

**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 C INTERNATIONAL INC., C
INTERNATIONAL INCOME FUND, CII TRUST AND THE
COMPANIES LISTED IN SCHEDULE "A"**

Applicants

**MOTION RECORD
(Returnable May 30, 2014)**

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Tab	Document
1	Notice of Motion dated May 22, 2014
2	Draft Order

SCHEDULE “A”

Additional Applicants

C International General Partner Inc., formerly Cinram International General Partner Inc.

CRW International ULC, formerly Cinram International ULC

1362806 Ontario Limited

CUSH Inc., formerly Cinram (U.S.) Holding’s Inc.

CIHV Inc., formerly Cinram, Inc.

IHC Corporation

CMFG LLC, formerly Cinram Manufacturing LLC

CDIST LLC, formerly Cinram Distribution LLC

Cinram Wireless LLC

CRSMI LLC, formerly Cinram Retail Services, LLC

One K Studios, LLC

TAB 1

Court File No. CV12-9767-00CL

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**NOTICE OF MOTION
(Returnable May 30, 2014)**

The Applicants will bring a motion before a Judge of the Commercial List on Friday, May 30, 2014, at 10:00 a.m. or as soon after that time as the matter may be heard at 330 University Avenue, Toronto, Ontario.

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

- 1. THE APPLICANTS MAKE A MOTION FOR AN ORDER** substantially in the form attached at Tab 2 of the Motion Record, *inter alia*:
 - (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 granted by this Court in these proceedings on June 25, 2012 (the "**Initial Order**")) to December 5, 2014; and
 - (c) such further and other relief as counsel may request and this Court deems just.

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2. THE GROUNDS FOR THE MOTION ARE:

Background

- (a) Unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Initial Order;
- (b) On June 25, 2012, this Court granted the Initial Order, *inter alia*: (i) granting a stay of proceedings under the CCAA against the Applicants and C International Limited Partnership, formerly 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 as the Monitor of the CCAA Parties in these CCAA proceedings; and (iii) appointing CRW International ULC, formerly Cinram International ULC (“**CRW**”), as the foreign representative of the CCAA Parties;
- (c) The stay of proceedings pursuant to the Initial Order was granted to July 25, 2012, and has been subsequently extended by Orders of this Court to June 6, 2014;
- (d) On July 12, 2012, this Court made an order (the “**Approval and Vesting Order**”), *inter alia*: (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by C International Income Fund, formerly Cinram International Income Fund, and its direct and indirect subsidiaries (collectively, the “**Company**”) in North America contemplated by the asset purchase agreement between CII and Cinram Group, Inc., formerly Cinram Acquisition, Inc. (the “**Purchaser**”), dated June 22, 2012 (the “**Asset Purchase Agreement**”, and the transactions contemplated thereunder, the “**Asset Sale Transaction**”); and (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA pursuant to the share purchase offer dated June 22, 2012 (the “**Share Purchase Offer**”) provided by the Purchaser to CII and 1362806 Ontario Limited on the terms of the form of share purchase agreement appended to the Share Purchase Offer (the transaction contemplated thereunder, the “**Share Sale Transaction**”);

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- (e) On July 25, 2012, CRW, in its capacity as the foreign representative for CII and each of the Applicants that are U.S. entities (collectively, the “**U.S. Debtors**”), obtained an order under chapter 15 of title 11 of the United States Code, as amended from time to time (the “**Bankruptcy Code**”), from the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”), *inter alia*, recognizing on a final basis these CCAA proceedings as the “foreign main proceedings” of the CCAA Parties and recognizing on a final basis the Initial Order;
- (f) On July 25, 2012, CRW, in its capacity as foreign representative for the U.S. Debtors, obtained an order under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Approval and Vesting Order, authorizing the assumption and assignment of certain executory contracts and unexpired leases, and granting certain related relief;
- (g) The Asset Sale Transaction closed on August 31, 2012 and the Share Sale Transaction closed on February 4, 2013;
- (h) On April 10, 2013, this Court made an order (the “**Equipment Sale Approval and Vesting Order**”), *inter alia*, approving the sale of the Equipment (as defined in the Equipment Sale Approval and Vesting Order) by Cinram Wireless LLC (“**Wireless**”) to Motorola Mobility LLC, representing a sale of substantially all of the assets of Wireless;
- (i) On April 22, 2013, CRW, in its capacity as foreign representative for the U.S. Debtors, obtained an order under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Equipment Sale Approval and Vesting Order;
- (j) Following the sale of its assets, Wireless vacated the leased Wireless facility and completed the wind down of its business in June 2013;

