to experience declines as consumers switch to digital distribution (although CD sales during 2011 were ahead of expectations given attractive consumer pricing for this format at the retail level) and consolidation and rationalization are expected to continue due to decreasing CD demand and excess capacity in the industry; and
- (c) video game consoles, with a typical life cycle of four to six years, have been experiencing price reductions and falling sales in software and hardware.

143. Following the economic downturn and reduced discretionary spending experienced industry-wide described above, over the past four years, Cinram has experienced significant declines in revenue and EBITDA, resulting in part due to customer losses, reductions in pricing and declining customer order volumes.

144. Annual revenue for fiscal years 2008, 2009, 2010 and 2011 was approximately \$1,714 million, \$1,453 million, \$1,109 million and \$801 million respectively. The 28% decline in revenue in 2011 was driven primarily by lower revenue in Cinram's core Pre-recorded Multimedia Products segment, and to a lesser extent, lower video game revenues. This decline in revenue was partially offset by a company-wide reduction in labour and overhead costs through facility rationalization and headcount reduction.

145. Cinram's EBITDA has also been declining since 2008 with EBITDA for fiscal years 2008, 2009, 2010 and 2011 being approximately \$259 million, \$182 million, \$132 million and \$28 million respectively. Cinram's net loss from continuing operations was \$87.6 million in 2011, compared to net earnings of \$15.7 million in 2010.

146. A contributing factor to declining revenues was the loss of a major customer, representing approximately 32% of Cinram's 2009 total consolidated revenues, that exercised its option to terminate its service agreements with Cinram, which had a direct impact on its global operations, including North America, Mexico (now closed), UK, France, Germany and Spain.

147. Another contributing factor is significant pricing pressures exerted by Cinram's major customers. Cinram is engaged in an industry that is highly price competitive where some competitors have greater financial and other resources than Cinram or are lower-cost, offshore replicators. In addition, as a result of defined contractual commitments, absent renegotiation, the average replication prices for DVDs and Blu-ray discs are expected to continue to decline in coming years. In many instances, renegotiation of terms of Cinram's agreements with its customers has resulted in lower pricing and margins. Cinram expects that future price declines will be less than recent price declines due to the maturation of the cost structure of the format.

Price negotiations with customers typically occur on an annual basis as a result of market tests or contract renewals.

148. Declining revenues and EBITDA have made it increasingly difficult for Cinram to service its significant debt obligations and comply with its financial covenants under the Credit Agreements.

**(ii) Challenges under the Credit Agreements**

149. During 2011, Cinram's primary uses of funds included scheduled debt and interest payments, and transaction costs associated with the Refinancing and Recapitalization.

150. As previously discussed above, although the Refinancing and Recapitalization reduced Cinram's first lien debt by \$120 million and resulted in an extension of the maturity date to December 2013, continuing declines in revenue and EBITDA left Cinram in a position where it could not meet certain financial covenants under its Credit Agreements. Upon expiry of the waivers to the Credit Agreements, Cinram would be in default of certain covenants under the Credit Agreements and the Lenders would be entitled to accelerate and enforce on the debt. None of the Borrowers or the Guarantors would be able to pay the full amount owing under the Credit Agreements should it become immediately due and payable.

**(F) Restructuring Efforts to Date**

**(i) Consolidation/Cost Reduction**

151. As set out in Cinram Fund's 2009 Annual Report, Cinram's strategic agenda included the reduction of debt, costs and capital expenditures and a focus on core operations.

Since 2009, Cinram has taken several steps in an effort to strengthen its operational and financial position. Cinram has worked to reduce its debt levels by retiring \$280 million of debt in 2009 and 2010 and by reducing its debt by an additional \$133 million through the mandatory debt repayments and the Recapitalization and Refinancing in 2011. By December 31, 2011, Cinram had reduced its debt balance to approximately \$235 million.

152. Cinram has also focused on reducing its cost structure by improving direct costs and fixed overhead efficiencies. Cinram has also reduced its net capital expenditures from \$42 million in 2009 to \$15 million in 2010. In 2011, Cinram limited its cash capital expenditures, net of capital lease financing, to \$10 million, primarily allocated to additional Blu-ray capacity.

153. Furthermore, Cinram has increasingly focused on its core business of producing standard DVDs and Blu-ray discs, and on providing related distribution services, with the intention of disposing of non-core assets, including facility rationalization where appropriate. In April 2009, Cinram sold substantially all of the assets of Ivy Hill Corporation to MPS. In January 2010, Cinram completed the sale of its owned distribution centre in Simi Valley, California. In June, 2010 Cinram sold its 50% share of a Mexican joint venture, Cinram LatinoAmericana, S.A de C.V.

154. As a result of recent terminations of certain customer contracts and decreased sales volumes under continuing contracts, Cinram has pursued further efforts to consolidate its business to reduce costs and excess capacity.

155. In 2011, Cinram completed the closure of the Indianapolis distribution site, consolidating it with its Nashville facility. Cinram is currently in the process of transitioning its distribution facility in Aurora, Illinois, which provided primarily CD related distribution services

for a particular customer, to its Nashville facility. This transition process is expected to be completed on or around June 30, 2012.

156. While Cinram has made significant consolidation efforts to improve efficiency and reduce costs in response to its declining revenues, and has focussed its efforts on an increased presence in the growing Blu-ray market, Cinram has as of yet been unable to offset revenue declines with sufficient fixed cost reductions.

**(ii) Recapitalization Efforts**

157. As set out above, Cinram completed the Refinancing and Recapitalization to, among other things, reduce its debt and extend the maturity date of its credit facilities, in an effort to provide Cinram with increased liquidity and a more sustainable capital structure. However, due to continued decline in revenues, additional restructuring efforts are required.

158. In this regard, pursuant to the terms of the First Lien Credit Agreement, Cinram has the option to pay in kind principal and interest amounts due under the agreement in certain circumstances. On March 28, 2012, Cinram exercised this option in order to preserve cash and improve liquidity levels.

**(iii) Strategic Review Process**

159. Pursuant to the August 2011 Amendment, in September, 2011, Cinram engaged Moelis as investment banker to assist Cinram in a comprehensive and thorough review of strategic alternatives with the goal of maximizing value for Cinram's stakeholders. Moelis sought to identify a potential transaction such as a sale of the company, strategic combination or

new money investment from a strategic or financial investor, while concurrently evaluating a possible stand-alone transaction with Cinram's lenders.

160. As part of this strategic review process, Moelis undertook a comprehensive assessment of the market for the Cinram Business to identify potential parties that might be interested in considering an acquisition or investment transaction and contacted 59 parties, including 54 financial investors and 5 strategic investors. Approximately 26 parties executed confidentiality agreements. Those that executed confidentiality agreements were provided with a detailed Confidential Information Memorandum and provided access to a data room. Several potential bidders submitted non-binding expressions of interest in January 2012. Cinram, its advisors and Moelis engaged in discussions with such interested parties in order to determine the optimal structure of transaction and value that could be obtained for the benefit of Cinram's stakeholders.

161. During February 2012, Cinram prepared materials further detailing the Cinram Business and management presented to each of the individual bidders, or a diligence session was provided in lieu of a management presentation. Cinram management also provided updated financial projections and answered bidders' additional due diligence questions.

162. On February 28, 2012, Moelis provided to each potential bidder a Process Letter requesting a detailed proposal (a "Detailed Proposal") from each bidder by March 12, 2012. The Detailed Proposal required bidders to outline proposed transaction terms, due diligence and other conditions, and a timetable for the proposed transaction. A more limited number of second round bids were received on or about March 12, 2012 and were reviewed by Moelis, Cinram management and its advisors.

163. Moelis and Cinram continued discussions with certain of the second round bidders each of whom conducted more detailed due diligence, including telephonic and in person meetings with Cinram management and its advisors, as well as visits to key operating facilities. Moelis requested receipt of binding indications of interest by April 6, 2012, which binding proposals were to include specific details, including: (a) value/form of consideration; (b) transaction structure; (c) assumed/excluded assets and liabilities; (d) timing to close; (e) evidence of financing; (f) details of any proposed price adjustments; and (g) assumptions of existing indebtedness.

164. In April, Moelis received an inbound inquiry from a new party expressing interest in Cinram, who also executed a confidentiality agreement and was provided with access to the Cinram data room. This was followed shortly with a formal indication of interest.

165. Cinram management, Moelis and Cinram's legal and financial advisors continued discussions and conducted meetings with interested parties, while also continuing discussions with Cinram's lenders in connection with pursuing a possible stand-alone transaction.

166. After reviewing and considering all of the submissions in the strategic review process, Cinram after discussion and consultation with Moelis, Cinram's other advisors and the Lenders' advisors, determined that the offer submitted in respect of the Proposed Purchaser was the best offer submitted in the circumstances taking into account such factors as (i) purchase price; (ii) conditions for closing; (iii) required financing; (iv) structuring of the transaction; (v) the timeframe within which the transaction could be closed; and (vi) certainty of close.

167. Accordingly, Cinram, with the assistance of Moelis, entered into negotiations with the Proposed Purchaser in respect of the execution of definitive agreements for the sale of the Purchased Assets and Purchased Shares.

168. The strategic review process culminated with the execution of the Asset Purchase Agreement by CII and the Proposed Purchaser on June 22, 2012 and with the execution of the Purchase Offer by the Proposed Purchaser on June 22, 2012. It is currently contemplated that Moelis will continue assisting Cinram with the completion of the Proposed Transaction through these CCAA proceedings.

169. Throughout the strategic review process, Cinram kept key stakeholders, including the Lenders and major customers, apprised of its progress. In addition to discussions in connection with a potential stand-alone transaction, the Lenders engaged in extensive discussions with Cinram and its advisors from the commencement of the process with respect to a possible sale or investment transaction and participated in discussions with potential bidders as part of the process. Cinram and its advisors also partook in discussions with Cinram's major customers and provided updates as to the developments in the process. Such parties have been supportive of Cinram's efforts in pursuing a successful restructuring of its business, including through the Proposed Transaction.

**(iv) Proposed Transaction**

170. The Proposed Purchaser is a newly formed entity owned by the Najafi Companies ("Najafi"), an international private investment firm based in Phoenix, Arizona. As referenced on the firm's website, Najafi makes selective investments up to \$1 billion in transaction value in companies with strong management teams across a variety of industries, taking a long-term view



on its investments and focusing its efforts on creating value through growth and superior performance. Najafi's operating investments include, among others, Direct Brands (including Columbia House), Innovative Brands, Trend Homes and Snowflake Power.

171. As discussed above, the Proposed Transaction contemplates the Proposed Purchaser, or one or more of its nominees, acquiring the Purchased Assets pursuant to the Asset Purchase Agreement (the "**Asset Sale Transaction**") and the Purchased Shares pursuant to the Purchase Offer (the "**Share Sale Transaction**") for an aggregate purchase price of \$82,500,000, subject to certain adjustments in accordance with the terms of the Purchase Agreement and Purchase Offer. The Asset Sale Transaction is subject to customary conditions, including receipt of approval under the *Investment Canada Act* and other requisite approvals. Completion of the Share Sale Transaction is also subject to customary conditions, the closing of the Asset Sale Transaction and completion of workers' council consultation processes in France, which processes, I am advised by legal counsel, do not require approval by the applicable workers' councils. The aim is to close the Asset Sale Transaction and the Share Sale Transaction simultaneously in August 2012; however, the closing of the Share Sale Transaction may be extended if necessary to complete certain regulatory consultation matters and subject to the Purchaser's right to extend the closing to December 17, 2012.

172. In connection with the Proposed Transaction, CII has agreed not to pursue an Acquisition Proposal (as defined in the Asset Purchase Agreement), subject to the terms and conditions of the Asset Purchase Agreement, which include the ability to consider an Acquisition Proposal that is reasonably expected to lead to a Superior Proposal (as defined in the Asset Purchase Agreement). If CII terminates the Asset Purchase Agreement for the purpose of entering into a binding written agreement with respect to a Superior Proposal, CII must pay to

the Proposed Purchaser a fee in the amount of \$2,250,000, and in certain additional circumstances. The Share Sellers have also agreed not solicit any other transactions with respect to any shares of Cinram's European entities.

173. Further details with respect to the Proposed Transaction will be set out in the affidavit filed in support of the Sale Approval Motion.

