



**CINRAM INTERNATIONAL
INC., CINRAM
INTERNATIONAL INCOME
FUND AND THE COMPANIES
LISTED ON SCHEDULE "A**

**TWELFTH REPORT
OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE
APPLICANTS
March 21, 2014**

INDEX

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

**TWELFTH REPORT OF FTI CONSULTING CANADA INC.,
in its capacity as Monitor of the Applicants**

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TAB 1

ONTARIO
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IN THE MATTER OF THE COMPANIES' CREDITORS
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March 21, 2014

INTRODUCTION

1. By Order of this Court dated June 25, 2012 (the "Initial Order"), C International Inc., formerly Cinram International Inc. ("CII"), CII Trust, C International Income Fund, formerly Cinram International Income Fund (the "Fund") and the companies listed in Schedule "A" attached to this report (together with CII, CII Trust and the Fund, the "Applicants") obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA"). The Initial Order also granted relief in respect of C International Limited Partnership, formerly Cinram International Limited Partnership

(together with the Applicants, the “**CCAA Parties**”) and appointed FTI Consulting Canada Inc. (“**FTI**”) as monitor (the “**Monitor**”) of the CCAA Parties.

2. The Fund, collectively with its direct and indirect subsidiaries, shall be referred to herein as “**Cinram**” or the “**Cinram Group**”. The proceedings commenced by the Applicants under the CCAA will be referred to herein as the “**CCAA Proceedings**”.
3. Cinram Group was one of the world’s largest producers of pre-recorded multimedia products and related logistics services. Cinram Group was unable to find an out-of-court solution to its financial difficulties and sought protection from its creditors under the CCAA.
4. The Applicants’ stated principal objectives of the CCAA Proceedings were: (i) to ensure the ongoing operations of the Cinram Group; (ii) to ensure the Applicants have the necessary availability of working capital funds to maximize the ongoing business of the Cinram Group for the benefit of its stakeholders; and (iii) to complete the sale and transfer of substantially all of Cinram’s core business to Cinram Group, Inc., formerly known as Cinram Acquisition, Inc. (the “**Purchaser**”) or one or more of its nominees.
5. Further background information regarding the CCAA Parties and these proceedings is provided in, *inter alia*, the affidavit of John Bell sworn June 23,

2012 (the “**Bell Affidavit**”) and FTI’s pre-filing report dated June 23, 2012, copies of which have been posted on the Monitor’s website for the CCAA Proceedings at <http://cfcanada.fticonsulting.com/cinram>.

6. 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 Cinram in North America contemplated by an asset purchase agreement between CII and the Purchaser dated June 22, 2012 (the “**Asset Purchase Agreement**”); (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA (“**Cinram Netherlands**”) pursuant to the binding purchase offer dated June 22, 2012 (the “**Share Purchase Offer**”) provided by the Purchaser to CII and 1362806 Ontario Limited (together with CII, the “**Share Sellers**”), on the terms of the form of share purchase agreement appended to the Share Purchase Offer (the “**Share Purchase Agreement**”); (iii) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Share Purchase Offer; (iv) authorizing CII, CIHV Inc., formerly Cinram Inc., CRSMI LLC, formerly Cinram Retail Services LLC, One K Studios, LLC, CDIST LLC, formerly Cinram Distribution LLC and CMFG LLC, formerly Cinram Manufacturing LLC (collectively, the “**Asset Sellers**”) to complete the transactions contemplated by the Asset Purchase Agreement (the “**Asset Sale Transaction**”); and (v) authorizing the Share Sellers

to complete the transactions contemplated by the Share Purchase Offer (the “Share Sale Transaction”).

7. On July 25, 2012, the United States Bankruptcy Court (District of Delaware) (the “U.S. Court”) approved and entered the Final Recognition Order under Chapter 15 of the Bankruptcy Code, granting recognition of the CCAA Proceedings as the “foreign main proceedings” of the CCAA Parties and recognizing the Initial Order on a final basis. The U.S. Court also granted an Order, *inter alia*, recognizing the Approval and Vesting Order and authorizing the assignment and assumption of certain executory contracts and unexpired leases.
8. As reported in the Third Report of the Monitor, on August 31, 2012, the Asset Sale Transaction closed and the Monitor delivered its certificate.
9. As reported in the Seventh Report of the Monitor, on February 4, 2013, the Share Purchase Transaction closed and the Monitor delivered the Monitor’s Share Sale Transaction Certificate on February 5, 2013.
10. Capitalized terms not otherwise defined herein have the meaning given to them in the Bell Affidavit, the Asset Purchase Agreement, the Initial Order or previous reports of the Monitor.

