

**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
(Stay Extension Motion Returnable July 12, 2012)**

GOODMANS LLP

Barristers & Solicitors

Bay Adelaide Centre

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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

TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS*
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LISTED IN SCHEDULE "A"

Applicants

NOTICE OF MOTION
(Stay Extension Motion Returnable July 12, 2012)

The Applicants will bring a motion before a Judge of the Commercial List on July 12, 2012, at 9:30 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) extending the Stay Period (as defined in the Initial Order in the proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") granted by this Honourable Court on June 25, 2012 (the "**Initial Order**")) to September 14, 2012; 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 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) The stay of proceedings under the Initial Order has been granted to July 25, 2012, or such later date as this Court may order;
- (c) On June 26, 2012, Cinram ULC, sought and obtained, *inter alia*, an order under Chapter 15 of Title 11 of the United States Bankruptcy Code from the U.S. Bankruptcy Court for the District of Delaware recognizing these CCAA proceedings as the “foreign main proceedings” of the Applicants and recognizing the Initial Order;
- (d) Cinram International Income Fund collectively with its direct and indirect subsidiaries is referred to herein as “**Cinram**”;
- (e) The CCAA Parties are proceeding in good faith with due diligence;
- (f) The CCAA Parties have and intend to continue to fully cooperate with the Monitor with respect to the provision of required information;
- (g) The CCAA Parties, with the assistance of the Monitor, have reached out to key stakeholders, including employees, customers and suppliers, to advise them of the CCAA proceedings and the Proposed Sale Transaction and provide them with relevant information;

- (h) As of the swearing of the Affidavit of John H. Bell on July 9, 2012, lenders representing approximately 64% of the loans under Cinram's first lien credit facilities have agreed to support the Proposed Sale Transaction;
- (i) Since the issuance of the Initial Order, the CCAA Parties, with the assistance of their advisors and the Monitor, have been working with Cinram Acquisition, Inc., the proposed purchaser, with respect to the proposed sale of substantially all of the property and assets used in connection with the business carried on by Cinram in North America (the "**Proposed Asset Sale Transaction**") and the sale of all of the issued and outstanding shares of Cooperatie Cinram Netherlands UA and thereby the business carried on by Cinram in Europe (the "**Proposed Share Sale Transaction**", together with the Asset Sale Transaction, the "**Proposed Sale Transaction**");
- (j) The CCAA Parties require an extension of the Stay Period to September 14, 2012, to allow the CCAA Parties to continue operating the Cinram business in the ordinary course while pursuing their restructuring efforts, including the implementation of the Proposed Sale Transaction and the restructuring or sale of the excluded assets and business not being sold pursuant to the Proposed Sale Transaction;
- (k) Circumstances exist that make the Order for the requested relief appropriate;
- (l) The provisions of the CCAA and this Honourable Court's equitable and statutory jurisdiction thereunder;
- (m) Rules 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended; and
- (n) 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 July 9, 2012, and the exhibits attached thereto;
- (b) the First Report of the Monitor and any exhibits attached thereto; and
- (c) such further and other material as counsel may advise and this Honourable Court may permit.

Date: July 9, 2012

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Lawyers for the Applicants

TO: THE ATTACHED SERVICE LIST

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"

006

Service List

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

Service List

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<p>AND TO:</p>	<p>OSLER, HOSKIN & HARCOURT LLP 100 King Street West 1 First Canadian Place, Suite 6100 P.O. Box 50 Toronto Ontario M5X 1B8</p> <p>Fax: (416) 862-6666</p> <p>KIRKLAND & ELLIS LLP 300 North LaSalle Chicago, Illinois 60654</p> <p>Lawyers for Twentieth Century Fox Home Entertainment</p>	<p>Tracy Sandler Tel: (416) 862-5890 E-mail: tsandler@osler.com</p> <p>Jeremy Dacks Tel: (416) 862-4923 E-mail: jdacks@osler.com</p> <p>Adam Paul Tel: 1 (312) 862-3120 E-mail: adam.paul@kirkland.com</p>

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AND TO:	HEENAN BLAIKIE LLP Bay Adelaide Centre 333 Bay Street, Suite 2900 P.O. Box 2900 Toronto, ON M5H 2T4 Fax: (416) 360-8425 Lawyers for ATS Retail Solutions	Kenneth D. Kraft Tel: (416) 643-6822 E-mail: kkraft@heenan.ca

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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Lawyers for the Applicants

TAB 2

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
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LISTED IN SCHEDULE "A"

Applicants

AFFIDAVIT OF JOHN H. BELL
(sworn July 9, 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 the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") extending the Stay Period (as defined in

the Initial Order granted by this Honourable Court on June 25, 2012 (the “**Initial Order**”), a copy of which is attached hereto as Exhibit “A”) to September 14, 2012.

II. BACKGROUND

3. On June 25, 2012, this Honourable Court made 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. The stay of proceedings has been granted to July 25, 2012, or such later date as this Court may order.

4. On June 26, 2012, Cinram ULC sought and obtained an order (the “**Interim Recognition Order**”) under Chapter 15 of Title 11 of the United States Bankruptcy Code (the “**U.S. Bankruptcy Code**”) from the U.S. Bankruptcy Court for the District of Delaware (the “**U.S. Court**”), *inter alia*, recognizing these CCAA proceedings as the “foreign main proceedings” of the Applicants and recognizing the Initial Order. A copy of the Interim Recognition Order is attached hereto as Exhibit “B”.

III. RESTRUCTURING EFFORTS TO DATE

A. Communications

5. The CCAA Parties’ management have cooperated with the Monitor in establishing appropriate communication and reporting protocols. The CCAA Parties have been

and intend to continue fully cooperating with the Monitor to ensure that it has all of the information it requires.

6. In order to inform the general public and the CCAA Parties' stakeholders of their restructuring efforts and these CCAA proceedings, Cinram Fund issued a press release on June 25, 2012, announcing that it had reached agreements with the Proposed Purchaser (defined below) for the sale of substantially all of Cinram's assets and businesses in North America and Europe and describing these CCAA proceedings pursuant to which the Proposed Sale Transaction (defined below) is to be implemented. Cinram also created a special page on its website which provides information with respect to the CCAA Parties' restructuring activities and includes a link to the Monitor's website.

B. Financing

7. As part of the Initial Order, the Court: (a) approved debtor-in-possession financing of up to US\$15 million (the "**DIP Financing**") for the Applicants on the terms and conditions set forth in the DIP credit agreement between the Applicants party thereto and certain lenders party thereto (the "**DIP Lenders**") dated as of June 22, 2012 (the "**DIP Credit Agreement**"); and (b) granted a Court-ordered priority charge to secure the obligations under the DIP Credit Agreement.

8. The Interim Recognition Order granted by the U.S. Court recognized the DIP provisions of the Initial Order and granted the DIP Lenders and the Prepetition Secured Lenders (as defined in the Interim Recognition Order) certain other protections afforded by the U.S. Bankruptcy Code.

9. The conditions to the effectiveness of the DIP Credit Agreement were satisfied as of June 25, 2012 and the full amount of the DIP Financing was drawn down on June 28, 2012.