(v) **Support Agreement**

174. As discussed above, on June 22, 2012, Cinram Fund, the Borrowers under the Credit Agreements and lenders forming the Steering Committee (the "**Initial Consenting Lenders**") entered into a Support Agreement pursuant to which the Initial Consenting Lenders agreed to support the Proposed Transaction to be pursued through these CCAA proceedings (the "**Support Agreement**"). A copy of the Support Agreement is attached as Exhibit "F" hereto.

175. The Proposed Transaction has the support of lenders representing approximately 40% of the loans under the First Lien Credit Agreement. Cinram anticipates further support of the Proposed Transaction from additional lenders following the public announcement of the Proposed Transaction.

176. Pursuant to the Support Agreement, lenders under the First Lien Credit Agreement who execute the Support Agreement or a Consent Agreement (as defined in the Support Agreement) prior to July 10, 2012 (the "**Consent Date**") are entitled to receive consent consideration (the "**Early Consent Consideration**") equal to 4% of the principal amount of loans under the First Lien Credit Agreement (excluding any letter of credit exposure or amounts outstanding under the first-out revolving credit facility) held by such Consenting Lender as of the

Consent Date, payable in cash from the net sale proceeds under the Purchase Agreement received on closing of the Proposed Transaction upon distribution of such proceeds in the CCAA proceedings. The Applicants request a Court-ordered charge over the assets and property of the CCAA Parties that are Borrowers and Guarantors (the "**Charged Property**") as security for the Early Consent Consideration (the "**Consent Consideration Charge**"), subject to the prior payment in full of all obligations under the first-out revolving credit facility.

177. The Support Agreement terminates automatically if, among other reasons, the Purchase Agreement is terminated in accordance with the terms thereof, and may be terminated by the Majority Consenting Lenders (as defined in the Support Agreement) if, among other reasons, the Asset Sale Transaction has not closed by September 15, 2012.

### **III. CCAA PROCEEDINGS**

178. CII, Cinram Fund, CII Trust and the companies listed in Schedule "A" are Applicants within the CCAA proceedings. For reasons discussed in this Affidavit, it is appropriate for this Honourable Court to exercise its jurisdiction to grant the Initial Order in respect of CII, Cinram Fund, CII Trust and the companies listed in Schedule "A" and to extend the protections under the Initial Order to Cinram LP.

#### **(A) The Applicants are Insolvent for the Purposes of the CCAA**

179. Despite its comprehensive efforts to consolidate operations and to restructure or recapitalize the Cinram Business, Cinram remains unable to satisfy certain covenants under the Credit Agreements and has been unable to repay or refinance the amounts owing under the

Credit Agreements or find an out-of-court transaction for the sale of the Cinram Business with proceeds that equal or exceed the amounts owing under the Credit Agreements.

180. Reduced revenues and EBITDA and increased borrowing costs have significantly impaired Cinram's ability to service its debt obligations. Although the Cinram Business is generating positive EBITDA, it will not generate sufficient funds to enable Cinram to comply with its obligations under the Credit Agreements. There is no reasonable expectation that Cinram will be able to service its debt load in the short to medium term given forecasted net revenues and EBITDA for the remainder of fiscal 2012 and for fiscal 2013 and 2014. In light of the financial circumstances of the Cinram Group, it is not possible to obtain additional financing that could be utilized to repay the amounts owing under the Credit Agreements.

181. Additionally, the decline in revenues and EBITDA generated by the Cinram Business has caused the value of the Cinram Business to decline. As a result, the aggregate value of Cinram's Property, taken at fair value, is not sufficient to allow for payment of all of the Applicants' obligations due and accruing due.

182. Cinram has been unable to find an out-of-court solution to its financial difficulties, and there is no reasonable expectation that the Cinram Group's financial condition will improve absent these restructuring proceedings. Without a successful restructuring, indications suggest that the Cinram Group's liquidity and ability to service its cash payment obligations will deteriorate further with a corresponding erosion of the value of the Cinram Business.

183. Were the Lenders to accelerate the amounts owing under the Credit Agreements, the Borrowers and the other Applicants that are Guarantors under the Credit Agreements would

be unable to meet their debt obligations. Cinram Fund would be the ultimate parent of an insolvent business. The Applicants are therefore insolvent.

**(B) Stay of Proceedings under the CCAA**

184. The Applicants are concerned that in light of the Applicants' financial circumstances, there could be a fast and significant erosion of value to the detriment of all stakeholders. In particular, the Applicants are concerned about the following risks:

- a) the Lenders demanding payment in full for money owing under the Credit Agreements;
- b) potential termination of contracts by key suppliers; and
- c) potential termination of contracts by customers.

185. Because of the integration of the Cinram Business, the above risks also apply to the Applicants' subsidiaries, including Cinram LP. It would be detrimental to the CCAA Parties' ability to restructure and implement the Proposed Transaction if proceedings were commenced or rights and remedies were exercised against Cinram LP, a part of the Cinram Group, or if proceedings were commenced or rights and remedies were exercised against the CCAA Parties' subsidiaries that are also party to contracts with one or more of the CCAA Parties (whether as surety or guarantor or otherwise) (the "Subsidiary Counterparties") by any of the third parties to such agreements. This would also lead to an erosion of value of the Cinram Business, to the detriment of all Cinram stakeholders. Accordingly, the Initial Order in the form submitted by the Applicants contains provisions enjoining the exercise of rights and remedies against the CCAA

Parties and the Subsidiary Counterparties with respect to claims relating to any agreement involving the CCAA Parties or the obligations of the CCAA Parties.

186. Having regard to the circumstances, and in an effort to preserve the value of the Cinram Business, the commencement of the within CCAA proceedings and the granting of a stay of proceedings relating to the CCAA Parties and the Subsidiary Counterparties in order to permit the CCAA Parties to restructure their affairs and implement the Proposed Transaction are in the best interests of the CCAA Parties and their stakeholders.

187. Furthermore, in the circumstances, without a stay of proceedings to enable the CCAA Parties to restructure and obtain debtor-in-possession financing (“DIP Financing”), the CCAA Parties would not be able to service their debt load or meet their debts as they become due.

(C) **The Monitor**

188. FTI Consulting Canada Inc. (“FTI”) has been retained to, among other things, act as Monitor in potential CCAA proceedings. FTI has been engaged as Cinram’s financial advisor since February 2010, initially in North America and its affiliate subsequently in Europe, to, among other things, assist with liquidity management and reporting (including assisting with the preparation of cash flow forecasts), the development and implementation of the Business Plan and the identification of cost reduction and other liquidity enhancement opportunities. The professionals of FTI who have carriage of this matter, and who will have carriage of this matter for FTI as the Monitor, have acquired considerable knowledge of the Cinram Group and the Cinram Business since the commencement of their engagement as financial advisor. FTI is therefore in a position to immediately assist the CCAA Parties with any restructuring process.

189. FTI has consented to act as the Monitor of the CCAA Parties in the within proceedings (the "Monitor"), subject to Court approval.

190. In connection with FTI's appointment as the Monitor, it is contemplated that a Court-ordered charge over the Charged Property would be granted in favour of the Monitor, its legal counsel, the CCAA Parties' Canadian and U.S. legal counsel, the Canadian and U.S. counsel to the DIP Agent (defined below), the DIP Lenders (defined below), the Administrative Agent and the Lenders under the Credit Agreements, and the financial advisor to the DIP Lenders and the Lenders under the Credit Agreements, in respect of their fees and disbursements incurred at their standard rates and charges, and in favour of Moelis in respect of the fees and expenses to be paid to Moelis pursuant to the engagement letter between Moelis and CII dated September 23, 2011 (the "Administration Charge"), which Administration Charge is to be in an aggregate amount of CAD\$3.5 million.

(D) Chapter 15 Proceedings

191. It is contemplated that these CCAA proceedings will be the primary Court-supervised restructuring of the CCAA Parties. Although Cinram has operations in the United States and certain of the Applicants are incorporated under the laws of the United States, Canada is the nerve centre of the Cinram Group.

192. The CCAA Parties require a recognition order under Chapter 15 to ensure that the CCAA Parties are protected from creditor actions in the United States (including under the Credit Agreements pursuant to which the U.S. Applicants are either Borrowers or Guarantors) and to assist with the global implementation of the Proposed Transaction to be completed pursuant to these CCAA proceedings. The Applicants are thus seeking authorization in the

proposed Initial Order for (i) Cinram ULC to seek recognition of these proceedings as "Foreign Main Proceedings" and seek such additional relief required in connection with the prosecution of any sale transaction, including the Proposed Transaction; and (ii) the Monitor, as a Court-appointed officer, to assist the CCAA Parties with any matters relating to any of the CCAA Parties' subsidiaries and any foreign proceedings commenced in relation thereto. The Monitor will remain actively involved in assisting Cinram ULC as the foreign representative in the Chapter 15 proceedings and will assist in keeping this Honourable Court informed of developments in the Chapter 15 proceedings.

193. The Applicants intend that the relief requested in the Chapter 15 proceedings will include, among other things:

- a) recognition of these CCAA proceedings as "Foreign Main Proceedings";
- b) establishment of Cinram ULC as foreign representative; and
- c) enforcement of the Initial Order in the United States, including enforcement of the stay of proceedings (including in respect of enforcement and termination rights of any party against any of the CCAA Parties and the Subsidiary Counterparties), the critical supplier provisions and the DIP Financing related provisions.

194. As mentioned previously, Cinram's European entities are not Applicants in these proceedings and it is not intended that any insolvency proceedings will be commenced with respect to Cinram's European entities except for Cinram Optical Discs, which has commenced insolvency proceedings in France.



195. As previously noted, the CCAA Parties are part of the integrated Cinram Group headquartered in Canada with operations in Canada, the United States, and Europe. The Cinram Group and the proposed Monitor believe that the centre of main interest ("COMI") of the CCAA Parties is in Canada based on the following factors:

- (a) the Cinram Group is managed on a consolidated basis out of the corporate headquarters in Toronto, Ontario, where corporate-level decision-making and corporate administrative functions are centralized;
- (b) key contracts, including among others, major customer service agreements, are negotiated at the corporate level and created in Canada;
- (c) the Chief Executive Officer and Chief Financial Officer of CII, the main operating entity in the Cinram Group, who are also directors, trustees and/or officers of other entities in the Cinram Group, are based in Canada;
- (d) meetings of the board of trustees and board of directors typically take place in Canada;
- (e) pricing decisions for entities in the Cinram Group are ultimately made by the Chief Executive Officer and Chief Financial Officer in Toronto, Ontario;
- (f) cash management functions for Cinram's North American entities, including the administration of Cinram's accounts receivable and accounts payable, are managed from Cinram's head office in Toronto, Ontario;

- (g) although certain bookkeeping, invoicing and accounting functions are performed locally, corporate accounting, treasury, financial reporting, financial planning, tax planning and compliance, insurance procurement services and internal audit are managed at a consolidated level in Toronto, Ontario;
- (h) information technology, marketing, and real estate services are provided by CII at the head office in Toronto, Ontario;
- (i) with the exception of routine maintenance expenditures, all capital expenditure decisions affecting the Cinram Group are managed in Toronto, Ontario;
- (j) new business development initiatives are centralized and managed from Toronto, Ontario; and
- (k) research and development functions for the Cinram Group is a corporate-level activity centralized at Toronto, Ontario, including the Cinram Group's corporate-level research and development budget and strategy.

196. It is most expedient and efficient that the restructuring of Cinram and the treatment of Cinram's debt obligations be implemented through one restructuring proceeding that is overseen and directed by this Honourable Court in Canada, which is Cinram's home jurisdiction and the centre of the CCAA Parties' management, business and operations.

(E) **Funding of the Cinram Group**

(i) **Cash Flow Forecast**

197. A copy of cash-flow forecast prepared by the Applicants with the assistance of the proposed Monitor is attached hereto as Exhibit "G" (the "Cash Flow Forecast").

198. As set out in the Cash Flow Forecast, the Applicants will require additional funding from the commencement of these CCAA proceedings. The principal uses of cash during the next 13-week period will consist of the costs associated with ongoing payments made in the ordinary course in respect of employee compensation, rent, procurement, raw materials and supplies, utility services, and other supplier obligations, and professional fees and disbursements in connection with these CCAA proceedings.