PURPOSE OF THIS REPORT

11. The purpose of this Twelfth Report is to inform this Honourable Court with respect to the following:
- a) the CCAA Parties' request for an Order approving the sale of real and personal property located at 1400 East Lackawanna Avenue, Olyphant, Pennsylvania 18448 (the "Property"); and certain intangibles related to the such property, as more fully described in the PSA (as defined below) (the "Property");
 - b) planned distributions to the First Lien Administrative Agent on behalf of the First Lien Lenders; and
 - c) the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

12. In preparing this report, FTI has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by, and discussions with, former employees of the Applicants now working for the Purchaser.

13. Unless otherwise stated, all monetary amounts contained in this report are expressed in United States dollars.

OLYPHANT PROPERTY

Overview

14. The Property is a manufacturing facility which consists of 102.92 acres of land, and all improvements thereon (together with approximately 1,092,000 square feet of industrial buildings). It is owned and was used by CMFG LLC, formerly Cinram Manufacturing LLC (the “Vendor”).
15. The Property was an Excluded Asset in the Asset Sale Transaction. In accordance with the Asset Purchase Agreement, CII and the Purchaser entered into a Transitional Services Agreement dated August 31, 2012 which provided for use by the Purchaser of the Property for a period of twelve months (subsequently extended to twenty four months) following the closing of the Asset Sale Transaction with the costs of operation and use of the Property borne by the Purchaser but otherwise rent-free.
16. Since then, the CCAA Parties, with the assistance of the Monitor and in consultation with the First Lien Lenders' advisors, have engaged real estate

brokers to assist in the sale of the real property not subject to the Sale Transactions.

17. The marketing process undertaken by Cushman & Wakefield of Pennsylvania, Inc. ("**C&W**"), the real estate broker engaged as exclusive listing agent by the Monitor, in October 2012, has culminated in a sale transaction (the "**Proposed Sale**") that, as more fully described in the Purchase and Sale Agreement (the "**PSA**") between the Vendor and Cinram Property Group, LLC (the "**Proposed Purchaser**"), a party related to the Purchaser, will see the Proposed Purchaser acquire the Property. A copy of the PSA is attached as **Appendix "A"** to this Report.

Marketing Process

18. The Monitor engaged C&W on October 2, 2012 to market the Property. Since being engaged C&W actively marketed the property targeting the investor, developer and user communities. In addition to seeking purchasers through its extensive North American network C&W's marketing included physical media, online marketing and multiple contacts with local and state development agencies. The marketing process resulted in several expressions of interest and three competitive bids (including the last-minute contingent bid described below), of which the Proposed Purchaser's was the best bid.

19. The Purchaser previously acquired substantially all of the assets of the CCAA Parties and is currently in occupation of the Property pursuant to the Transition Services Agreement described above. The Proposed Purchaser's bid for \$7,000,000 included payments of non-refundable deposits (except in limited circumstances) upon execution of the letter of intent and an agreement of purchase and sale, respectively, in exchange for a 30-day period of exclusivity during which the Vendor agreed not to negotiate with any other party. The Proposed Purchaser's bid also included a very short feasibility and due diligence period to February 17, 2014. The Vendor and the Proposed Purchaser entered into the letter of intent on February 4, 2014 (the "LOI").
20. During the exclusivity period, on February 5, 2014, C&W received a last-minute bid from an interested party that had previously submitted a lower bid. Although this last-minute bid included a higher proposed purchase price than the LOI, it was subject to a lengthy five-month, exclusive study period with a smaller, refundable deposit during such time. C&W and the CCAA Parties, in their business judgment, believe that the Proposed Purchaser's bid is the best bid in the circumstances as, among other things: (a) the Proposed Purchaser is the most logical purchaser of the Property given it is a related party to the Purchaser which previously acquired substantially all of the assets of the CCAA Parties and is currently in occupation of the Property; (b) the Proposed Purchaser's bid included non-refundable deposits in an aggregate amount of \$600,000; and (c)

the Proposed Purchaser's bid included a very short 13-day study period, which has already been satisfied prior to the date hereof. Furthermore, the CCAA Parties' syndicate of secured lenders, who are the only parties with an economic interest in the Proposed Sale, have been apprised of all bids and are supportive of the Proposed Sale over the last-minute contingent bid. C&W and the CCAA Parties, in their business judgment, have concluded a lengthy and extensive sale process, and do not believe any further marketing or public auction is required, as the Proposed Sale is the best option.