C. Proposed Sale Transaction

10. As described in my Affidavit sworn June 23, 2012 in support of the Initial Order (the “**June Affidavit**”) and the Affidavit of Mark Hootnick sworn June 23, 2012 in support of the Applicants’ motion for an Approval and Vesting Order returnable July 12, 2012 (the “**Sale Approval Motion**”), on June 22, 2012 CII entered into an asset purchase agreement with Cinram Acquisition, Inc. (the “**Proposed Purchaser**”) for the sale of substantially all of the assets used in connection with the business carried on by Cinram in North America (the “**Proposed Asset Sale Transaction**”) and the Proposed Purchaser provided to CII and 1362806 Ontario Inc. a binding purchase offer for the sale of all of the issued and outstanding shares of Cooperatie Cinram Netherlands UA and thereby the business carried on by Cinram in Europe (the “**Proposed Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Proposed Sale Transaction**”). The Applicants are bringing the Sale Approval Motion to, among other things, seek approval of the Proposed Sale Transaction.

11. The CCAA Parties, with the assistance of their advisors and the Monitor, have been working with the Proposed Purchaser with respect to the Proposed Sale Transaction, including closing conditions to the Proposed Sale Transaction and appropriate transition arrangements in respect of assets excluded from the Proposed Sale Transaction.

D. Key Stakeholders

12. Cinram's employees are key to the continued successful operations of Cinram. Accordingly, since the issuance of the Initial Order, in respect of their employees, the CCAA Parties have continued to pay wages (including vacation pay) and to honour benefits and make scheduled payments in respect of current employee medical and dental benefits.

13. Since the issuance of the Initial Order, the CCAA Parties, with the assistance of the Monitor, have reached out to key stakeholders, including employees, customers and suppliers, to advise them of the CCAA proceedings and the Proposed Sale Transaction and provide them with relevant information to ensure Cinram's ongoing operations continue uninterrupted. The response received from key stakeholders to date in respect of the CCAA proceedings and the Proposed Sale Transaction has been positive.

14. In addition, as of the swearing of this Affidavit, lenders representing approximately 64% of the loans under Cinram's first lien credit facilities have agreed to support the Proposed Sale Transaction pursuant to the Support Agreement dated as of June 22, 2012, among certain of the CCAA Parties and certain of Cinram's lenders (the "**Support Agreement**"). Cinram anticipates further support for the Proposed Sale Transaction from additional lenders under its credit facilities by the July 10, 2012 early consent date under the Support Agreement.


IV. EXTENSION OF THE STAY PERIOD

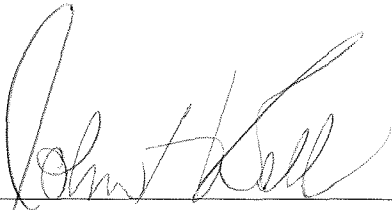
15. Since the issuance of the Initial Order, the CCAA Parties have acted and continue to act in good faith and with due diligence in carrying out the terms of the Initial Order.

16. The extension of the Stay Period to September 14, 2012 is necessary in order to provide stability to Cinram's business while the CCAA Parties continue to operate the business in the ordinary course and work diligently to pursue their restructuring efforts, including the implementation of the Proposed Sale Transaction and the restructuring or sale of the excluded assets and business not being sold pursuant to the Proposed Sale Transaction, for the benefit of their stakeholders.

17. I do not believe that any creditor will suffer any material prejudice if the Stay Period is extended.

SWORN before me at the City of Toronto, on July 9, 2012.


 A Commissioner for taking affidavits


 John H. Bell

RYAN DOUGLAS BAULKE, a
 Commissioner, etc., Province of Ontario,
 while a Student-at-Law.
 Expires May 16, 2015.

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

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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT* ACT, R.S.C.
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Court File No: CV12-9767-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
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Applicants

**ONTARIO
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Proceeding commenced at Toronto

**AFFIDAVIT OF JOHN H. BELL
(sworn July 9, 2012)**

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Lawyers for the Applicants

TAB A

This is Exhibit "A" referred to in the
affidavit of John H. Bell
sworn before me, this 9th
day of July, 2012.


A Commissioner for Taking Affidavits

RYAN DOUGLAS BAULKE, a
Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 16, 2015.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)	MONDAY, THE 25 TH
)	
JUSTICE MORA WETZ)	DAY OF JUNE, 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



Applicants

INITIAL ORDER

THIS APPLICATION, 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**”), 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 Bell sworn June 23, 2012 and the Exhibits thereto (the “**Bell Affidavit**”) and the Pre-filing Report of the Proposed Monitor, FTI Consulting Canada Inc. (“**FTI**”), and on being advised that the Pre-Petition First Lien Agent (as hereinafter defined) and the Administrative Agent under the Second Lien Credit Agreement (the “**Pre-Petition Second Lien Agent**”, with the lenders under the Second Lien Credit Agreement being the “**Pre-Petition Second Lien Lenders**”) were given notice of this Application, and on hearing the submissions of counsel for the Applicants and Cinram International Limited

Partnership (the “**Cinram LP**”), FTI and the Pre-Petition First Lien Agent and the DIP Agent (as hereinafter defined) (collectively, the “**Agent**”), and on reading the consent of FTI to act as the Court-appointed monitor (the “**Monitor**”),

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application 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.

APPLICATION

3. THIS COURT ORDERS AND DECLARES that the Applicants are companies to which the CCAA applies. Although not an Applicant, Cinram LP (together with the Applicants, the “**CCAA Parties**”) shall enjoy the benefit of the protections and authorizations provided by this Order.

PLAN OF ARRANGEMENT

4. THIS COURT ORDERS that the Applicants, or any one of them, shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”) between, *inter alia*, one or more of the CCAA Parties and one or more classes of creditors.

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the CCAA Parties shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the CCAA Parties shall each continue

to carry on business in the ordinary course and in a manner consistent with the preservation of their business (the “**Business**”) and the Property. The CCAA Parties shall each be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the CCAA Parties shall be entitled to continue to utilize the central cash management system currently in place, including the CCAA Parties’ current business forms, cheques and bank accounts, as described in the Bell Affidavit, including for the purpose of completing intercompany transfers among the CCAA Parties (other than between a CCAA Party that is not a Fund Entity (as hereinafter defined) and a Fund Entity) in the ordinary course of business, or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the CCAA Parties of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the CCAA Parties, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. THIS COURT ORDERS that, subject to the terms and conditions of the DIP Credit Agreement (as hereinafter defined) and subject to the applicable cash flow budget approved by the DIP Lenders (as hereinafter defined) (the “**Cash Flow Budget**”), the CCAA Parties shall be entitled but not required to pay the following expenses and satisfy the following obligations whether incurred prior to, on or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order to employees and contractors, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the CCAA Parties in respect of these proceedings or any other similar or ancillary proceedings in other jurisdictions in which the CCAA Parties or any subsidiaries or affiliates are domiciled or in respect of related corporate matters, at their standard rates and charges, including the fees and disbursements of legal counsel, financial advisors and investment bankers retained by the CCAA Parties;
- (c) all amounts owing for goods and services actually supplied to the CCAA Parties, or to obtain the release of goods contracted for prior to the date of this Order, with the prior consent of the Monitor and the Agent, if in the opinion of the CCAA Parties and the Monitor the supplier is critical to the Business and ongoing operations of any of the CCAA Parties;
- (d) with the prior consent of the Monitor and the Agent, all amounts owing in respect of the CCAA Parties' customer programs including rebates, refunds, relocation payments, warranties and similar programs or obligations (the "**Customer Programs**");
- (e) with the prior consent of the Monitor, amounts owing by one or more of the CCAA Parties to another CCAA Party (other than between a CCAA Party that is not a Fund Entity and a Fund Entity) in order to settle their intercompany accounts and to make intercompany loans in the ordinary course of business, including as a result of the shared services (as described in the Bell Affidavit); and
- (f) with the prior consent of the Monitor, any amounts owing prior to the date of this Order in respect of customs or duties for goods supplied to the CCAA

Parties where such goods have been paid for but lawfully retained or subject to a possessory lien.