(ii) **DIP Financing**

199. As indicated in the Cash Flow Forecast, the Applicants do not have sufficient funds available to meet their immediate cash requirements as a result of their current liquidity challenges. The Applicants require access to DIP Financing in the amount of \$15 million to: (a) maintain sufficient minimum operating liquidity; (b) allow for payment of financial obligations during the proposed proceedings, including obligations to employees and trade creditors, as well as to allow the CCAA Parties to properly retain the proposed Monitor and legal counsel to advise in relation to restructuring options and their investment banker to assist with the ongoing strategic review and sale transaction process; (c) ensure they can implement their restructuring initiatives, including the Proposed Transaction, and continue operations; and (d) provide

assurance to Cinram's suppliers and customers that the CCAA Parties have sufficient available liquidity to maintain their business operations and satisfy its supplier and customer obligations.

200. The Applicants have been offered DIP Financing from the lenders forming the Steering Committee (the "DIP Lenders") on commercially reasonable terms. As a result, the Applicants did not canvas the market for other potential lenders. Because this offer for DIP Financing did not require any alteration of Cinram's accounts and included similar terms to facilities under the First Lien Credit Agreement, the Applicants are of the opinion that there was no commercial advantage to pursuing other arrangements for DIP Financing. In addition, the DIP Lenders are already familiar with Cinram's business and financial profile as well as its restructuring options as a result of their involvement in discussions with Cinram's advisors throughout Cinram's strategic review process. Any other offer from other lenders would have required a great deal of time and expense to pursue, could have required a new cash management system and would have had to deal with the security granted in connection with the Credit Agreements.

201. Conditions precedent to the availability of the DIP Financing include: (i) the entry of the Initial Order and the Interim Recognition Order (as defined in the DIP Credit Agreement (as defined below)), each in form and substance satisfactory to the DIP Agent and the Majority Lenders (as defined in the DIP Credit Agreement); and (ii) the payment of fees required to be paid to the Administrative Agent and the DIP Lenders pursuant to the DIP Fee Letter (as defined below).

202. Subject to certain terms and conditions, including the granting of the requested Initial Order providing for a Court-ordered super-priority charge, Cinram has negotiated a

debtor-in-possession credit agreement (the "**DIP Credit Agreement**") with the DIP Lenders through JPMorgan Chase Bank, N.A. as administrative agent (the "**DIP Agent**") whereby the DIP Lenders agree to provide the DIP Financing in the form of a term loan in the amount of \$15 million.

203. A copy of the DIP Credit Agreement is attached as Exhibit "H" hereto. The DIP Credit Agreement includes certain schedules which contain sensitive competitive and confidential information. These schedules will be provided to the Court under seal and a sealing order will be sought with respect to such information. I believe sealing these schedules to the DIP Credit Agreement is appropriate in the circumstances.

204. In connection with the DIP Financing, CII has also entered into a fee letter (the "**DIP Fee Letter**") with the DIP Agent, pursuant to which the DIP Lenders are entitled to receive a fee in connection with providing the DIP Financing, and the DIP Agent is entitled to receive an agent fee upon the Draw Date (as defined in the DIP Credit Agreement). A copy of the DIP Fee Letter is attached hereto as Exhibit "I".

205. The DIP Financing is proposed to be secured by a Court-ordered priority security interest, lien and charge (the "**DIP Lenders' Charge**") on all the Charged Property that will secure all post-filing advances. The DIP Lenders' Charge is to have the super priority described in Section III(I) of this Affidavit. The DIP Lenders' Charge will not secure any obligation that exists before the Initial Order is made. The Applicants considered the best interests of all their stakeholders in securing the DIP Financing.

206. CUSH is the borrower under the DIP Financing (the "**DIP Borrower**") and the other CCAA Parties (with the exception of the Fund Entities) are guarantors under the DIP

Credit Agreement (together with the DIP Borrower, the "**DIP Obligors**"). The DIP Borrower will use the DIP Financing to fund, among other things, their working capital requirements. The DIP Credit Agreement will permit the DIP Borrowers to transfer funds drawn on the DIP Financing to DIP Obligors that are guarantors to satisfy the working capital and other liquidity requirements during these proceedings. Absent the ability to make intercompany transfer of funds, the Applicants would not be able to finance their operations or pursue their restructuring initiatives.

207. The Applicants propose that the Monitor will provide oversight and assistance and will report to the Court in respect of the CCAA Parties' actual results relative to the Cash Flow Forecast during these proceedings. Existing account procedures will provide the Monitor with the ability to track the flow of funds for the various Cinram entities.

208. Because the proposed DIP Financing is being provided by the lenders forming the Steering Committee, who are senior secured creditors of the Applicants, the Applicants are of the view that there will be no material prejudice to any of their existing creditors.

209. For all of the above reasons, the Applicants are seeking approval of the proposed DIP Financing to accommodate the anticipated liquidity requirements during these CCAA proceedings.

**(iii) Cash Management System**

210. As a result of the integration of the business and operations of the Cinram Group, and in order to increase operational and financial efficiencies, Cinram employs a centralized cash management system (the "**Cash Management System**") to deal with cash management,

collections, disbursements and intercompany payments. The Applicants seek the authority to continue to use the existing Cash Management System and to maintain the funding and banking arrangements already in place.

211. Cinram's Cash Management System for North America is primarily managed and monitored from CII's head office in Toronto, Ontario. The Cinram Group maintains bank accounts in Canada, the U.S. and Europe. Bank accounts maintained by Cinram's European entities are monitored by CII but are subject to the control of the management of the local entity.

212. With a few exceptions, the accounts of the Canadian Applicants and Cinram LP are maintained with HSBC Bank of Canada ("HSBC") and JPMorgan Chase Bank ("JPMorgan"), and the U.S. accounts of the U.S. Applicants are maintained with JPMorgan. On or around May 25, 2012, each of the U.S. Applicants opened a new Canadian-based bank account with JPMorgan. Exhibit "J" presents a schematic diagram of the principal funds flows between the CCAA Parties' bank accounts.

213. The primary Canadian banking and treasury functions managed through the head office at CII include co-ordinating North American cash management, depositing Canadian customer payments; processing and paying vendor and other payables; funding Canadian payroll; initiating and receiving intercompany payments to/from U.S. and European subsidiaries; and processing and paying interest and principal payments with respect to the portion of the first lien debt allocated to CII.

214. CII has four active bank accounts at HSBC, namely: (1) a general Canadian dollar account primarily used for depositing Canadian dollar denominated customer payments and making Canadian dollar denominated vendor payments; (2) a general U.S. dollar account

primarily used for depositing U.S. dollar denominated customer payments and making U.S. dollar denominated vendor payments; (3) a general Euro account used primarily for sending and receiving intercompany transfers from Cinram's European subsidiaries (other than the UK-based entities) and to process Euro-denominated payments to vendors; and (4) a general GBP account used primarily for sending and receiving intercompany transfers from Cinram's UK-based subsidiaries and to process GBP-denominated payments to vendors. CII also has one account with TD Canada Trust used with respect to customer payments made by credit card, and one U.S. dollar account with JPMorgan used to process certain U.S. dollar denominated payments with respect to vendor and other payables.

215. With respect to the U.S. Applicants, the principal operating concentration account is with Cinram Manufacturing. Transfers are made when required between the Cinram Manufacturing operating concentration account and the CUSH concentration account to facilitate payments and advances to CII. Until the filing date, drawdowns and repayments on the secured revolving credit facilities were made by CUSH and funded into its concentration account.

216. Cinram Manufacturing maintains a separate payroll disbursements account. CUSH maintains a separate benefits disbursement accounts. These payroll and benefits disbursement accounts are operated as zero-balance accounts that draw on the main Cinram Manufacturing operating concentration account. Cinram Manufacturing also maintains a pre-funded benefits disbursement account that holds funds for workers' compensation benefits under a former workers' compensation insurance program.

217. Each of Cinram Distribution, Cinram Wireless, Cinram, Inc., One K and Cinram Retail maintains a depository account for customer collections and other receipts and a zero-



balance disbursement account from which payments are made and, when required to cover a payment, draws on the applicable depository account.

218. Transfers are made between the accounts to make intercompany reimbursements, settle (or partially settle) intercompany balances and to meet the fluctuating liquidity requirements. Intercompany accounts are reconciled monthly. The proposed Initial Order includes the authorization to complete intercompany transfers among the CCAA Parties (other than between a CCAA Party that is not a Fund Entity and a Fund Entity).

219. The current Cash Management System includes the necessary accounting controls to enable the CCAA Parties, as well as its creditors and this Honourable Court, to trace funds through the system and ensure that all transactions are adequately ascertainable. As such, it is hereby requested that this Honourable Court grants a continuation of the current system.

(F) Payments during the CCAA Proceedings

220. During the course of these CCAA proceedings, the Applicants intend to make payments for goods and services supplied post-filing in the ordinary course as set out in the Cash Flow Forecast described above and as permitted by the Initial Order.

221. It is also contemplated by the Cash Flow Forecast that employee wage and KERP (as defined below) obligations relating to active employment will be paid in the ordinary course, whether such obligations are incurred pre- or post-filing.

(i) **Payments for Shared Services**

222. There is a significant degree of administrative and operational integration among the Applicants. The Applicants share several management and operational services (the "Shared Services") which are primarily provided through CII's head office in Toronto. The principal Shared Services include: (i) management services provided by CII; (ii) certain information technology, accounting, accounts payable, accounts receivable, financial planning, internal audit, marketing, treasury, real estate and tax services provided by CII; and (iii) certain finance, accounting, legal, human resources, payroll, billing, freight management, procurement and engineering services shared among the Applicants.

223. Additional operational integration exists through the performance by certain of the Applicants, namely CII, Cinram Manufacturing and Cinram, Inc., of replication and other manufacturing services for each other as production volumes and plant capacities warrant. The Applicants also share other ancillary and as-needed services, including creation of master discs and refurbishment of production equipment parts.

224. The costs of the Shared Services are shared among the entities receiving them generally according to the relative revenues of the entities sharing a particular service or function. For example, where one of Cinram, Inc, Cinram Manufacturing or CII performs replication for another of these companies, it charges the receiving company a transfer price of approximately 95% of the price charged by the receiving company to its external customer. Other ancillary services are exchanged approximately at cost.

225. As a result of the operational integration of the businesses, there is a significant volume of financial transactions between and among the Applicants, including, among others,

charges by the Cinram entities providing Shared Services to other Cinram entities of intercompany accounts due from the recipients of those services, and charges by the Cinram entities that manufacture and furnish products to another Cinram entity of intercompany accounts due from the receiving entity.

**(ii) Critical Suppliers**

226. Cinram relies on efficient and expedited supply of products and services from its suppliers and service providers in order to ensure that its operations continue in an efficient manner so that it can satisfy customer requirements. The CCAA Parties have worked with FTI, the proposed Monitor, to identify suppliers and service providers that they have determined to be critical to the continued operation of the Cinram Business. The CCAA Parties and FTI considered various factors in determining these critical suppliers and service providers, including: (i) the importance of the supplier/provider to Cinram's operations; (ii) the nature of the goods or services supplied and whether there are alternative supply sources; (iii) the ability of the supplier/provider to either remain in business or continue normal operations if not paid; (iv) the ability and likelihood that the supplier/provider may delay or otherwise restrict supplying goods or services in the event of Cinram's non-payment; (v) the volume of the goods or services supplied; (vi) the potential for disruption of Cinram's operations if the supplier delays or fails to expedite supply of goods or services pursuant to their existing contracts; (vii) the ability of the supplier to maintain a possessory lien on the property; and (viii) the amount that Cinram currently owes to each supplier/provider.

227. It is my understanding that a stay of proceedings may require suppliers to continue to supply goods and services but will not allow the CCAA Parties to require suppliers to

extend credit. Furthermore, it is my understanding that, without approval from the Court, amounts owing to suppliers in respect of pre-filing debt cannot be paid. For the reasons discussed below, the CCAA Parties are seeking Court approval to allow (but not require) them to pay certain pre-filing amounts to critical suppliers and service providers, but only with Monitor approval.

228. Cinram relies on its extensive network of suppliers and service providers to ensure Cinram's ability to provide replication and distribution services to its customers in a timely and flexible manner. Cinram operates in a highly competitive environment where the timely provision of its products and services is essential in order for Cinram to remain a successful player in the industry and to ensure the continuance of the Cinram Business.

229. The provision of utilities is also necessary for the functioning of Cinram's operations. Any interruption of the supply of power to Cinram's operations would cause significant production problems.