The PSA

21. The negotiations between the CCAA Parties and the Proposed Purchaser resulted in the PSA. Under the PSA, the Proposed Purchaser will purchase the Property for a purchase price of \$7,000,000, on the terms and conditions set forth therein.
22. The Monitor is advised that as at the date of this report, all of the conditions to the completion of the Proposed Sale, other than the requirement for court approval, have been satisfied and the sale is scheduled to close within three days following court approval (if obtained) in Canada and the US.

DISTRIBUTIONS TO THE PRE-PETITION FIRST LIEN LENDERS

23. Pursuant to the Order dated October 19, 2012 (a copy of which is attached as **Appendix "B"**), the Monitor is authorized to make distributions from time to time without further Order of the Court to the First Lien Administrative Agent on behalf of the First Lien Lenders from, among other things, any available cash on hand at any of the CCAA Parties.
24. As of the date of this report, distributions to the First Lien Lenders have totaled approximately \$85 million.
25. The Monitor intends to distribute the net proceeds from the sale of the Property and certain other funds to the First Lien Administrative Agent on behalf of the First Lien Lenders following closing of the Proposed Sale (if approved). It is anticipated that the CCAA Parties' liquidity requirements will continue to be met by the CCAA Parties from funds held in the Administrative and Transitional Costs Reserves.

RECOMMENDATIONS AND CONCLUSIONS

26. The Monitor has considered the process leading to the proposed sale of and the consideration to be received for the Property in light of the requirements of, *inter alia*, s. 36 of the CCAA. For the reasons outlined below, the Monitor is satisfied

that the process was fair and reasonable in the circumstances and the consideration to be received for the Property is fair and reasonable taking into account its market value.

27. The Monitor is advised by C&W that: (a) a sale of the Property in accordance with the terms and conditions of the PSA will generate the most definite value for the CCAA Parties and their creditors, and that the Court's approval of the Proposed Sale free and clear of Liens except Permitted Exceptions (as defined and set out in the PSA) is a critical step in achieving that result; (b) the PSA represents the most certain and best offer for the Property; and (c) \$7,000,000 is fair and reasonable consideration for the Property.
28. C&W ran a lengthy and thorough sale process in good faith prior to identifying the Proposed Purchaser. After extensive negotiations in connection with the Proposed Sale, the CCAA Parties believe that the PSA represents the most certain and best offer for the Property available to maximize the benefits to the CCAA Parties and their creditors.
29. In the business judgment of the CCAA Parties and C&W, the best means of selling the Property is through a sale to the Proposed Purchaser pursuant to the PSA because: (a) the Proposed Purchaser's price is fair and reasonable and is the most certain to conclude with a sale of the Property within a reasonable

timeframe and therefore bring the most value to the CCAA Parties than the CCAA Parties believe they will receive from any other purchaser of the Property; and (b) an extensive marketing process has already been conducted and any additional marketing or auction requirement would be costly, time intensive, is not likely to result in a better offer for the Property and would jeopardize the deal the CCAA Parties have negotiated with the Proposed Purchaser on what they believe to be the best terms.

30. The Monitor is advised by C&W that after completion of a comprehensive marketing process, C&W believes that the Proposed Sale represents the best alternative in the circumstances taking into account such factors as (a) aggregate value to stakeholders, (b) the timeframe within which the transaction could be closed, and (c) the probability of closing. The CCAA Parties and C&W believe that the sale to the Proposed Purchaser is thus warranted under the circumstances.
31. Accordingly, the Monitor is of the view that the CCAA Parties have acted in good faith to maximize value in attempting to divest the Property, made satisfactory efforts to obtain the best price and have not acted improvidently.
32. The Monitor does not believe that the sale of the Property under a bankruptcy would be more beneficial to the creditors of the CCAA Parties. Moreover, the

First Lien Lenders, which are (subject only to Court-ordered charges in the CCAA Proceedings) the senior secured creditors of the CCAA Parties support the Proposed Sale.

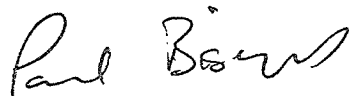
33. The Monitor is advised by the CCAA Parties that all creditors with registered security interests against the Vendor or the Property will be served with notice of this motion.
34. The Monitor is advised by the CCAA Parties and the Purchaser that the Vendor and the Purchaser are not related persons within the meaning of the CCAA.
35. The Monitor is also advised by the CCAA Parties that all payments required under sections 6(5)(a) or 6(6)(a) of the CCAA have been made. Therefore, the Proposed Sale is in compliance with section 36(7) of the CCAA, if this section is applicable to the Proposed Sale.