8. THIS COURT ORDERS that, subject to the terms and conditions of the DIP Credit Agreement and subject to the Cash Flow Budget, and except as otherwise provided to the contrary herein, the CCAA Parties shall be entitled but not required to pay all reasonable expenses incurred by the CCAA Parties in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance and directors and officers tail insurance, provided that the premium for the tail insurance does not exceed \$300,000), maintenance and security services;
- (b) payment for goods or services actually supplied to the CCAA Parties following the date of this Order; and
- (c) payments and credits in respect of the Customer Programs.

9. THIS COURT ORDERS that the CCAA Parties shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the CCAA Parties in connection with the sale of goods and services by the CCAA Parties, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes

were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the CCAA Parties.

10. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the CCAA Parties shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the CCAA Parties and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. THIS COURT ORDERS that, except as specifically permitted herein, the CCAA Parties are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the CCAA Parties to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. THIS COURT ORDERS that the CCAA Parties shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$1,000,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate and to deal with any claims arising from such termination in the Plan;
- (c) in accordance with paragraphs 13 and 14, vacate, abandon or quit the whole but not the part of any leased premises and/or disclaim any real property lease and any ancillary agreements relating to the leased premises, in accordance with section 32 of the CCAA;
- (d) disclaim such of their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the CCAA Parties deem appropriate, in accordance with section 32 of the CCAA and to deal with any claims arising from such disclaimer in the Plan; and
- (e) pursue all avenues of refinancing and offers for their Business or the Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing or any sale (except as permitted by subparagraph (a) above),

all of the foregoing to permit the CCAA Parties to proceed with an orderly restructuring or sale of the Business, including effecting the Proposed Transaction (the **“Restructuring”**).

13. THIS COURT ORDERS that the CCAA Parties shall provide each of the relevant landlords with notice of the relevant CCAA Party’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the CCAA Party’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such

landlord and the relevant CCAA Party, or by further Order of this Court upon application by the relevant CCAA Party on at least two (2) days notice to such landlord and any such secured creditors. If a CCAA Party disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the CCAA Party's claim to the fixtures in dispute.

14. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the relevant CCAA Party and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the CCAA Party in respect of such lease or leased premises and such landlord shall be entitled to notify the CCAA Party of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

SUPPORT AGREEMENT

15. THIS COURT ORDERS that the Applicants party to the support agreement dated as of June 22, 2012 (the "**Support Agreement**") between, among others, certain Applicants and certain Pre-Petition First Lien Lenders (the "**Initial Consenting Lenders**"), appended as Exhibit F to the Bell Affidavit, are authorized and empowered to take all steps and actions in respect thereof and to comply with all of their obligations pursuant thereto and the Applicants will cooperate with the Pre-Petition First Lien Agent in providing notice in any reasonable manner to lenders (the "**Pre-Petition First Lien Lenders**") under the Pre-Petition First Lien Credit Agreement (as hereinafter defined) of the Support Agreement to enable additional Pre-Petition First Lien Lenders to execute a

Consent Agreement in the form attached as Schedule “C” to the Support Agreement and to become bound thereby as Consenting Lenders (as defined in the Support Agreement).

16. THIS COURT ORDERS that any Pre-Petition First Lien Lender under the Pre-Petition First Lien Credit Agreement (other than an Initial Consenting Lender) who wishes to become a Consent Date Lender (as defined in the Support Agreement) and become entitled to the Early Consent Consideration (as defined in the Support Agreement) (if such Early Consent Consideration becomes payable pursuant to the terms of the Support Agreement, and subject to such Pre-Petition First Lien Lender providing evidence satisfactory to the Applicants in accordance with the Support Agreement of the aggregate principal amount of loans held under the Pre-Petition First Lien Credit Agreement by such Pre-Petition First Lien Lender as at the Consent Date) must execute a Consent Agreement and return it to the Applicants in accordance with the instructions set out in the Support Agreement such that it is received by the Applicants prior to the Consent Date and, upon doing so, such Pre-Petition First Lien Lender shall become a Consent Date Lender and shall be bound by the terms of the Support Agreement.

17. THIS COURT ORDERS that as soon as practicable after the Consent Date, the Applicants shall provide to the Monitor copies of all executed Consent Agreements received from Pre-Petition First Lien Lenders prior to the Consent Date.

18. THIS COURT ORDERS that the Applicants are authorized to pay the Early Consent Consideration to the Consent Date Lenders in accordance with the Support Agreement if the Consent Date Lenders become entitled thereto.

19. THIS COURT ORDERS that the Consent Date Lenders shall be entitled to the benefit of and are hereby granted a charge (the “**Consent Consideration Charge**”) on the Charged Property as security for the obligations to pay the Early Consent Consideration to the Consent Date Lenders if they become entitled thereto in accordance with the Support Agreement. The Consent Consideration Charge shall have the priority set out in paragraphs 57 and 59 herein. “**Charged Property**” as used in this Order shall mean all assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof of the CCAA Parties other than Cinram Fund, CII

Trust, Cinram International General Partner Inc. and Cinram LP (collectively, the “**Fund Entities**”).

NO PROCEEDINGS AGAINST THE CCAA PARTIES OR THE PROPERTY

20. THIS COURT ORDERS that until and including July 25, 2012, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the CCAA Parties or the Monitor, or affecting the Business or the Property, except with the written consent of the CCAA Parties and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the CCAA Parties or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

21. THIS COURT ORDERS that until and including the Stay Period, no Proceeding shall be commenced or continued against or in respect of any of the CCAA Parties’ direct or indirect subsidiaries that are also party to an agreement with a CCAA Party (whether as surety or guarantor or otherwise) (each, a “**Subsidiary Counterparty**”), including any contract or credit agreement, or against or in respect of any of a Subsidiary Counterparty’s current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Subsidiary Property**”) with respect to any guarantee, contribution or indemnity obligation, liability or claim in respect of or that relates to any agreement involving a CCAA Party and a Subsidiary Counterparty or the obligations, liabilities and claims of and against the CCAA Parties (collectively, the “**Related Claims Against Subsidiaries**”), except with the written consent of the CCAA Parties and the Monitor, or with leave of this Court, and any and all Proceedings currently under way by a Person against or in respect of any Subsidiary Counterparty or Subsidiary Property in respect of Related Claims Against Subsidiaries are hereby stayed and suspended pending further Order of this Court. For the purposes of paragraphs 21 and 23 of this Order: (a) “**Subsidiary Counterparty**” does not include Cinram Optical Discs S.A.S. that has filed insolvency proceedings in France; and (b) in the event a direct or indirect subsidiary of the CCAA Parties files insolvency proceedings in a foreign

jurisdiction (other than the United States), “**Subsidiary Counterparty**” shall be deemed to exclude any such subsidiary.