230. Cinram intends to continue to rely on those suppliers and service providers with which it has contracts or arrangements that were entered into prior to the date of the filing. The CCAA Parties require flexibility to ensure adequate and timely supply of required products and to attempt to obtain and negotiate credit terms with its suppliers and service providers. In order to accomplish this, the CCAA Parties require the ability to pay certain pre-filing amounts and post-filing payables to those suppliers they consider essential to the Cinram Business, as approved by the Monitor. Due to Cinram's current financial circumstances, further tightening of credit terms would be detrimental to Cinram's ability to continue its operations. The CCAA Parties must ensure continued good relations with suppliers and service providers and be able to

offer them a variety of options related to the terms upon which they will continue to supply to Cinram during these proceedings.

231. In addition, there are several suppliers who may have the ability to exercise possessory liens or use otherwise lawful means to require the CCAA Parties to pay the amounts outstanding to them. Any such action may disrupt Cinram's operations and negatively impact any potential restructuring. The CCAA Parties require the flexibility to pay these suppliers or, if applicable, to stay any exercise of such a possessory lien in order to ensure continued uninterrupted operations.

232. As set out in further detail in the Proposed Monitor's Pre-Filing Report, the Cash Flow Forecast currently contemplates the ability to make pre-filing payments to critical suppliers when such payments are approved by the Monitor, the DIP Agent and the Administrative Agent, in accordance with a consultation and approval process agreed to among the Monitor, the DIP Agent, the Administrative Agent and the CCAA Parties.

**(iii) Customer Programs**

233. The CCAA Parties have several customer programs in place pursuant to existing contracts or arrangements with certain of their customers, including: (1) retroactive price adjustments resulting from a difference between certain raw material costs estimated at the time of order and actual costs incurred by the CCAA Parties; (2) certain relocation payments in connection with certain of the closures and consolidation efforts by Cinram previously discussed; (3) discounts for early payments; (4) warranty claims and reimbursements for or replacements of defective products, and (5) credits relating to pricing adjustments and refundable premiums, among others.

234. In order to maintain customer relationships as part of the CCAA Parties' going concern business, the CCAA Parties are seeking approval of the Court to continue providing certain existing customer programs in compliance with the contracts and arrangements in place with customers and to pay certain amounts owing or allow the customer application of credits in accordance with certain customer programs.

235. As set out in further detail in the Proposed Monitor's Pre-Filing Report, the Cash Flow Forecast currently contemplates customer application of pre-filing credits and the ability to make pre-filing payments relating to customer programs when such payments are approved by the Monitor, the DIP Agent and the Administrative Agent, in accordance with a consultation and approval process agreed to among the Monitor, the DIP Agent, the Administrative Agent and the CCAA Parties.

(G) **Key Employee Retention Program**

236. The retention of key employees has been and continues to be of vital importance to the Cinram Group during its restructuring efforts, including preserving the value of the Cinram Business in the context of a going concern sale. Cinram developed a key employee retention program (the "KERP") with the principal purpose of providing an incentive for eligible employees, including eligible officers, to remain with the Cinram Group despite the financial difficulties that the Cinram Group is currently facing. The KERP has been reviewed and approved by the Board of Trustees of Cinram Fund.

237. The KERP includes retention payments to eligible employees, including eligible officers, as well as payments to certain eligible officers in connection with a sale transaction or capital transaction, each as described below.

238. Agreements with respect to the KERP Retention Payments (as defined below) were entered into on October 17, 2011 and agreements with respect to KERP Transaction Payments were entered into on January 17, 2012 (as defined below) when Cinram recognized certain risks to the retention of its key employees and officers. As a result, the Eligible Employees and Eligible Officers have to this point relied on the KERP and are focussed on working to complete a transaction to maximize the value of the Cinram Business.

(i) **KERP Payments**

239. Cinram has identified certain existing employees employed at Canadian and U.S. Cinram entities that are critical to the preservation of Cinram's enterprise value, including certain officers (the "**Eligible Employees**").

240. Under the KERP, each Eligible Employee is eligible to receive a certain maximum amount (each a "**KERP Retention Payment**"). The KERP Retention Payments are payable to the Eligible Employees on two milestone dates as follows, provided that in each case the Eligible Employee remains employed by Cinram at the date of the KERP Retention Payment: (i) 25% of each Eligible Employee's KERP Retention Payment on June 30, 2012, less any required statutory deductions; and (ii) 75% of each Eligible Employee's KERP Retention Payment on December 31, 2012, less any required statutory deductions.

241. If an Eligible Employee resigns or is terminated with cause prior to the date of a KERP Retention Payment, such Eligible Employee will not be eligible for any KERP Retention Payments due under the KERP. If an Eligible Employee is terminated without cause at any time prior to December 31, 2012, such Eligible Employee will remain eligible for KERP Retention

Payments due under the KERP. All other terms of the Eligible Employees' employment terms remain unchanged.

242. In addition to the KERP Retention Payments described above, Cinram's CEO and the CFO (each an "Eligible Officer") shall be eligible to receive a payment upon the completion of a capital transaction and/or a sale transaction (a "KERP Transaction Payment", together with the KERP Retention Payments, the "KERP Payments") up to a certain maximum amount as incentive to remain with CII and to oversee such transactions, all with a view to maximizing value for the Cinram Group and its stakeholders.

243. In order to qualify for a KERP Transaction Payment, the Eligible Officer must be employed by CII, or its successor, if applicable, as of the 60th day following the closing of any sale transaction or capital transaction, unless the Eligible Officer has been terminated without cause or has become employed by the purchaser as a senior officer on the completion of a sale transaction.

244. If the employment of an Eligible Officer is terminated without cause and a sale transaction or capital transaction is completed within 6 months of such termination, the Eligible Officer shall be entitled to receive the KERP Transaction Payment. If the employment of an Eligible Officer is terminated with cause, the Eligible Officer shall not be entitled to any KERP Transaction Payment for any subsequently occurring sale transaction or capital transaction. All terms and conditions of the existing employment arrangements of the Eligible Officers with CII remain in full force and effect.

245. The Eligible Employees and the Eligible Officers are essential for a successful restructuring of the Cinram Group and the preservation of Cinram's value during the



restructuring process and are likely to seek alternative employment absent the KERP. It would be detrimental to the restructuring process if Cinram were required to find replacements for Eligible Employees and/or Eligible Officers during this critical period. It is Cinram's belief that the KERP, including the KERP Payments payable thereunder, not only provides appropriate incentives for the Eligible Employees and the Eligible Officers to remain in their current positions, but also ensures that they are properly compensated for their assistance in Cinram's restructuring process.

(ii) **Aurora Facility Retention Payments**

246. In connection with the transition of Cinram Distribution's Aurora facility to its Nashville facility described above, Cinram entered into retention agreements (the "**Aurora Retention Agreements**") with five key employees (the "**Aurora Employees**") critical for the orderly closure of the Aurora facility and transition of its distribution business to the Nashville facility. Pursuant to the Aurora Retention Agreements, each Aurora Employee is eligible to obtain a specified retention payment (collectively, the "**Aurora KERP Payments**") provided that such employee remains employed through the transition period and up through the closure of the Aurora facility, and does not resign or become terminated prior thereto. It is Cinram's belief that the Aurora KERP Payments not only provide appropriate incentives for the Aurora Employees to remain in their current positions, but also ensure that they are properly compensated for their assistance in the transition of Cinram Distribution's business from the Aurora facility to the Nashville facility.

(iii) **KERP Charge**

247. The maximum aggregate amount of KERP Payments and Aurora KERP Payments is approximately CAD\$3 million. The Applicants request a Court-ordered charge in the amount of CAD\$3 million over the Charged Property as security for the KERP Payments and the Aurora KERP Payments (the "KERP Charge").

248. A detailed summary of the individual KERP Payments and Aurora KERP Payments (attached hereto as Exhibit "K") will be provided to the Court under seal and a sealing order will be sought with respect to such information. Cinram does not wish to make the salaries of its employees publically known. I believe sealing this information is appropriate in the circumstances.

(H) **Trustee, Director and Officer Protections**

249. The directors (and in the case of Cinram Fund and CII Trust, the trustees, referred to herein collectively with the directors as the "Directors/Trustees") of the Applicants have been actively involved in the attempts to address the Applicants' current financial circumstances and difficulties, including through the exploration of alternatives, communicating with the principal secured lenders, and the commencement of the within CCAA proceedings. The Directors/Trustees have been mindful of their duties with respect to the supervision and guidance of the Applicants in advance of these CCAA proceedings.

250. It is my understanding that in certain circumstances directors and officers can be held personally liable for certain of a company's obligations to the federal and provincial governments, including in connection with payroll remittances, harmonized sales taxes, goods

and services taxes, workers compensation remittances, etc. Furthermore, I understand it may be possible for directors and officers of a corporation to be held personally liable for certain wage-related obligations to employees.

251. Cinram maintains a Trustee, Director and Officer Insurance Policy (the "**Primary D&O Policy**") with Chartis Insurance Company of Canada ("**Chartis**") for the Directors/Trustees and officers of the Cinram Group which expires on July 1, 2012. The current Primary D&O Policy provides \$25 million in coverage.

252. Cinram also maintains additional insurance coverage that follows the Primary D&O Policy (the "**Excess D&O Policy**") with Lloyd's of London which similarly expires on July 1, 2012. The Excess D&O Policy provides \$25 million in coverage in excess of coverage provided by the Primary D&O Policy.

253. In addition, Cinram maintains an insurance policy with Chubb Insurance to provide coverage in certain circumstances where indemnification and insurance are unavailable (the "**Side D&O Policy**", collectively with the Primary D&O Policy and the Excess D&O Policy, the "**D&O Policies**") which expires on July 1, 2012 and provides up to \$10 million in coverage in excess of coverage provided by the Primary D&O Policy and the Excess D&O Policy. Cinram is in the process of finalizing a one year extension of the D&O Policy.

254. The D&O Policies contain several exclusions and limitations to the coverage provided by such policies, and there is a potential for there to be insufficient coverage in respect of the potential directors' liabilities for which the Directors/Trustees and/or officers may be found to be responsible.

255. The Directors/Trustees and officers of the Applicants have expressed their desire for certainty with respect to potential personal liability if they continue in their current capacities. In order to complete a successful restructuring, including the Proposed Transaction, the Applicants require the active and committed involvement of their Directors/Trustees and senior officers.

256. I am advised by Cinram's insurers, Chartis, Lloyd's of London and Chubb Insurance, that if Cinram was to file for CCAA protection, and if the insurers agreed to renew the D&O Policies, there would be a significant increase in the premium for that insurance.

257. The Applicants request a Court-ordered charge in the amount of CAD\$13 million over the Charged Property to indemnify the Directors/Trustees and senior officers of the Applicants in respect of liabilities they may incur in such capacities from and after the commencement of these proceedings (the "Directors' Charge").

(I) Priorities of Charges

258. It is contemplated that the priorities of the various charges set out herein will be as follows:

- a) First – the Administration Charge (to a maximum of CAD\$3.5 million);
- b) Second – the DIP Lenders' Charge;
- c) Third – the Directors' Charge (to a maximum of CAD\$13 million);
- d) Fourth – the KERP Charge (to a maximum of CAD\$3 million); and
- e) Fifth – the Consent Consideration Charge.

259. The Initial Order sought by the Applicants provides for the Administration Charge, the DIP Lenders' Charge, the Directors' Charge, the KERP Charge and the Consent Consideration Charge (collectively, the "Charges") on the Charged Property, ranking in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected security interest in favour of a "secured creditor" as defined in the CCAA, other than any validly perfected security interest in favour of the Administrative Agent or the Lenders under the Credit Agreements, and with respect to the Consent Consideration Charge, subject to the prior payment in full of all obligations under the first-out revolving credit facility. Counsel to the Administrative Agent and the secured Lenders that are affected by the Charges have been given notice of these CCAA Proceedings. The Initial Order provides that no Charge created by the Initial Order shall attach to or create any claim, lien, charge, security interest or encumbrance on the property of a customer of a CCAA Party or where a customer has title to such property, notwithstanding that such property may be in a CCAA Party's possession.

260. The Applicants believe the amount of the Charges is fair and reasonable in the circumstances.

#### IV. CONCLUSION

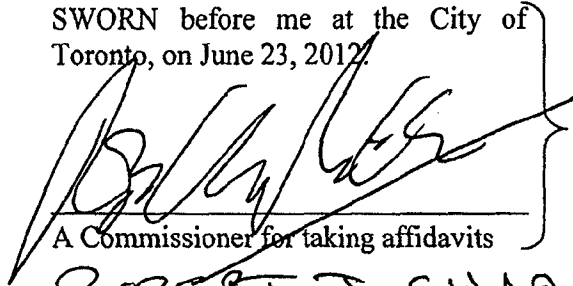
261. The Applicants are currently in a challenging financial position. The Cinram Group has experienced significant declines in revenue, which has left Cinram in a position where it cannot meet certain financial and other covenants under its Credit Agreements. In spite of the many cost-reduction and recapitalization initiatives and the exploration of strategic alternatives

pursued over the last few years, the CCAA Parties are no longer able to meet their financial obligations and require the protections afforded by the CCAA.