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- (k) All health and employee benefit plans for Wireless and other former CCAA Parties' employees, other than the Cinram 401k Thrift Plan (the "**401k Plan**"), were terminated effective June 30, 2013;
- (l) As of June 30, 2013, the 401k Plan was closed to further contributions and the Monitor, with the assistance of former management of the CCAA Parties, worked with the trustee of the 401k Plan to identify participants and arrange for distribution of the plan assets. Final distributions of the 401k Plan assets have been completed;
- (m) On April 2, 2014, this Court made an order (the "**Olyphant Sale Approval and Vesting Order**"), *inter alia*, approving the sale of the real estate property located in Olyphant, Pennsylvania by CMFG LLC, formerly Cinram Manufacturing LLC, to Cinram Property Group, LLC, a subsidiary of the Purchaser under the Asset Sale Transaction and the Share Sale Transaction (the "**Olyphant Sale Transaction**");
- (n) On April 9, 2014, CRW, in its capacity as foreign representative for the U.S. Debtors, obtained an order under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Olyphant Sale Approval and Vesting Order;
- (o) The Olyphant Sale Transaction closed on April 22, 2014;
- (p) On May 9, 2014, a sale of real estate property located in Madrid, Spain owned by Cinram Iberia SL (a non-Applicant subsidiary) was completed;
- (q) Remaining excluded assets of the CCAA Parties include the real estate property located in Louisville, Kentucky;

Proposed Stay Extension

- (r) The CCAA Parties have been and intend to continue fully cooperating with the Monitor with respect to the provision of required information;

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- (s) 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 and subsequent Orders issued by the Court in these CCAA proceedings;
- (t) The CCAA Parties require an extension of the Stay Period to December 5, 2014 to continue to pursue their restructuring efforts, including the sale of the remaining excluded assets for the benefit of their stakeholders, and to complete certain tax returns of certain of the CCAA Parties;
- (u) Creditors will not suffer any material prejudice if the Stay Period is extended;
- (v) The Applicants' motion is supported by the Pre-Petition First Lien Agent;
- (w) The Applicants consulted with the Monitor with respect to the relief sought on this motion and the Monitor will be filing the Monitor's Thirteenth Report in connection with this motion;

General

- (x) The provisions of the CCAA and this Court's equitable and statutory jurisdiction thereunder;
 - (y) Rules 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended; and
 - (z) Such further and other grounds as counsel may advise and this Court may permit.
- 3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:**
- (a) the Monitor's Thirteenth Report and any appendices attached thereto, to be filed; and

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(b) such further and other material as counsel may advise and this Court may permit.

Date: May 22, 2014

GOODMANS LLP
Barristers & Solicitors
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Lawyers for the Applicants

TO: THE ATTACHED SERVICE LIST

SCHEDULE “A”**Additional Applicants**

C International General Partner Inc., formerly Cinram International General Partner Inc.

CRW International ULC, formerly Cinram International ULC

1362806 Ontario Limited

CUSH Inc., formerly Cinram (U.S.) Holding’s Inc.

CIHV Inc., formerly Cinram, Inc.

IHC Corporation

CMFG LLC, formerly Cinram Manufacturing LLC

CDIST LLC, formerly Cinram Distribution LLC

Cinram Wireless LLC

CRSMI LLC, formerly Cinram Retail Services, LLC

One K Studios, LLC

SCHEDULE "B"

Service List

Court File No. CV12-9767-00CL

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Applicants

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

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Applicants

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

Proceeding commenced at Toronto

NOTICE OF MOTION

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TAB 2

Court File No. CV12 – 9767 – 00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE ●)	FRIDAY, THE 30 TH
)	
JUSTICE ●)	DAY OF MAY, 2014

**IN THE MATTER OF THE *COMPANIES' CREDITORS
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OR ARRANGEMENT OF C INTERNATIONAL INC., C
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Applicants

ORDER

THIS MOTION, made by C International Inc., formerly Cinram International Inc., C International Income Fund, formerly 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, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Thirteenth Report of FTI Consulting Canada Inc. ("**FTI**") in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**") dated May ●, 2014 (the "**Monitor's Thirteenth Report**"), and on hearing the submissions of counsel for the Applicants and C International Limited Partnership, formerly Cinram International Limited Partnership (together with the Applicants, the "**CCAA Parties**"), the Monitor, the Pre-Petition First Lien Agent (as defined in the Initial Order granted by this Honourable Court in these proceedings on June 25, 2012 (the "**Initial Order**")) and the Pre-Petition Second Lien Agent (as defined in the Initial Order) and no one appearing and making submissions for any other

DRAFT: 1 - May 22, 2014 - 8:35 AM

person served with the Motion Record, although properly served as appears from the affidavit of ● sworn May ●, 2014, filed,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF THE STAY PERIOD

2. THIS COURT ORDERS that the Stay Period (as defined in the Initial Order) be and is hereby extended to 11:59 p.m. on December 5, 2014.

RECOGNITION

3. 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 CRW International ULC, formerly 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.

4. 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

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