NO EXERCISE OF RIGHTS OR REMEDIES

22. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the CCAA Parties or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the CCAA Parties, the Monitor and the DIP Agent, or leave of this Court, provided that nothing in this Order shall (i) empower the CCAA Parties to carry on any business which the CCAA Parties are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

23. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any Person against or in respect of a Subsidiary Counterparty or Subsidiary Property in respect of Related Claims Against Subsidiaries are hereby stayed and suspended and shall not be commenced, proceeded with or continued, except with the written consent of the CCAA Parties and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower any Subsidiary Counterparty to carry on any business which such Subsidiary Counterparty is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

24. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the CCAA

Parties, except with the written consent of the CCAA Parties and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

25. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with a CCAA Party or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, licenses, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or a CCAA Party, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the CCAA Parties, and that the CCAA Parties shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the CCAA Parties in accordance with normal payment practices of the CCAA Parties or such other practices as may be agreed upon by the supplier or service provider and each of the applicable CCAA Parties and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

26. THIS COURT ORDERS that, subject to paragraphs 20 to 25, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the CCAA Parties. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PROGRAM

27. THIS COURT ORDERS that the key employee retention program (the “**KERP**”) as described in the Bell Affidavit relating to key employees, including certain key officers (collectively, the “**Key Employees**”) is hereby approved.

28. THIS COURT ORDERS that the CCAA Parties (and any other person that may be appointed to act on behalf of the CCAA Parties, including without limitation, any trustee, liquidator, receiver, interim receiver, receiver and manager or other person acting on behalf of any such person) are authorized and directed to perform the obligations under the KERP, including making all payments to the Key Employees of amounts due and owing under the KERP at the time specified and in accordance with the terms of the KERP.

29. THIS COURT ORDERS that the CCAA Parties are hereby authorized to execute and deliver such additional documents as may be necessary to give effect to the KERP, subject to prior approval of such documents by the Monitor or as may be ordered by this Court.

30. THIS COURT ORDERS that the Key Employees shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Charged Property, which charge shall not exceed an aggregate amount of \$3 million, as security for the obligations of the CCAA Parties to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraph 57 and 59 herein.

31. THIS COURT ORDERS that the summary of the KERP attached as Exhibit K to the Bell Affidavit 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.

INVESTMENT BANKER

32. THIS COURT ORDERS that CII is authorized to carry out and perform its obligations under its engagement letter with Moelis & Company LLC (the “**Engagement Letter**”) as investment banker for the CCAA Parties (the “**Investment Banker**”) (including payment of the amounts due to be paid pursuant to the terms of the Engagement Letter, including but not limited to any success or transaction fee under the Engagement Letter).

33. THIS COURT ORDERS that all claims of the Investment Banker pursuant to the Engagement Letter are not claims that may be compromised pursuant to any Plan under the CCAA, any proposal (“**Proposal**”) under the *Bankruptcy and Insolvency Act* or any other restructuring and no such Plan, Proposal or restructuring shall be approved that does not provide for the payment of all amounts due to the Investment Banker pursuant to the terms of the Engagement Letter.

34. THIS COURT ORDERS that notwithstanding any order in these proceedings, the CCAA Parties are authorized to make all payments required by the Engagement Letter, including all fees and expenses, if and when due.

35. THIS COURT ORDERS that the Investment Banker, its affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of either its engagement by CII as Investment Banker or any matter referred to in the Engagement Letter except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Investment Banker in performing its obligations under the Engagement Letter.

PROCEEDINGS AGAINST TRUSTEES, DIRECTORS AND OFFICERS

36. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future trustees, directors or officers of the Applicants with respect to any claim against the trustees, directors or officers that arose before the date

hereof and that relates to any obligations of the CCAA Parties whereby the trustees, directors or officers are alleged under any law to be liable in their capacity as trustees, directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the CCAA Parties, if one is filed, is sanctioned by this Court or is refused by the creditors of the CCAA Parties or this Court.

TRUSTEES', DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

37. THIS COURT ORDERS that the Applicants shall indemnify their trustees, directors and officers against obligations and liabilities that they may incur as trustees, directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any trustee, officer or director, the obligation or liability was incurred as a result of the trustee's, director's or officer's gross negligence or wilful misconduct.

38. THIS COURT ORDERS that the trustees, directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Charged Property, which charge shall not exceed an aggregate amount of \$13 million, as security for the indemnity provided in paragraph 37 of this Order. The Directors' Charge shall have the priority set out in paragraphs 57 and 59 herein.

39. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' trustees, directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 37 of this Order.

APPOINTMENT OF MONITOR

40. THIS COURT ORDERS that FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the CCAA Parties with the powers and obligations set out in the CCAA or set forth herein and

that the CCAA Parties and their shareholders, officers, directors, trustees, partners and Assistants shall advise the Monitor of all material steps taken by the CCAA Parties pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

41. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the CCAA Parties' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Agent and the administrative agent (the "**Pre-Petition First Lien Agent**") under the amended and restated credit agreement dated April 11, 2011 (the "**Pre-Petition First Lien Credit Agreement**") and their counsel and financial advisors, on a weekly or bi-weekly basis as set out in the DIP Credit Agreement of financial and other information as agreed to between the Applicants party thereto and the Agent which may be used in these proceedings including reporting on a basis to be agreed with the Agent;
- (d) advise the CCAA Parties in their preparation of the CCAA Parties' cash flow statements and reporting required by the Agent, which information shall be reviewed with the Monitor and delivered to the Agent and its counsel and financial advisors on a periodic basis, but not less than bi-weekly, or as otherwise agreed to by the Agent;
- (e) advise the CCAA Parties in their development of the Plan and any amendments to the Plan;

- (f) assist the CCAA Parties, to the extent required by the CCAA Parties, with any matters relating to any of the CCAA Parties' subsidiaries and any foreign proceedings commenced in relation thereto, including retaining independent legal counsel, agents, experts, accountants or such other persons as the Monitor deems necessary or advisable respecting the exercise of this power;
- (g) assist the CCAA Parties, to the extent required by the CCAA Parties, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the CCAA Parties, to the extent that is necessary to adequately assess the CCAA Parties' business and financial affairs or to perform its duties arising under this Order;
- (i) assist the CCAA Parties and/or the Investment Banker with respect to any sales and marketing process to sell the Property and the Business or any part thereof;
- (j) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (k) perform such other duties as are required by this Order or by this Court from time to time.

42. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

43. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally

contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

44. THIS COURT ORDERS that that the Monitor shall provide any creditor of the CCAA Parties and the Agent with information provided by the CCAA Parties in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the CCAA Parties is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the CCAA Parties may agree.

45. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

46. THIS COURT ORDERS that the Monitor, counsel to the Monitor, Canadian counsel to the CCAA Parties and U.S. Counsel to the CCAA Parties (together with

Canadian counsel to the CCAA Parties, “**CCAA Parties’ Counsel**”) and the Canadian and U.S. counsel to the DIP Agent and DIP Lenders and the Pre-Petition First Lien Agent and Pre-Petition First Lien Lenders (collectively, the “**Lenders’ Counsel**”) and the financial advisor of the DIP Lenders and Pre-Petition First Lien Lenders (the “**Lenders’ Financial Advisor**”) shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements), in each case at their standard rates and charges, by the CCAA Parties as part of the costs of these proceedings. The CCAA Parties are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, CCAA Parties’ Counsel, Lenders’ Counsel and Lenders’ Financial Advisor on a bi-weekly basis and, in addition, the CCAA Parties are hereby authorized to pay to the Monitor, counsel to the Monitor, and CCAA Parties’ Counsel, new retainers in the aggregate amount of up to \$250,000 to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

47. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

48. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the Investment Banker, the CCAA Parties’ Counsel, the Lenders’ Counsel and the Lenders’ Financial Advisor shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Charged Property, which charge shall not exceed an aggregate amount of \$3.5 million, as security for their professional fees and disbursements incurred at the standard rates and charges of the CCAA Parties’ Counsel, Lenders’ Counsel, Lenders’ Financial Advisor and the Monitor and, in the case of the Investment Banker, pursuant to the Engagement Letter, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 57 and 59 hereof.

DIP FINANCING

49. THIS COURT ORDERS that the Applicants party thereto are hereby authorized and empowered to obtain and borrow under a credit facility from JP Morgan Chase Bank N.A., as administrative agent (the “**DIP Agent**”), and as lender and certain other lenders (collectively, the “**DIP Lenders**”) in order to finance the CCAA Parties’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed US\$15 million unless permitted by further Order of this Court.

50. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the DIP credit agreement between the Applicants party thereto and the DIP Lenders dated as of June 22, 2012 (the “**DIP Credit Agreement**”), filed, as such terms of such DIP Credit Agreement may be amended by the Applicants party thereto and the DIP Lenders with the consent of the Monitor.

51. THIS COURT ORDERS that each of Schedule 2.01, Part D, E and G of Schedule 5.15, Part A.2 of Schedule 5.17, Schedule 7.06 and Schedule 7.08 to the DIP Credit Agreement 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.

52. THIS COURT ORDERS that the Applicants party thereto are hereby authorized and empowered to execute and deliver the DIP Credit Agreement and such mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (such documents, together with the DIP Credit Agreement, collectively, the “**Definitive Documents**”), as are contemplated by the DIP Credit Agreement or as may be reasonably required by the DIP Lenders pursuant to the terms thereof, and the Applicants party thereto are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lenders under and pursuant to the DIP Credit

Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

53. THIS COURT ORDERS that the DIP Lenders shall be entitled to the benefit of and are hereby granted a charge (the “**DIP Lenders’ Court Charge**”) on the Charged Property, including, without limitation, the real property described in Schedule “B” hereto, which DIP Lenders’ Court Charge shall not secure an obligation that exists before this Order is made. The DIP Lenders’ Court Charge and any contractual security interests granted pursuant to the Definitive Documents (collectively with the DIP Lenders’ Court Charge, the “**DIP Lenders’ Charge**”) shall attach to the Charged Property and shall secure all obligations under the Definitive Documents. The DIP Lenders’ Charge shall have the priority set out in paragraphs 57 and 59 hereof.

54. THIS COURT ORDERS that, notwithstanding any other provision of this Order:

- (a) the DIP Lenders may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lenders’ Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lenders’ Charge (A) the DIP Agent and DIP Lenders may cease making advances to the Applicants, and (B) the DIP Agent, DIP Lenders, Pre-Petition First Lien Agent and Pre-Petition First Lien Lenders may (i) set off and/or consolidate any amounts owing by the DIP Lenders or the Pre-Petition First Lien Lenders to the Applicants against the obligations of the Applicants to the DIP Lenders or Pre-Petition First Lien Lenders under the DIP Credit Agreement, the Definitive Documents, the DIP Lenders’ Charge or the Pre-Petition First Lien Credit Agreement and may make demand, accelerate payment and give other notices, and (ii) upon five days notice to the CCAA Parties and the Monitor, exercise any and all of its rights and remedies against the Applicants or the Charged Property under or pursuant to the DIP Credit Agreement, Definitive Documents, DIP Lenders’ Charge, Pre-Petition First Lien Credit Agreement or the *Personal Property Security Act* of Ontario or any other applicable

jurisdiction, the *Uniform Commercial Code* of the applicable jurisdiction and/or *Mortgages Act* (Ontario) and equivalent legislation in the applicable jurisdiction, including, without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants;

- (c) upon receipt of any notice referenced in paragraph 54(b)(ii), the Monitor shall immediately advise the Court in a Monitor's Report that such notice was received and the 5 day notice period shall commence upon the filing of such Monitor's Report with the Court; and
- (d) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Charged Property.

55. THIS COURT ORDERS AND DECLARES that all claims of the DIP Agent and DIP Lenders pursuant to the Definitive Documents are not claims that may be compromised pursuant to any Plan filed by the CCAA Parties or any one of them under the CCAA, or any Proposal filed by the CCAA Parties or any one of them under the *Bankruptcy and Insolvency Act* of Canada (the "BIA") or any other restructuring, and the DIP Agent and the DIP Lenders shall be treated as unaffected in any Plan, Proposal or other restructuring with respect to any obligations outstanding to the DIP Agent or DIP Lenders under or in respect of the Definitive Documents.

56. THIS COURT ORDERS that the CCAA Parties or any one of them shall not file a Plan or Proposal in these proceedings or proceed with any other restructuring that does not provide for the indefeasible payment in full in cash of the obligations outstanding under the DIP Credit Agreement and the other Definitive Documents as a pre-condition to the implementation of any such Plan or Proposal or any other restructuring, without the prior written consent of the DIP Agent. Further, if the Support Agreement terminates in accordance with Section 7(a)(iv)(C) thereof, the stays of proceedings provided for herein shall not apply to the Pre-Petition First Lien Agent, Pre-Petition First Lien Lenders or their

respective rights under or in respect of the Pre-Petition First Lien Credit Agreement and the Pre-Petition First Lien Agent and Pre-Petition First Lien Lenders may (A) set off and/or consolidate any amounts owing by the Pre-Petition First Lien Lenders to the Applicants against the obligations of the Applicants to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement and may make, demand, accelerate payment and give other notices, and (B) upon 5 days notice to the CCAA Parties and the Monitor, exercise any and all of their rights and remedies under or pursuant to the Pre-Petition First Lien Credit Agreement or the *Personal Property Security Act* of Ontario or any other applicable jurisdiction, the *Uniform Commercial Code* of the applicable jurisdiction and/or *Mortgages Act* (Ontario) and equivalent legislation in the applicable jurisdiction, including, without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants. Upon receipt of any notice referenced in clause (B) above, the Monitor shall immediately advise the Court in a Monitor's Report that such notice was received and the 5 day notice period shall commence upon the filing of such Monitor's Report with the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

57. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge and the DIP Lenders' Charge, as among them, shall be as follows, subject to paragraph 59 of this Order:

First – Administration Charge (to the maximum amount of \$3.5 million);

Second – DIP Lenders' Charge;

Third – Directors' Charge (to the maximum amount of \$13 million);

Fourth – KERP Charge (to the maximum amount of \$3 million); and

Fifth – Consent Consideration Charge.

58. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge or the DIP Lenders' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

59. THIS COURT ORDERS that each of the Directors' Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge and the DIP Lenders' Charge (all as constituted and defined herein) shall constitute a charge on the Charged Property and such Charges shall rank 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 existing as at the date hereof other than any validly perfected security interest in favour of the Pre-Petition First Lien Agent, Pre-Petition Second Lien Agent, Pre-Petition First Lien Lenders or Pre-Petition Second Lien Lenders; provided that the Consent Consideration Charge is subordinate to the prior payment in full of all obligations under the Pre-Petition First Lien Credit Agreement in respect of the First-Out Revolving Credit Commitments (as defined in the Pre-Petition First Lien Credit Agreement). No Charge created by this 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. Nothing in this Order affects the priority of the Pre-Petition First Lien Agent, Pre-Petition Second Lien Agent, Pre-Petition First Lien Lenders and the Pre-Petition Second Lien Lenders against the rights of third parties (other than beneficiaries of the Charges) as of the date of this Order.

60. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the CCAA Parties shall not grant any Encumbrances over any Charged Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge

or the DIP Lenders' Charge, unless the CCAA Parties also obtain the prior written consent of the Monitor, the DIP Lenders and the beneficiaries of the Directors' Charge, the Administration Charge, the KERP Charge and the Consent Consideration Charge, or further Order of this Court.

61. THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge, the DIP Credit Agreement, the Definitive Documents and the DIP Lenders' Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the CCAA Parties, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Credit Agreement or the Definitive Documents shall create or be deemed to constitute a breach by the CCAA Parties of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the DIP Credit Agreement, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the CCAA Parties pursuant to this Order, the DIP Credit Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at

undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

62. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the CCAA Parties' interest in such real property leases.

FOREIGN PROCEEDINGS

63. THIS COURT ORDERS that Cinram International ULC is hereby authorized and empowered to act as the foreign representative in respect of the within proceedings for the purposes of having these proceedings recognized in a jurisdiction outside Canada.

64. THIS COURT ORDERS that Cinram International ULC is hereby authorized, as the foreign representative of the CCAA Parties and of the within proceedings, to apply for foreign recognition of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to Chapter 15 of the *U.S. Bankruptcy Code*, and to take such actions necessary or appropriate in furtherance of the recognition of these proceedings or the prosecution of any sale transaction (including the Proposed Transaction) in any such jurisdiction.

65. 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.

66. THIS COURT ORDERS that each of the CCAA Parties and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory

or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and any other Order issued in these proceedings.

SERVICE AND NOTICE

67. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in the Globe and Mail and the Wall Street Journal a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the CCAA Parties of more than \$5000, and (C) prepare a list showing the names and addresses of those creditors, save and except creditors who are individuals, and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

68. THIS COURT ORDERS that the CCAA Parties and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the CCAA Parties' creditors or other interested parties at their respective addresses as last shown on the records of the CCAA Parties and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

69. THIS COURT ORDERS that the CCAA Parties, the Monitor, and any party who has filed a Notice of Appearance may serve any court materials in these proceedings by e-mailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor may post a copy of any or all such materials on the Monitor's Website.

GENERAL

70. THIS COURT ORDERS that the CCAA Parties or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

71. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the CCAA Parties, the Business or the Property.

72. THIS COURT ORDERS that any interested party (including the CCAA Parties and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order, provided however that the DIP Lenders shall be entitled to rely on this Order as issued for all advances made under the DIP Credit Agreement and Definitive Documents up to and including the date this Order may be varied or amended.

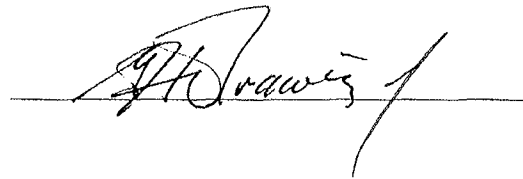
73. THIS COURT ORDERS that, notwithstanding the immediately preceding paragraph, no order shall be made varying, rescinding or otherwise affecting the provisions of this Order with respect to the DIP Credit Agreement or the Definitive Documents, unless notice of a motion is served on the Monitor and the CCAA Parties and the DIP Agent, returnable no later than July 12, 2012.

74. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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



JUN 25 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

Charged Real Property Description

2255 Markham Road, Toronto, OntarioFirstly:

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

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

INITIAL 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

16082974

051

TAB B

This is Exhibit "B" referred to in the
affidavit of John H. Bell
sworn before me, this 9th
day of July, 2012.


A Commissioner for Taking Affidavits

**RYAN DOUGLAS BAULKE, a
Commissioner, etc., Province of Ontario,
while a Student-at-Law.
Expires May 16, 2015.**

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----	X	
In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., et al., ¹	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	(Joint Administration Pending)
	:	
	:	Ref. Docket No. 6
-----	X	

ORDER GRANTING PROVISIONAL RELIEF

Upon the motion (the “**Motion**”)² of Cinram International ULC, in its capacity as the 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, and pending before the Ontario Superior Court of Justice, pursuant to sections 362, 364, 365, 1517, 1519, 1520, 1521, and 105(a) of title 11 of the United States Code, as amended from time to time (the “**Bankruptcy Code**”) for entry of (a) a provisional order (this “**Order**”): (i) recognizing and enforcing in the United States, on an interim basis, the Initial Order (the “**Initial CCAA Order**”) issued on June 25, 2012 by the Canadian Court, including, without limitation, the Canadian Court’s decision (A) to authorize the Debtors to enter into and perform under that certain DIP Facility, and (B) to grant the DIP Charge to the DIP Lenders under the DIP Facility, (ii) granting, on an interim basis, to and for the benefit of the DIP Lenders and, to the extent of their adequate protection rights, the

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

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



Prepetition Secured Lenders, certain protections afforded by the Bankruptcy Code, including those protections provided by sections 364(c), 364(d), and 364(e) of the Bankruptcy Code, as applicable, (iii) granting an interim stay of execution against the Debtors' assets and applying sections 362 and 365(e) of the Bankruptcy Code in these chapter 15 cases on an interim basis pursuant to sections 1519(a)(3), 1521(a)(7), and 105(a), of the Bankruptcy Code, and (iv) granting such other and further relief as this Court deems just and proper; and (b) entry of a final order after notice and a hearing (the "**Final Order**") (i) granting the petitions in these cases and recognizing the CCAA Proceeding as a foreign main proceeding pursuant to section 1517 of the Bankruptcy Code, (ii) giving full force and effect in the United States to the Initial CCAA Order, including any extensions or amendments thereof authorized by the Canadian Court and extending the protections of this Order to the Debtors on a final basis, (iii) granting the DIP Lenders and, to the extent of their adequate protection rights, the Prepetition Secured Lenders, certain protections afforded by the Bankruptcy Code, and (iv) granting such other and further relief as this Court deems just and proper; and it appearing that this Court has jurisdiction to consider the Motion pursuant to sections 157 and 1334 of title 28 of the United States Code, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having reviewed the Motion, the Petitions for Recognition, the Bell Declaration, and the Memorandum of Law, and having considered the statements of counsel with respect to the Motion at a hearing before this Court (the "**Hearing**"); and due and sufficient notice of the provisional relief sought in the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the provisional relief requested by the Motion is in the best interest of the Debtors,

their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefor;

THIS COURT HEREBY FINDS AND DETERMINES THAT:

A. The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Rule 7052 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent 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.

B. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, as well as the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P). Venue for this proceeding is proper before this Court pursuant to 28 U.S.C. § 1410.

C. The Foreign Representative has demonstrated a substantial likelihood of success on the merits that (a) the Debtors are subject to a pending "foreign main proceeding" as that term is defined in section 1502(4) of the Bankruptcy Code, (b) the Foreign Representative is a "foreign representative" as that term is defined in section 101(24) of the Bankruptcy Code, and (c) all statutory elements for recognition of the CCAA Proceeding are satisfied in accordance with section 1517 of the Bankruptcy Code.

D. The Foreign Representative has demonstrated that (a) the commencement of any proceeding or action against the Debtors and their respective businesses and all of their assets should be enjoined pursuant to sections 1519, 1521, and 105(a) of the Bankruptcy Code,

which protections, in each case, shall be coextensive with the provisions of section 362 of the Bankruptcy Code, to permit the fair and efficient administration of the CCAA Proceeding and an orderly sale process for substantially all of the property and assets used in connection with the business carried on by the Debtors in North America pursuant to the Initial CCAA Order and any other applicable orders of the Canadian Court, for the benefit of all stakeholders; and (b) the relief requested will neither cause an undue hardship nor create any hardship to parties in interest that is not outweighed by the benefits of the relief granted herein.

E. The Foreign Representative has demonstrated that unless this Order is entered, there is a material risk that one or more parties in interest will take action against the Debtors or their assets, thereby interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code and interfering with and causing harm to the efforts to maximize the value of the Debtors' assets, including through the sale process, pursuant to the terms of the Initial CCAA Order. As a result, the Debtors will suffer immediate and irreparable harm for which they will have no adequate remedy at law and therefore it is necessary that this Court grant the relief requested without prior notice to parties in interest or their counsel.

F. The Foreign Representative has demonstrated that the incurrence of indebtedness under the DIP Facility, as authorized by the Initial CCAA Order, is necessary to prevent irreparable harm to the Debtors because without such financing, the Debtors will be unable to continue operations, which will significantly impair the value of their assets.

G. The Foreign Representative has demonstrated that the terms of the DIP Facility are fair and reasonable and were entered into in good faith by the Debtors and the DIP Lenders, as defined in the Initial CCAA Order, and the DIP Lenders would not have extended financing without conditions precedent requiring a final recognition order by this Court and the

interim protection pursuant to sections 364(c), 364(d), and 364(e) of the Bankruptcy Code, as made applicable by sections 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, while consideration of final recognition was pending.

H. The Prepetition Agent, for itself and for the benefit of the Prepetition Secured Lenders, is entitled to adequate protection of their interests in the collateral securing their indebtedness (the “**Prepetition Collateral**”) from any diminution in value resulting from the use of their “cash collateral” within the meaning of section 363(a) of the Bankruptcy Code (the “**Cash Collateral**”) and the use, sale or lease of the Prepetition Collateral, the imposition of the automatic stay, and the priming of their liens by the DIP Lenders pursuant to section 364(d) of the Bankruptcy Code. Accordingly, the Debtors have agreed, in their reasonable business judgment, to provide adequate protection as set forth in this Order, which terms and conditions are fair and reasonable and were negotiated in good faith and at arm’s-length.

I. Absent the relief granted herein, the Debtors may suffer immediate and irreparable injury, loss, or damage for which there is no adequate remedy at law. Further, unless this Order is entered, the assets of the Debtors located in the United States could be subject to efforts by creditors to control, possess, or execute upon such assets and such efforts could result in the Debtors suffering immediate and irreparable injury, loss, or damage by, among other things, (a) interfering with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, and (b) interfering with or undermining the success of the CCAA Proceeding and the Debtors’ efforts to pursue a going-concern sale of their core business for the benefit of all their stakeholders.

J. The Foreign Representative has demonstrated that without the protection of section 365(e) of the Bankruptcy Code, there is a material risk that counterparties to certain of

the Debtors' contracts and leases may take the position that the commencement of the CCAA Proceeding authorizes them to terminate such contracts or accelerate obligations thereunder. Such termination or acceleration, if permitted and valid, would severely disrupt the Debtors' operations and efforts to consummate a sale, resulting in irreparable damage to the value of the Debtors' business, and causing substantial harm to the Debtors' creditors and other parties in interest.

K. The Foreign Representative has demonstrated that no injury will result to any party that is greater than the harm to the Debtors' business, assets, and property in the absence of the requested relief.

L. The interests of the public and the public policy of the United States will be served by entry of this Order.

M. The Foreign Representative and the Debtors are entitled to the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

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

1. The Motion is granted to the extent set forth herein.
2. The Initial CCAA Order is hereby enforced on an interim basis, including, without limitation, (a) authorizing the Debtors to obtain credit under the DIP Facility and granting the Lenders the DIP Charge, and (b) staying the commencement or continuation of any actions against the Debtors or their assets, and shall be given full force and effect in the United States until otherwise ordered by this Court.
3. While this Order is in effect, the Foreign Representative and the Debtors shall be entitled to the full protections and rights pursuant to section 1519(a)(1), which

protections shall be coextensive with the provisions of section 362 of the Bankruptcy Code, and this Order shall operate as a stay of any execution against the Debtors' assets within the territorial jurisdiction of the United States; *provided* that upon the occurrence of an event of default under the DIP Documents (as defined below) or the DIP Lenders' Charge, this paragraph shall be deemed to be automatically modified to the extent necessary to allow the DIP Lenders and the Prepetition Secured Lenders to exercise their rights pursuant to Paragraph 54(b) of the Initial CCAA Order. Specifically, all persons and entities are hereby enjoined from continuing any action or commencing any additional action involving the Debtors, their assets or the proceeds thereof, (b) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order, or arbitration award against the Debtors or their assets, (c) commencing or continuing any action to create, perfect, or enforce any lien, setoff, or other claim against the Debtors or any of their property, or (d) managing or exercising control over the Debtors' assets located within the territorial jurisdiction of the United States, except as expressly authorized by the Debtors in writing.

4. While this Order is in effect, pursuant to sections 1519(a)(3) and 1521(a)(7) of the Bankruptcy Code, (a) section 362 of the Bankruptcy Code is hereby made applicable in these cases to the Debtors and the property of the Debtors within the territorial jurisdiction of the United States and (b) section 365(e) of the Bankruptcy Code is hereby made applicable to the Debtors in these cases.

5. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed pursuant to section 362 of the

Bankruptcy Code or (b) staying the exercise of any rights that section 362(o) of the Bankruptcy Code does not allow to be stayed.

6. To the extent authorized under the Initial CCAA Order, the DIP Lenders are hereby granted, on a provisional basis, the DIP Lenders' Charge, as defined in the Initial CCAA Order, on all of the Debtors' United States assets in the amount outstanding from time to time under the DIP Facility up to a maximum of USD \$15 million, subject to the priorities, terms, and conditions of the Initial CCAA Order, to secure current and future amounts outstanding under the DIP Facility. The obligations under the DIP Facility shall be on a joint and several basis for all Debtors.