262. The within CCAA proceedings are necessary to preserve the value of the Cinram Business with minimal disruption and to ensure the necessary availability of working capital funds necessary to continue operations of the Cinram Business while Cinram pursues the completion of the Proposed Transaction for the benefit of all stakeholders.

263. The Proposed Transaction will allow Cinram to return to a market leader in the industry. Upon the completion of the Proposed Transaction, Cinram will be well positioned to increase its market share in the industry based on its status as the leading service provider and with an improved and normalized capital structure.

SWORN before me at the City of Toronto, on June 23, 2012.

  
A Commissioner for taking affidavits

ROBERT J. CHARWICK.



John Bell

**SCHEDULE "A"**

**Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

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

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

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

Court File No: CV12-9767-00CL

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

**AFFIDAVIT OF JOHN BELL  
(sworn June 23, 2012)**

**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

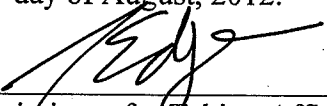
Tel: (416) 979-2211  
Fax: (416) 979-1234

Lawyers for the Applicants



**MM**

This is Exhibit "M" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

  
\_\_\_\_\_  
A Commissioner for Taking Affidavits

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 5, 2014.**

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

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

Applicants

**AFFIDAVIT OF MARK HOOTNICK**

**(sworn June 23, 2012)**

*(Faint, illegible text)*

I, Mark Hootnick, of the City of New York, in the State of New York, **MAKE OATH**

**AND SAY:**

**I. INTRODUCTION**

1. I am a Managing Director at Moelis & Company LLC ("**Moelis**"). Moelis was engaged by Cinram International Inc. ("**CII**") in September 2011 to assist Cinram (defined below) with a comprehensive and thorough review of Cinram's strategic alternatives with the goal of maximizing value for Cinram's stakeholders. As such, I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and in all such cases believe it to be true.

2. CII, Cinram International Income Fund ("**Cinram Fund**"), CII Trust and the companies listed in Schedule "A" hereto are collectively referred to herein as the "**Applicants**". The Applicants, together with Cinram International Limited Partnership, are collectively referred

to herein as the "CCAA Parties"). Cinram Fund collectively with its direct and indirect subsidiaries is referred to herein as "Cinram" or the "Cinram Group". All dollar amounts expressed herein, unless otherwise noted, are in the United States currency.

3. Cinram's strategic review process has culminated in a sale transaction that, as more fully described in the Asset Purchase Agreement, the Share Purchase Offer and the Share Purchase Agreement (each as defined below), will see Cinram Acquisition, Inc. (the "Purchaser") and/or one or more of its nominees acquire: (a) substantially all of the property and assets used in connection with the business carried on by Cinram in North America (except for certain excluded assets) (the "Asset Sale Transaction"); and (b) all of the issued and outstanding shares of Cooperatie Cinram Netherlands UA (the "Purchased Shares") and thereby the business carried on by Cinram in Europe (the "Share Sale Transaction", together with the Asset Sale Transaction, the "Sale Transaction").

4. This Affidavit is sworn in support of a motion (the "Sale Approval Motion") by the Applicants for an Order (the "Approval and Vesting Order"), *inter alia*:

- (a) approving the Asset Sale Transaction pursuant to the Asset Purchase Agreement dated June 22, 2012 (the "Asset Purchase Agreement") between CII and the Purchaser;
- (b) approving the Share Sale Transaction pursuant to the binding purchase offer dated June 22, 2012 (the "Share Purchase Offer") provided by the Purchaser to CII and 1362806 Ontario Limited (together with CII, the "Share Sellers");
- (c) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Share Purchase Offer;
- (d) authorizing CII, Cinram, Inc., Cinram Retail Services LLC, One K Studios, LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the "Asset Sellers") to complete the Asset Sale Transaction;

- (e) authorizing the Share Sellers to complete the Share Sale Transaction, including, without limitation, entering into a share purchase agreement in the form attached as Exhibit A to the Share Purchase Offer (the "**Share Purchase Agreement**") upon due exercise of the Share Purchase Offer; and
- (f) upon delivery of closing certificates by the Court-appointed Monitor (the "**Monitor**") in these proceedings to the Purchaser, vesting all of the Asset Sellers' right, title and interest in and to the Purchased Assets (as defined in the Asset Purchase Agreement) and the Share Sellers' right, title and interest in and to the Purchased Shares in the Purchaser, or one or more of its nominees, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Approval and Vesting Order.

## II. BACKGROUND

5. As more fully described in the affidavit of John Bell, sworn June 23, 2012, (the "**Bell Affidavit**") in support of the Applicants' application for the Initial CCAA Order (as defined below), the CCAA Parties are part of a consolidated business in Canada, the United States and Europe that is headquartered in Canada and operationally and functionally integrated in many significant respects. Cinram is one of the world's largest providers of pre-recorded multimedia products and related logistics services and is a leader in the industry for production, service, delivery and customer satisfaction. With facilities in North America and Europe, Cinram (i) manufactures DVDs, Blu-ray discs and CDs, and provides distribution services for motion picture studios, music labels, video game publishers, computer software companies, telecommunication companies and retailers around the world; (ii) provides various digital media services through its subsidiary One K Studios, LLC; and (iii) provides retail inventory control and forecasting services through Cinram Retail Services, LLC (collectively, the "**Cinram Business**").

6. As discussed in the Bell Affidavit, Cinram operates in an industry where there is a high degree of customer concentration and where production levels and cash flows in any period are materially affected by the timing and commercial success of customer product releases. The economic downturn in Cinram's primary markets of North America and Europe has impacted consumers' discretionary spending and adversely affected the industry generally. Over the past four years, Cinram has experienced significant declines in revenue and EBITDA, resulting in part due to customer losses, reductions in pricing and declining customer order volumes.

7. As more fully described in the Bell Affidavit, declining revenues and EBITDA have made it increasingly difficult for Cinram to service its debt obligations and comply with its financial covenants under the Amended and Restated Credit Agreement dated as of April 11, 2011 (the "**First Lien Credit Agreement**") among CII, Cinram, Inc. and Cinram (U.S.) Holding's Inc., as borrowers, the guarantors party thereto, the lenders from time to time party thereto, and JPMorgan Chase Bank N.A., as administrative agent, and the Second Lien Credit Agreement dated as of April 11, 2011 (the "**Second Lien Credit Agreement**", together with the First Lien Credit Agreement, the "**Credit Agreements**") among Cinram (U.S.) Holding's Inc., as borrower, Cinram International ULC and the other guarantors party thereto, the lenders from time to time party thereto (collectively with the lenders party to the First Lien Credit Agreement, the "**Lenders**") and JPMorgan Chase Bank N.A., as administrative agent (together with the administrative agent under the First Lien Credit Agreement, the "**Administrative Agent**").

8. As more fully described in the Bell Affidavit, with respect to the First Lien Credit Agreement, as at March 31, 2012, there was approximately \$233 million outstanding under the term loan facility; \$19 million outstanding under the revolving credit facilities; and approximately \$12 million of letter of credit exposure. With respect to the Second Lien Credit

Agreement as at March 31, 2012, there was approximately \$12 million outstanding. The Lenders under the Credit Agreements have security over substantially all of the assets of each of the Borrowers and Guarantors thereunder (with the exception of the Cinram Holdings GmbH and Cinram GmbH whose guarantees are limited as a result of German corporate law).

9. As more fully described in the Bell Affidavit, Cinram has been unable to satisfy certain financial covenants under the Credit Agreements and is unable to repay or refinance the amounts owing under the Credit Agreements or find an out-of-court transaction for the sale of the Cinram Business with proceeds that equal or exceed the amounts owing under the Credit Agreements.

10. On June 25, 2012, the Applicants intend to seek an Order of this Honourable Court (the "**Initial CCAA Order**") protecting the CCAA Parties from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**", with these proceedings commenced thereunder referred to herein as the "**CCAA Proceedings**").

11. Based on my understanding from Robert J. Chadwick of Goodmans LLP ("**Chadwick**"), Cinram's Canadian counsel, it is contemplated that these CCAA Proceedings will be the primary Court-supervised restructuring of the CCAA Parties. In conjunction therewith, the Applicants intend to commence proceedings (the "**Chapter 15 Proceedings**") under Chapter 15 of the United States Bankruptcy Code ("**Chapter 15**") to seek recognition of these CCAA Proceedings as "Foreign Main Proceedings" as soon as practicable. The Applicants also intend to seek an order which, among other things, recognizes the proposed Approval and Vesting Order and authorizes the sale of the Purchased Assets located in the United States, free

and clear of all liens, claims, encumbrances and interests, other than permitted encumbrances (the "**Sale Recognition Order**") under the Chapter 15 Proceedings.

12. As discussed in the Bell Affidavit, since 2009, Cinram has taken several steps in an effort to strengthen its operational and financial position by, among other things, reducing its debt levels, reducing its cost structure, limiting capital expenditures, and focusing on its core business of producing standard DVDs and Blu-ray discs and related distribution services, with the intention of disposing of non-core assets, including facility rationalization where appropriate.

13. As part of its extensive restructuring efforts, on April 11, 2011, Cinram completed a refinancing and recapitalization transaction (the "**Refinancing and Recapitalization**") to, among other things, reduce its debt and extend the maturity date of its credit facilities in an effort to provide Cinram with increased liquidity and a more sustainable capital structure.

14. In the first half of 2011, results of operations disappointed due primarily to a decline in customer order volumes and as a result, Cinram sought amendments to the Credit Agreements in August 2011 (the "**August 2011 Amendment**"). In addition to certain changes to financial and other covenants, as well as certain requirements under the Credit Agreements, the August 2011 Amendment resulted in Cinram engaging Moelis to assist in a review of its strategic alternatives (as further discussed below).

15. Continued decline in customer volumes for the fourth quarter of 2011 resulted in Cinram seeking waivers to certain covenants in the Credit Agreements. A series of waivers extending from December 2011 through June 30, 2012, were obtained, relating to, among other things, certain financial covenants.



16. Additional factual background concerning the Cinram Group and its restructuring efforts is set forth in the Bell Affidavit.

17. Cinram has been unable to find an out-of-court solution to its financial difficulties, and I do not believe there is a reasonable expectation that the Cinram Group's financial condition will improve absent these restructuring proceedings. Without a successful restructuring, indications suggest that the Cinram Group's liquidity and ability to service its cash payment obligations will deteriorate further with a corresponding erosion of the value of the Cinram Business.

**III. STRATEGIC REVIEW PROCESS**

18. As noted above, pursuant to the August 2011 Amendment, in September, 2011, Cinram engaged Moelis as investment banker to assist Cinram in a comprehensive and thorough review of Cinram's strategic alternatives with the goal of maximizing value for Cinram's stakeholders.

19. Moelis is a global investment bank that provides financial advisory, capital raising and asset management services to a broad client base including corporations, institutions and governments. Established in 2007, Moelis is headquartered in New York with eleven offices in North America, Europe, Asia and Australia and employs 580 employees globally.

20. In addition to its expertise in mergers and acquisitions, recapitalization and restructuring, capital market risk advisory and asset management, Moelis is recognized for its leading global media practice having completed over \$50 billion in transaction volume across over 60 transactions. Moelis has a wide range of experience and relationships in all key media

subsectors, having represented companies and creditors on both the buy-side and the sell-side of transactions.

21. As part of Cinram's strategic review process, Moelis sought to identify a potential transaction such as a sale of the company, strategic combination or new money investment from a strategic or financial investor, while concurrently evaluating a possible stand-alone transaction with Cinram's lenders.

22. Commencing in the fall of 2011, Moelis conducted preliminary discussions with certain key parties-in-interest, including the Lenders' financial advisors, key customers and certain strategic parties. Moelis next commenced the initial stages of the marketing process by assisting, together with Cinram management, in preparing a Confidential Information Memorandum (the "CIM") for prospective purchasers to review upon execution of a confidentiality agreement and began to contact prospective investors, communicating the Cinram investment opportunity and providing interested parties with a brief overview of the Cinram Business.

23. Moelis undertook a comprehensive assessment of the market for the Cinram Business to identify potential parties that might be interested in considering an acquisition or investment transaction and contacted approximately 59 parties, including 54 financial investors and 5 strategic parties. Approximately 26 parties executed confidentiality agreements and were provided with the CIM and access to Cinram's data room. Moelis continued to engage with prospective bidders interested in moving forward with the process. Non-binding proposals were requested from interested parties by January 20, 2012.

24. Several potential bidders submitted non-binding expressions of interest in January 2012. Upon consideration of these proposals and discussion with Cinram management, Moelis invited each of the potential bidders to participate in the next round of the process. Cinram, its advisors and Moelis engaged in detailed discussions with the interested parties in order to determine the optimal structure of a potential transaction and the value that could be obtained for the benefit of Cinram's stakeholders.

25. During February 2012, materials further detailing the Cinram Business were prepared and Cinram management presented to each of the individual bidders, or a diligence session was provided in lieu of a management presentation. Cinram, its advisors and Moelis worked diligently with potential bidders, responding to inquiries, discussing the Cinram Business and the acquisition or investment opportunity and otherwise providing the prospective bidders with information necessary to formulate an offer for the Cinram Business.

26. On February 28, 2012, Moelis provided to each potential bidder a process letter requesting a detailed proposal (a "**Detailed Proposal**") from each bidder by March 12, 2012. The Detailed Proposal required bidders to outline proposed transaction terms, due diligence and other conditions, and a timetable for the proposed transaction. A more limited number of second round bids were received on or about March 12, 2012, and were reviewed by Moelis, Cinram management and its advisors.

27. Moelis and Cinram continued discussions with certain of the second round bidders each of whom conducted more detailed due diligence, including telephonic and in person meetings with Cinram management and its advisors, as well as visits to key operating facilities. Moelis requested receipt of binding indications of interest from the second round bidders by

April 6, 2012, which binding proposals were to include specific details, including: (a) value and form of consideration; (b) transaction structure; (c) assumed and excluded assets and liabilities; (d) timing to close; (e) evidence of financing; (f) details of any proposed price adjustments; and (g) assumptions of existing indebtedness.

28. In April, Moelis received an inbound inquiry from a new party expressing interest in Cinram, who also executed a confidentiality agreement and was provided with access to the Cinram data room. This was followed shortly with a formal indication of interest.

29. Moelis, Cinram management and its advisors continued discussions and conducted meetings with the interested parties, while also continuing discussions with the Lenders in connection with pursuing a possible stand-alone transaction.

30. After reviewing and considering all of the submissions in the strategic review process, Cinram, after discussion and consultation with Moelis, Cinram's other advisors and the Lenders' advisors, determined that the offer submitted in respect of the Purchaser was the best offer submitted in the circumstances taking into account such factors as (i) purchase price; (ii) conditions for closing; (iii) required financing; (iv) structuring of the transaction; (v) the timeframe within which the transaction could be closed, and (vi) certainty of close.

31. Accordingly, Cinram, with the assistance of Moelis and Cinram's counsel, entered into negotiations with the Purchaser in respect of the execution of definitive agreements for the sale of the Purchased Assets and Purchased Shares.

32. The strategic review process culminated with the execution of the Asset Purchase Agreement by CII and the Purchaser on June 22, 2012, and the execution of the Share Purchase

Offer by the Purchaser on June 22, 2012. A copy of the Asset Purchase Agreement and a copy of the Share Purchase Offer are attached hereto as Exhibit "A" and "B", respectively. The Purchaser has paid a deposit of \$5,000,000 to JPMorgan Chase Bank to be held in escrow in accordance with the Asset Purchase Agreement. The key elements of the Sale Transaction are discussed below.

33. The Purchaser is a newly formed entity owned by the Najafi Companies ("Najafi"), an international private investment firm based in Phoenix, Arizona. As referenced on the firm's website, Najafi makes selective investments up to \$1 billion in transaction value in companies with strong management teams across a variety of industries, taking a long-term view on its investments and focusing its efforts on creating value through growth and superior performance. Najafi's operating investments include, among others, Direct Brands (including Columbia House), Innovative Brands, Trend Homes and Snowflake Power.

34. As noted in the Bell Affidavit, throughout the strategic review process, Cinram kept key stakeholders, including the lenders and major customers, apprised of its progress. In addition to discussions in connection with a potential stand-alone transaction, the lenders engaged in extensive discussions with Cinram and its advisors from the commencement of the process and also participated in discussions with potential bidders. Cinram and its advisors also partook in discussions with Cinram's major customers and provided updates as to the developments in the process. Such parties have been supportive of Cinram's efforts in pursuing a successful restructuring of its business, including through the Sale Transaction.

**IV. SALE TRANSACTION**

35. The Sale Transaction involves the Asset Sale Transaction contemplated by the Asset Purchase Agreement and the Share Sale Transaction contemplated by the Share Purchase Offer and, upon exercise thereof, the Share Purchase Agreement. I am advised by Chadwick, Cinram's Canadian counsel it is structured in this way due to certain regulatory consultation requirements involving works councils in France, which must occur prior to the transfer of Cinram's European business to the Purchaser through the Share Sale Transaction. I understand from Chadwick that the requirement involves consultation only – consent of the works councils in France to the transaction is not required. Completion of the consultation with the applicable French works councils is a key pré-condition to the Share Sellers' ability to accept the Share Purchase Offer. Upon due exercise of the Share Purchase Offer, the Share Sellers and the Purchaser shall, pursuant to the terms and conditions of the Share Purchase Offer, execute the Share Purchase Agreement pursuant to which the Share Sale Transaction will be completed. The goal is to close the Asset Sale Transaction and the Share Sale Transaction simultaneously in August 2012; however, the closing of the Share Sale Transaction may be extended if necessary to complete certain regulatory consultation matters and subject to the Purchaser's right to extend the closing to December 17, 2012.

**(a) Asset Purchase Agreement**

36. I have reviewed the Asset Purchase Agreement and note the following terms:

- (i) an aggregate cash purchase price of \$82,500,000 to be allocated among the Purchased Assets and the Purchased Shares, subject to certain adjustments as provided in the Asset Purchase Agreement;

- (ii) the purchase from the Asset Sellers of substantially all of the property and assets used in connection with the business carried on by Cinram in North America (other than certain excluded assets) (the "**North America Purchased Business**"), including, without limitation, the assumption of the contracts, personal property leases, real property leases and third party licenses as set out in the Asset Purchase Agreement, pursuant to the terms and conditions of the Asset Purchase Agreement;
- (iii) the effective date of the Asset Sale Transaction is April 30, 2012 (the "**Asset Sale Effective Date**"), with the Purchaser entitled to the benefit of all revenues and profits of the North America Purchased Business as of the Asset Sale Effective Date, and bearing the responsibility of all expenses and losses of the North America Purchased Business as of the Asset Sale Effective Date;
- (iv) the Purchaser will continue to fulfill obligations to customers and suppliers relating to the North America Purchased Business, as set out in the Asset Purchase Agreement;
- (v) the Asset Purchase Agreement may be terminated by either party if, among other reasons, the closing does not occur on or before September 15, 2012, or such later date agreed to by both parties (the "**Sunset Date**");
- (vi) CII shall not, and shall cause its affiliates not, to pursue an Acquisition Proposal (as defined in the Asset Purchase Agreement), except that CII may consider an Acquisition Proposal that could reasonably be expected to lead to a Superior Proposal (as defined in the Asset Purchase Agreement) subject to the terms and conditions set forth in the Asset Purchase Agreement;
- (vii) if CII terminates the Asset Purchase Agreement for the purpose of entering into a binding written agreement with respect to a Superior Proposal, or the Purchaser terminates the Asset Purchase Agreement as a

result of: (1) CII withdrawing or seeking authority to withdraw the Approval and Vesting Order or the Sale Recognition Order; (2) CII selling, transferring or otherwise disposing of any material portion of the Purchased Assets, except in connection with the CCAA Proceedings and/or the Chapter 15 Proceedings, and except with the consent of the Purchaser; or (3) a condition to closing not being satisfied by the Sunset Date due to a material breach by CII that cannot be timely cured, CII must pay to the Purchaser a fee in the amount of \$2,250,000;

- (viii) the Purchaser may nominate one or more entities to take title to the Purchased Assets;
- (ix) the granting of the Approval and Vesting Order being sought by the Applicants, together with the Sale Recognition Order, the form and substance of which have been agreed to by the Purchaser, is a condition to the completion of the Asset Sale Transaction;
- (x) aside from closing deliveries, additional conditions to the completion of the Asset Sale Transaction include: (1) obtaining the regulatory approvals under the *Investment Canada Act* (Canada); (2) assignment of the Material Contracts (as defined in the Asset Purchase Agreement) to the Purchaser or its nominees, or a replacement thereof with new contracts in a manner acceptable to the Purchaser; (3) obtaining the consents of the Material Customers and the European Material Customers (each as defined in the Asset Purchase Agreement); and (iv) executing the Transition Services Agreement (as defined in the Asset Purchase Agreement); and
- (xi) Permitted Encumbrances include Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under equipment contracts and personal property leases acquired by the Purchaser as part of the Purchased Assets.



(b) **Share Purchase Offer and Share Purchase Agreement**

37. I have reviewed the Share Purchase Offer and the Share Purchase Agreement and note the following terms:

- (i) a cash purchase price of \$82,500,000, less the purchase price paid for the Purchased Assets pursuant to the Asset Purchase Agreement;
- (ii) the purchase from the Share Sellers of all of the issued and outstanding shares in Cooperatie Cinram Netherlands UA, and indirectly, each of its direct and indirect subsidiaries (with the exception of Cinram Iberia SL);
- (iii) the Purchaser may nominate one or more entities to take title to the Purchased Shares;
- (iv) the Share Sellers' ability to accept the Share Purchase Offer is conditioned upon the completion of the consultation process with the French works councils;
- (v) upon due exercise of the Share Purchase Offer, the Share Sellers and the Purchaser shall execute the Share Purchase Agreement;
- (vi) aside from closing deliveries, additional conditions to closing of the Share Sale Transaction include: (i) the closing of the Asset Sale Transaction in accordance with the Asset Purchase Agreement; and (ii) the cancellation or termination of all debt obligations and guarantees of Cinram's European entities to third party senior secured lenders and the release of all securities related thereto;
- (vii) the Purchaser has the right to extend the closing of the Share Sale Transaction up to December 17, 2012;
- (viii) the Share Sellers and their affiliates shall not solicit or encourage any inquiries or proposals for, or enter into any discussions with respect to, the

acquisition by any other person of any shares of Cinram's European entities; and

- (ix) the Share Purchase Offer may be rescinded by either party if the Asset Purchase Agreement is terminated.

**V. SUPPORT AGREEMENT**

38. As described in the Bell Affidavit, on June 22, 2012, lenders who are members of the steering committee with respect to the First Lien Credit Agreement and who are subject to confidentiality agreements (the "Initial Consenting Lenders"), Cinram Fund and the Borrowers under the Credit Agreements entered into a support agreement (the "Support Agreement") pursuant to which the Initial Consenting Lenders agreed to support the Sale Transaction to be pursued through these CCAA Proceedings. More specifically, the Sale Transaction has the support of lenders representing approximately 40% of the loans under the First Lien Credit Agreement. Cinram anticipates further support of the Sale Transaction from additional lenders under the Credit Agreements following the public announcement of the Sale Transaction. A copy of the Support Agreement is attached as Exhibit "F" to the Bell Affidavit.

**V. MOTION FOR APPROVAL OF THE SALE TRANSACTION**

39. After completion of a comprehensive strategic review process, I believe that the Sale Transaction represents the best available alternative in the circumstances taking into account such factors as (i) aggregate value to stakeholders, (ii) the timeframe within which the transaction could be close, and (iii) the probability of closing. The Sale Transaction enables the Cinram Business to continue as a going concern. Additionally, through the Asset Purchase

Agreement, the Share Purchase Offer and the Share Purchase Agreement, the transaction is intended to result in a transition of ownership with minimal disruption to the business.

40. As indicated above, the Asset Purchase Agreement and the Share Purchase Offer represent the best offer made for the Cinram Business and have been consented to by lenders representing approximately 40% of the loans under the First Lien Credit Agreement, the Lenders being Cinram's primary secured creditors over substantially all of the assets of the Cinram Business.