7 The obligations of the Debtors under the DIP Facility shall be an allowed administrative expense claim with priority under section 364(c)(1) of the Bankruptcy Code, subject and subordinate only to the Carve-Out, and otherwise over all administrative expense claims and unsecured claims against the Debtors, now existing or hereafter arising.

8 To the extent provided in the Initial CCAA Order, the Debtors are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees, and other definitive documents as are contemplated by the DIP Facility (collectively, the "**DIP Documents**") or as may be reasonably required by the DIP Lenders pursuant to the terms thereof, and the Debtors are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities, and obligations to the DIP Lenders under and pursuant to the DIP Facility (and in accordance with the budget delivered in connection therewith) including, but not limited to, the fees and expenses of the DIP Lenders' Canadian and United States counsel, and other advisors, as and when the

same become due and are to be performed, notwithstanding any other provision of this Order and without any further order of this Court.

9. This Order shall be sufficient and conclusive notice and evidence of the grant, validity, perfection, and priority of the liens granted to the DIP Lenders in the Initial CCAA Order without the necessity of filing or recording this Order or any financing statement, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction; *provided* that the Debtors are authorized to execute and the administrative agent under the DIP Facility may file or record financing statements, mortgages, or other instruments to further evidence the liens authorized, granted, and perfected hereby and by the Initial CCAA Order.

10. The Prepetition Agent, for itself and for the benefit of the Prepetition Secured Lenders, is entitled to adequate protection of their interests in the Prepetition Collateral from any diminution in value resulting from the use of the Cash Collateral and the use, sale, or lease of the Prepetition Collateral, the imposition of the automatic stay, and the priming of their liens by the DIP Lenders pursuant to section 364(d) of the Bankruptcy Code. Accordingly, the Prepetition Secured Lenders hereby are (a) granted valid, binding, enforceable and perfected liens (the “**Adequate Protection Liens**”) in all collateral under the DIP Facility to secure an amount of their indebtedness (the “**Adequate Protection Claims**”) equal to any diminution in the value of their interests in the Prepetition Collateral subsequent to the date of the filing of the Petitions for Recognition resulting from the use of the Cash Collateral and the use, sale or lease of the Prepetition Collateral, the imposition of the automatic stay, and the priming of their liens by the DIP Lenders, which Adequate Protection Liens shall be immediately junior to the DIP Lenders’ Charge identified in the Initial CCAA Order, (b) granted an allowed administrative

expense claim with priority under section 364(c)(1) of the Bankruptcy Code in an amount equal to the Adequate Protection Claims, subject and subordinate only to the carve-out and the obligations under the DIP Facility, and otherwise over all administrative expense claims and unsecured claims against the Debtors, now existing or hereafter arising and (c) entitled to receive payment for, and the Debtors are authorized to pay, the reasonable and documented fees and expenses incurred by Wachtell, Lipton, Rosen & Katz, Morris, Nichols, Arsht & Tunnell LLP, Blake Cassels & Graydon LLP, and Zolfo Cooper, as advisors to the Prepetition Secured Lenders, whether incurred before or after the Petition Date. Nothing herein shall prejudice, impair, or otherwise affect the rights of the Prepetition Secured Lenders to seek any other or supplemental relief in respect of their adequate protection rights.

11. The DIP Documents have been negotiated in good faith and at arm's-length between the Debtors and the DIP Lenders. Any financial accommodations made to the Debtors by the DIP Lenders pursuant to the Initial CCAA Order and the DIP Documents shall be deemed to have been made by the DIP Lenders in good faith, as that term is used in section 364(e) of the Bankruptcy Code. Accordingly, pursuant to sections 364(e), 1519(a)(3), 1521(a)(7), and 105(a) of the Bankruptcy Code, section 364(e) of the Bankruptcy Code hereby applies for the benefit of the DIP Lenders, and the validity of the indebtedness, and the priority of the liens authorized by the Initial CCAA Order made enforceable in the United States by this Order, shall not be affected by any reversal or modification of this Order, on appeal or the entry of an order denying recognition of the CCAA Proceeding pursuant to section 1517 of the Bankruptcy Code.

12. No action, inaction or acquiescence by the DIP Lenders or the Prepetition Secured Lenders, including funding the Debtors' ongoing operations under this Order, shall be

deemed to be or shall be considered as evidence of any alleged consent by the DIP Lenders or the Prepetition Secured Lenders to a charge against the collateral pursuant to sections 506(c), 552(b), or 105(a) of the Bankruptcy Code. The DIP Lenders shall not be subject in any way whatsoever to the equitable doctrine of “marshaling” or any similar doctrine with respect to the collateral.

13. Effective on a provisional basis upon entry of this Order, no person or entity shall be entitled, directly or indirectly, whether by operation of sections 506(c), 552(b), or 105 of the Bankruptcy Code or otherwise, to direct the exercise of remedies or seek (whether by order of this Court or otherwise) to marshal or otherwise control the disposition of collateral or property after an Event of Default under the DIP Facility, the First Lien Credit Agreement, or the Second Lien Credit Agreement, or termination or breach under the DIP Facility, the First Lien Credit Agreement, the Second Lien Credit Agreement, the Initial CCAA Order, or this Order.

14. Any party in interest may make a motion seeking relief from, or modification of, this Order, by filing a motion on not less than seven business days’ written notice to Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, Attn: Douglas P. Bartner and Jill Frizzley, and this Court will hear such motion on a date to be scheduled by this Court.

15. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon entry; (b) the Foreign Representative shall not be subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (c) the Foreign Representative is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

16. Pursuant to Rule 65(b) of the Federal Rules of Civil Procedure, made applicable to these proceedings pursuant to Bankruptcy Rule 7065, no notice to any person is required prior to entry and issuance of this Order. Pursuant to Bankruptcy Rule 7065, the provisions of Federal Rule of Civil Procedure 65(c) are hereby waived, to the extent applicable.

17. This Court shall retain jurisdiction with respect to any and all matters relating to the interpretation or implementation of this Order.

Dated: Wilmington, Delaware

JULIE 26 2012



KEVIN GROSS
CHIEF UNITED STATES BANKRUPTCY JUDGE

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	THURSDAY, THE 12 TH
)	
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 THE COMPANIES LISTED IN SCHEDULE
“A”**

Applicants

**ORDER
(Stay Extension)**

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

ON READING the affidavit of John H. Bell sworn July 9, 2012 and the Exhibits thereto (the “**Bell Affidavit**”) and the First Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the “**Monitor**”) dated July ●, 2012 (the “**Monitor's First 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 and ●,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Monitor's First 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.

EXTENSION OF THE STAY PERIOD

3. THIS COURT ORDERS that the Stay Period (as defined in the Initial Order) be and is hereby extended to 11:59 p.m. on September 14, 2012.

RECOGNITION

4. 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.

5. THIS COURT ORDERS that each of the CCAA Parties and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and any other Order issued in these proceedings.

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

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

Applicants

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

Proceeding commenced at Toronto

ORDER

GOODMANS LLP

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

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Melaney J. Wagner LSUC#: 44063B
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Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

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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 July 12, 2012)

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