41. I have been advised by Chadwick, Cinram's Canadian counsel that, among others, parties with a registered security interest under the *Personal Property Security Act* (Ontario) will be served with the within motion.

#### **VI. SEALING ORDER**

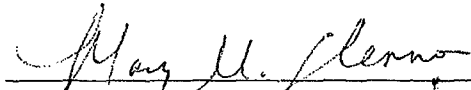
42. Schedules 2.1(i), 4.3 and 4.6 to the Asset Purchase Agreement and Schedule I.3 to Exhibit I to the Asset Purchase Agreement contain sensitive, competitive information of the CCAA Parties. These schedules will be provided to the Court under seal and a sealing order will be sought with respect to such information. I believe sealing these schedules is appropriate in the circumstances.

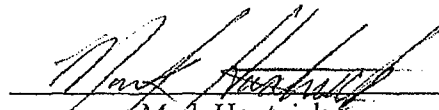
#### **VII. CONCLUSION**

43. After carrying out a comprehensive strategic review process for the Cinram Business, it became apparent that the Cinram Group would not be able to enter into a transaction that permitted the Cinram Group to repay amounts owing to the Lenders under the Credit Agreements in full and that the Cinram Group does not have the ability to refinance the Credit

Agreements in full. I believe that taking into account, among other factors, the transaction consideration, the nature of the purchased assets, timing and probability of closing, the Sale Transaction contemplated by the Asset Purchase Agreement, the Share Purchase Offer and the Share Purchase Agreement represents the best available alternative in the circumstances to the Cinram Group and its stakeholders as a whole and the best opportunity to normalize its capital structure and preserve the value of the Cinram Business.

SWORN BEFORE ME at the City of  
New York, in the State of New York,  
on June 23, 2012

  
A Notary Public in and for the State  
of New York.

  
Mark Hootnick

MARY M. GLENNON  
Notary Public, State of New York  
No. 01GL6139228  
Qualified in Kings County  
Commission Expires January 1, 2014

**SCHEDULE "A"**

**Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

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

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

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

Court File No: CV12-9767-00CL

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

**AFFIDAVIT OF MARK HOOTNICK  
(sworn June 23, 2012)**

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

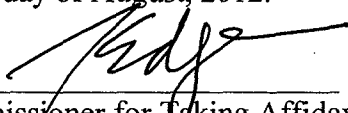
Robert J. Chadwick LSUC#: 35165K  
Melaney J. Wagner LSUC#: 44063B  
Caroline Descours LSUC#: 58251A

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

Lawyers for the Applicants

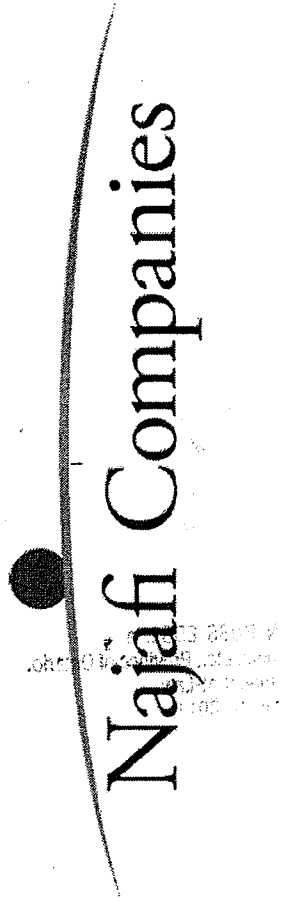
**N**

This is Exhibit "N" referred to in the  
affidavit of John H. Bell  
sworn before me, this 14<sup>th</sup>  
day of August, 2012.

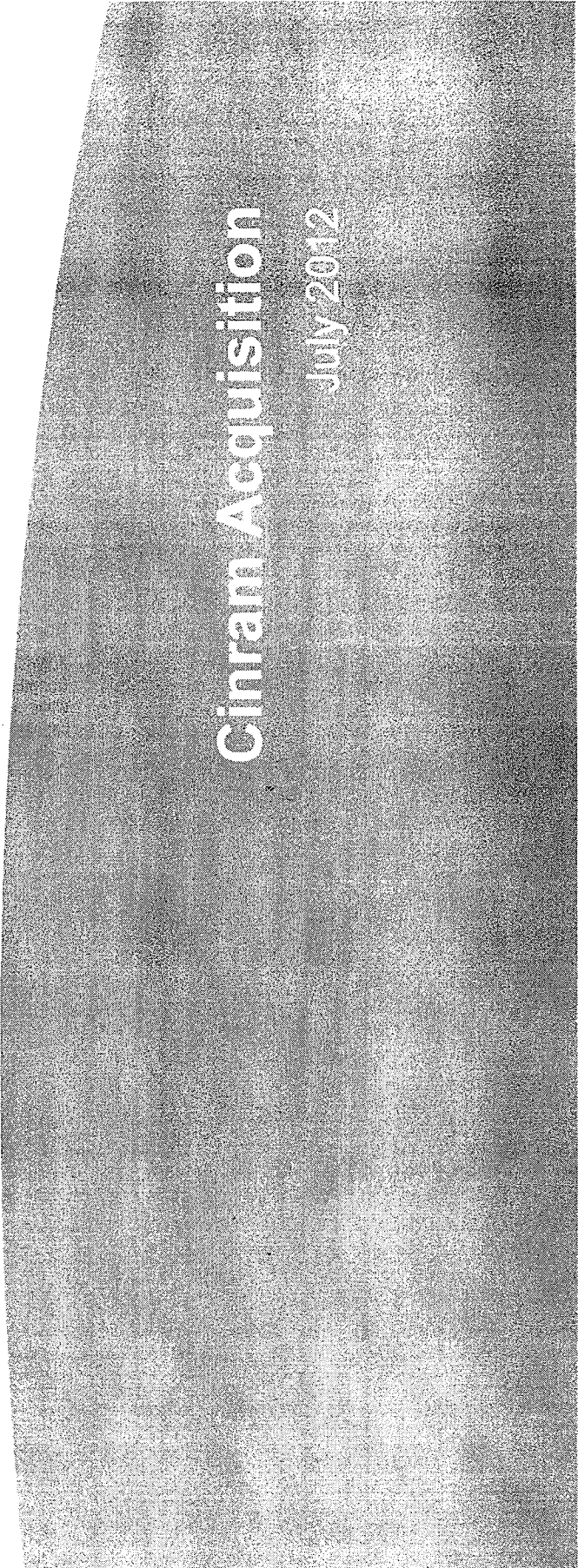
  
A Commissioner for Taking Affidavits

**JONATHAN ROSS EDGE, a  
Commissioner, etc., Province of Ontario,  
while a Student-at-Law.  
Expires May 8, 2014.**





John G. ...  
...  
...  
...



# Cinram Acquisition

July 2012

# About Najafi Companies

- Diversified private investment firm
- Invest internally generated capital
- Attracted to sectors, businesses that may be out of popular favor
- Experienced at evaluating and acquiring businesses in unique situations
- Track record of successful transformations
- Areas of interest include
  - Manufacturing
  - Direct Marketing
  - Media
  - Internet Services



▪ Direct marketing Catalog / Ecommerce and Loyalty Program



▪ French-Speaking Book Club Business



▪ Biomass Power Company



▪ Fast Casual Italian Restaurant Chain



DIRECT BRANDS INC.

▪ Direct marketing Book/Music/DVD Club



Trend Homes  
Regency

▪ Home building company



▪ Consumer products company



▪ Internet services for small businesses

# Our Strategic Focus

## Investment Philosophy

- Long-term investment philosophy
- Value investment approach
- Seek to acquire assets in volatile markets
- Acquire controlling interests
- Make follow-on capital investments as necessary
- Stabilize, transform and grow investments

## Ideal Acquisition Profile

- World-class management teams
- Viable businesses in need of capital, shareholder liquidity, recapitalization or divestiture by parent
- Assets able to generate strong cash flows

Assets which can be transformed into growth entities

# Cinram Overview

# Acquisition of Cinram

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- On June 25, 2012, Cinram reached agreements with an affiliate of Najafi Companies for the sale of substantially all of Cinram's assets and business in the US, Canada, the UK, France and Germany
- The existing approximately \$278 million of debt as of March 31, 2012 will be extinguished at the close of the acquisition, substantially improving the capitalization structure at Cinram
- Thus, the approximately \$30 million of cash interest payment as of March 31, 2012 (last twelve months) will no longer be the responsibility of Cinram at the close of the acquisition, improving Cinram's free cash flow

# Overview of Cinram's Income Statement

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(\$ in 000)	LTM <u>3/31/2012</u>
<b>Total Revenue</b>	<b>\$791,724</b>
Cost of Goods Sold	<u>\$663,722</u>
<b>Gross Margin</b>	<b>\$128,002</b>
<b>EBITA (excluding other charges)</b>	<b>\$13,973</b>
<b>EBITA</b>	<b>\$20,073</b>

# Breakdown of Cinram's Revenues and EBITA

(\$ in 000)	LTM <u>3/31/2012</u>
<b>Revenue by Segment</b>	
Pre-Recorded Multimedia Products	\$685,465
Video Game	\$43,330
Other	<u>\$62,929</u>
Total Revenue	<u>\$791,724</u>
 <b>Revenue by Geography</b>	
N America	\$436,219
Europe	<u>\$355,505</u>
Total Revenue	<u>\$791,724</u>
 <b>EBITA By Segment</b>	
Pre-Recorded Multimedia Products	\$2,912
Video Game	\$249
Other	<u>\$16,912</u>
Total EBITA	<u>\$20,073</u>

# Overview of Cinram's Balance Sheet

- Cash adjusted to add back actual cash payment of interest/fees and debt amortization for LTM March 31, 2012 assuming no interest and fees for the financing leases
- Debt adjusted for pro forma debt capitalization assuming the close of the acquisition

(\$ in 000)	3/31/2012		3/31/2012
<b>Balance Sheet Overview</b>	Actual	Adjustments	Pro Forma
Cash	\$57,775	\$72,378	\$130,153
Accounts Receivable	\$118,104		\$118,104
Inventory	\$21,662		\$21,662
PPE	\$152,441		\$152,441
<b>Total Assets By Segment</b>			
Pre-Recorded Multimedia Products	\$341,109		\$341,109
Video Game	\$9,061		\$9,061
Other	\$32,102		\$32,102
<b>Total Assets</b>	<b>\$382,272</b>		<b>\$382,272</b>
AP	\$101,284		\$101,284
Bank Debt	\$19,000	(\$19,000)	\$0
1st Lien Debt	\$232,842	(\$232,842)	\$0
2nd Lien Debt	\$11,997	(\$11,997)	\$0
Financing Leases	\$14,397		\$14,397
<b>Total Debt</b>	<b>\$278,236</b>	<b>(\$263,839)</b>	<b>\$14,397</b>
Shareholder's Equity	(\$90,567)	\$336,217	\$245,650





# Appendix

# History of Successful Transformations

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## Network Solutions.

- Original internet registrar, purchased by VeriSign in 2000 for \$15 billion
- VeriSign restricted products and market development and harvested cash from Network Solutions
- Network Solutions began restructuring in 2002, Division was sold to Najafi Companies in 2003 for \$100 million
  - Broadened product offering to provide total online presence strategy for small businesses
  - Focused business on customers and service rather than domains
- Organic growth supported by company cash flows and internal development
- Acquired two companies with key technologies
- Sold in March 2007 for \$800 million

# History of Successful Transformations



- Music, Book, and DVD clubs acquired from Bertelsmann AG in August 2008
- Direct marketing company with over 8 million active customer accounts and strong print and online sales channels
- One of the largest direct-to-consumer distributors of media products in the U.S.
- Well-known consumer brands include "Book-of-the-Month Club," "Doubleday Book Club," and "Columbia House"
- Strong customer base and data analytics provide opportunities to grow product categories
- Transformation opportunities focused on:
  - Back-office efficiencies
  - Online migration
  - Digital products

# U.S. Bankruptcy Involvement

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- Private Homebuilder
- Acquired a substantial portion of the assets of Trend Homes and several of its affiliates in June 2008
- Effectively executed the purchase of assets through 363 sale process



- Biomass Power Plant
- Business was started in June 2008 and put up for auction in 2010. Najafi Companies was designated the winner of the 363 sale after successfully defending its stalking horse bid at auction
- Currently investing capital into the business to improve and grow operations

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

Court File No: CV12-9767-00CL

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

**AFFIDAVIT OF JOHN H. BELL  
(sworn August 14, 2012)**

**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

**3**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE ● ) ●, THE ●<sup>TH</sup>  
JUSTICE ● ) DAY OF ●, 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

ORDER  
(Assignment of Contracts)

THIS MOTION, made by 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 John H. Bell sworn August ●, 2012 and the Exhibits thereto (the "**Bell Affidavit**") and the Second Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the "**Monitor**") dated August ●, 2012 (the "**Monitor's Second Report**"), 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 of this Court dated June 25, 2012 (the "**Initial Order**")), the Pre-Petition Second Lien Agent (as defined in the Initial Order), the DIP Agent (as defined in the Initial Order) and Cinram Group, Inc. (formerly Cinram Acquisition, Inc., the "**Purchaser**"), and no one appearing and making submissions for

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any other person served with the Motion Record, although properly served as appears from the affidavit of ● sworn August ●, 2012, filed,

**SERVICE**

1. THIS COURT ORDERS that the time for and manner of service of the Notice Letter, the Notice of Motion, the Monitor’s Second 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 Bell Affidavit.

**APPROVAL OF ASSIGNMENT OF CONTRACTS**

3. THIS COURT ORDERS that upon the delivery by the Monitor to the Purchaser at the Closing of the Monitor’s Asset Sale Transaction Certificate (as defined in the Approval and Vesting Order of this Court dated July 12, 2012 (the “**Approval and Vesting Order**”)), the contracts, agreements and leases listed in Schedule “B” hereto (collectively, the “**Contracts**”) to which Cinram International Inc. (“**CII**”) is a party are assigned, conveyed and transferred to the Purchaser or one or more entities nominated to take assignment of the Contracts in accordance with the Asset Purchase Agreement (each, a “**Purchaser Nominee**”) pursuant to section 11.3 of the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”), and CII’s rights and obligations under the Contracts shall be transferred to and be assumed by the Purchaser and/or a Purchaser Nominee.

4. THIS COURT ORDERS that, with respect to the Contracts that are real property leases and listed on Schedule “B” hereto (collectively the “**Real Property Leases**”), from and after the Closing, the Purchaser and/or a Purchaser Nominee shall be entitled and subject to all of the rights and obligations as tenant pursuant to the terms of the Real Property Leases and registrations thereof and may enter into and upon and hold and enjoy each premises contemplated by the Real Property Leases and, if applicable, any renewals thereof, for its own

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use and benefit, all in accordance with the terms of the Real Property Leases, without any interruption from the CCAA Parties, the landlords under the Real Property Leases or any person whomsoever claiming through or under any of the Petitioner Parties or the landlords under the Real Property Leases.

5. THIS COURT ORDERS that the assignment and transfer of the Contracts shall further be subject to the provision of the Approval and Vesting Order directing that the Asset Sellers' rights, title and interests shall vest absolutely in the Purchaser and/or a Purchaser Nominee free and clear of all Encumbrances (as defined in the Approval and Vesting Order) other than the Permitted Encumbrances (as defined in the Approval and Vesting Order).

6. THIS COURT ORDERS that the assignment of the Contracts pursuant to this Order is valid and binding upon all of the counterparties to the Contracts, notwithstanding any restriction or prohibition contained in any such Contracts relating to the assignment thereof, including, but not limited to, any provision requiring the consent of any party to the transfer, conveyance, or assignment of the Contracts.

7. THIS COURT ORDERS that no counterparty under any Contract, nor any other person, upon the assignment and transfer to, and assumption by, the Purchaser and/or a Purchaser Nominee of the Contracts hereunder shall make or pursue any demand, claim, action or suit or exercise any right or remedy under any Contract against the Purchaser and/or a Purchaser Nominee relating to:

- (a) the CCAA Parties having sought or obtained relief under the CCAA;
- (b) the insolvency of the CCAA Parties; or
- (c) any failure by the CCAA Parties to perform a non-monetary obligation under any Contract;

and all such counterparties and persons shall be forever barred and estopped from taking such action. For greater certainty, nothing herein shall limit or exempt the Purchaser or a Purchaser Nominee in respect of obligations accruing, arising or continuing after the Closing under the Contracts other than in respect of items (a) - (b) above.

8. THIS COURT ORDERS that CII and/or any other CCAA Party that is also party to any of the Contracts are hereby authorized and directed to, and may direct another party to, satisfy all monetary defaults in relation to any of the Contracts, if applicable, other than those arising by reason only of the CCAA Parties':

- (a) insolvency;
- (b) commencement of proceedings under the CCAA; or
- (c) failure to perform a non-monetary obligation under any Contract;

on or before the Closing, as set out in the Assignment Notice, the Supplemental Notices and/or the Designation Notices, as applicable, or as otherwise agreed by the parties, and all payments of monetary defaults hereunder shall be in accordance with the Asset Purchase Agreement.

9. THIS COURT ORDERS that all accruals of unpaid or unbilled amounts under the Contracts in respect of the period of time prior to the Closing and asserted prior to the Closing shall be satisfied by the applicable CCAA Party, or as such CCAA Party may direct, or shall be assumed by the Purchaser and/or a Purchaser Nominee, and any such accruals in respect of amounts asserted after the Closing or liabilities arising after the Closing shall be assumed and satisfied by the Purchaser and/or a Purchaser Nominee, all in accordance with the Asset Purchase Agreement.

10. THIS COURT ORDERS AND DECLARES that any assignment or transfer of leases, contracts or agreements by the Asset Sellers is subject to the Sale Recognition Order issued by the United States Bankruptcy Court for the District of Delaware on July 25, 2012, authorizing the assumption and assignment of executory contracts and unexpired leases of the Asset Sellers, and to the extent of any inconsistency between this Order and the Sale Recognition Order, this Order shall govern; provided that no inconsistency results if assumption and/or assignment of a lease, contract or agreement of the Asset Sellers forms part of the Sale Recognition Order but does not form part of this Order (or *vice versa*).

11. THIS COURT ORDERS that, following the date of this Order, including, for greater certainty, following the Closing, upon receipt by CII of a notice of designation by the Purchaser

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of any additional leases, contracts or agreements not listed on Schedule "B" hereto to which CII is a party, including, for greater certainty, any Olyphant Contracts (as defined in the Asset Purchase Agreement) to which CII is a party, for assignment to the Purchaser and/or a Purchaser Nominee in accordance with section 9.2 of the Asset Purchase Agreement and in respect of which counterparty consent is required thereunder but not obtained (each an "Additional Assigned Contract"), CII is authorized and directed to provide notice (a "Designation Notice") within three (3) Business Days (as defined in the Asset Purchase Agreement) of such receipt to the applicable counterparty to such Additional Assigned Contract of the assignment to and assumption by the Purchaser and/or a Purchaser Nominee of such Additional Assigned Contract, including any updated cure amount to be paid in connection with such assignment and assumption.

12. THIS COURT ORDERS that any counterparty to an Additional Assigned Contract who receives a Designation Notice shall have seven (7) Business Days from the date of such Designation Notice (the "Objection Deadline") to provide notice to the Monitor and the CCAA Parties of any objection it has to such assignment to and assumption by the Purchaser and/or a Purchaser Nominee of the applicable Additional Assigned Contract.

13. THIS COURT ORDERS that if the Monitor and CCAA Parties do not receive any notice of objection to the assignment to and assumption by the Purchaser and/or a Purchaser Nominee of an Additional Assigned Contract by the Objection Deadline, CII shall be authorized to assign such Additional Assigned Contract to the Purchaser and/or a Purchaser Nominee subject to sections 3 to 10, inclusive, of this Order, which shall apply *mutatis mutandis* to the assignment and assumption of any Additional Assigned Contracts without any further Court order.

14. THIS COURT ORDERS that the applicable date of assignment and assumption of any Additional Assigned Contracts shall be the later of the date of service of the Designation Notice or delivery of the Monitor's Asset Sale Transaction Certificate.

15. THIS COURT ORDERS that if notice of an objection to the assignment to and assumption by the Purchaser and/or a Purchaser Nominee of an Additional Assigned Contract is received by the Monitor and the CCAA Parties from the counterparty to such Additional

Assigned Contract by the required time, the CCAA Parties are authorized and directed to schedule a motion with this Court for the resolution of such objection.

16. THIS COURT ORDERS that, notwithstanding anything herein, the CCAA Parties may, on not fewer than ten (10) Business Days' prior written notice to the Purchaser (each such notice a "**Rejection Notice**"), cause to be rejected or disclaimed 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 Asset Purchase Agreement or (b) agree in writing to reimburse the applicable CCAA Party 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 CCAA Parties with notice of the Purchaser's decision as to whether to assume such Open Contract or permit its rejection, in which case the CCAA Parties shall refrain from rejecting such Open Contract until the date they receive notification of such decision from the Purchaser. The CCAA Parties 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.

**GENERAL**

17. 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 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.

18. 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

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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.

19. THIS COURT ORDERS that the CCAA Parties may apply to this Court for advice and direction, or to seek relief in respect of any matters arising from or under this Order, including without limitation, as necessary, to effect the transfer of the Contracts (including any transfer of title registrations in respect of such Contracts), the interpretation of this Order or the implementation thereof, and for any further order that may be required, on notice to any party likely to be affected by the order sought or on such notice as this Court requires.

---

**SCHEDULE A**

**Additional Applicants**

Cinram International General Partner Inc.  
Cinram International ULC  
1362806 Ontario Limited  
Cinram (U.S.) Holding's Inc.  
Cinram, Inc.  
IHC Corporation  
Cinram Manufacturing LLC  
Cinram Distribution LLC  
Cinram Wireless LLC  
Cinram Retail Services, LLC  
One K Studios, LLC

**Schedule "B"**

**Listed Closing Assigned Contracts**

<b>Cinram Parties</b>	<b>Counterparties</b>	<b>Agreement</b>
Cinram International Inc.	EMI Music Canada	Manufacturing and Distribution Services Agreement (Canada)
Cinram International Inc.	Universal Music Canada Inc.	Manufacturing Agreement
Cinram International Inc.	Take-Two Interactive Software, Inc. and Jack Of All Games, Inc.	Guaranty
Cinram International Inc.	nuBridges, LLC	Software License Agreement
Cinram International Inc.	KNAPP Logistics and Automation, Inc.	Hotline Contract
Cinram International Inc.	Computer Associates Canada Ltd.	License Agreement
Cinram International Inc.	Infor Global Solutions	PRMS Software License Agreement
Cinram International Inc.	Xerox Canada Ltd.	Total Document Solutions Agreement
Cinram International Inc.	Nugget Avenue (Phase I) Inc.	Lease
Cinram International Inc.	Macrovision Corporation	Intellectual Property License for Macrovision's Technologies
Cinram International Inc.	Matsushita Electric Industrial, Co., Ltd.	Settlement and License Agreement
Cinram International Inc.	DVD Format/Logo Licensing Corporation	DVD Format/Logo License Agreement
Cinram International Inc.	Rovi Solutions Corporation	CopyBlock Letter Agreement
Cinram International Inc.	Time Warner Inc. and Pioneer Corporation	Pioneer Cross-License Acceptance and Assumption Agreement

Cinram Parties	Counterparties	Agreement
Time Warner Inc. assigned to Cinram International Inc. per Pioneer Cross-License Acceptance and Assumption Agreement	Pioneer Corporation	Cross-Licēse Agreement
Cinram International Inc.	Sony DADC Austria AG	Authorized Replicator Agreement
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6024)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6026)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 6072/4918)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6859)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6905)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6906)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 6970)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7200)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Amendment to Equipment Lease (Lease Number 7200/9053)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7689)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7690)
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7691)



<b>Cinram Parties</b>	<b>Counterparties</b>	<b>Agreement</b>
Cinram International Inc.	G.N. Johnston Equipment Co. Ltd.	Lease Agreement (Lease #: 7762)
Cinram International Inc.	Manufacturers Life Insurance Company	Employee Benefits Policy 901735
Cinram International Inc.	HR Technologies	Sales Agreement
Cinram International Inc.	HR Technologies	Software Maintenance Agreement
Cinram International Inc.	HR Technologies	Hardware Maintenance Agreement
Cinram International Inc.	PHH Vehicle Management Services Inc.	Card Services Agreement

V6109898

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**

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Lawyers for the Applicants

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

Court File No. CV12-9767-00CL

**AND IN THE MATTER OF THE 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

**MOTION RECORD  
(Returnable August 21, 2012)**

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