36. Accordingly, the Monitor recommends approval of the PSA by this Honourable Court.

All of which is respectfully submitted this 21st day of March, 2014.

FTI Consulting Canada Inc.,
in its capacity as the Monitor of C International Inc., formerly Cinram International Inc.,
C International Income Fund, formerly Cinram International Income Fund, CII Trust
and the other Applicants listed in Schedule "A"

Per



Paul Bishop
Senior Managing Director

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.) Holdings' 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

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
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Court File No. CV12-9767-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE COMMERCIAL
LIST
Proceeding commenced at Toronto

TWELFTH REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR

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TAB A

EXECUTION VERSION

PURCHASE AND SALE AGREEMENT

between

CMFG LLC

and

CINRAM PROPERTY GROUP, LLC

Dated as of March 17, 2014

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT is made as of the 17th day of March, 2014 (the "Effective Date"), by and between CMFG LLC (f/k/a Cinram Manufacturing LLC), a Delaware limited liability company ("Seller"), and Cinram Property Group, LLC, a Delaware limited liability company ("Purchaser").

RECITALS

WHEREAS, Seller owns that certain parcel of land comprising approximately 102.92 acres, located in Olyphant Borough, Lackawanna County, Pennsylvania, known and numbered as the "CINRAM PROPERTY", 1400 East Lackawanna Avenue, Olyphant, Pennsylvania 18448, and more particularly described in Exhibit A hereto (the "Land"), and all Appurtenances (as defined below) thereto and all Improvements (as defined below) thereon (the Land, the Appurtenances and the Improvements together, the "Real Property");

WHEREAS, Seller is a wholly-owned subsidiary of CUSH Inc. (f/k/a Cinram U.S. Holding's Inc.), a Delaware corporation ("Parent"), and Parent is a wholly-owned subsidiary of C International Inc. (f/k/a Cinram International Inc.), a Canadian corporation ("CII");

WHEREAS, pursuant to Section 2.2 of that certain Transition Services Agreement (the "TSA") dated as of August 31, 2012 (the "Occupancy Start Date") and amended as of January 30, 2013, between Cinram Group, Inc., a Delaware corporation and the sole member of Purchaser ("CGI"), and CII, CII has agreed to lease the Real Property to CGI from the Occupancy Start Date until August 31, 2014 (the "Occupancy End Date") for rent equal to \$1.00 and the payment by CGI of all operating costs associated with the occupation and operation of the Real Property during such period (the provisions of Section 2.2 of the TSA, the "Occupancy Agreement");

WHEREAS, Seller desires to sell and convey to Purchaser, and Purchaser desires to purchase from Seller, the Real Property, in each case, subject to the terms and conditions set forth in this Agreement;

WHEREAS, upon execution of that certain letter agreement dated February 4, 2014 (the "LoI"), between Purchaser and Seller, Purchaser paid to Seller (to be held by the Monitor) the sum of THREE HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$350,000.00) (the "Initial Deposit"), and concurrently with the execution of this Agreement, Purchaser shall pay to Seller (to be held by the Monitor) an additional sum of TWO HUNDRED FIFTY THOUSAND AND 00/100 DOLLARS (\$250,000.00) (the "Second Deposit"), and together with the Initial Deposit, the "Deposit"); and

WHEREAS, consummation of the sale of the Real Property pursuant to this Agreement will require the issuance of approval orders (the "Orders") in (a) the *Companies' Creditors Arrangement Act* (Canada) proceedings (the "CCAA Proceedings") commenced by order of the Ontario Superior Court of Justice (the "Canadian Court") on June 25, 2012 by CII, the Seller and certain of their affiliates and (b) the proceedings under Chapter 15 of the United States Bankruptcy Code (the "Bankruptcy Code") commenced by Cinram International ULC, the

ultimate parent of CII and Seller, on behalf of, among other entities, CII and Seller, in the United States Bankruptcy Court for the District of Delaware (the "US Court", and together with the Canadian Court, the "Courts");

NOW, THEREFORE, in consideration of the mutual covenants and provisions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

ARTICLE 1

PURCHASE AND SALE

Section 1.1 Agreement of Purchase and Sale. Subject to the terms and conditions hereinafter set forth, Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, the following:

- (a) the Land;
- (b) all rights and appurtenances pertaining to the Land, including any right, title and interest of Seller in and to adjacent streets, alleys, easements or rights-of-way (the "Appurtenances");
- (c) the buildings, structures, fixtures, support systems, surface parking lots, accessways, garages, site improvements, amenities, signs and other improvements affixed to or located on the Land, excluding fixtures owned by Purchaser or providers of utility services (the "Improvements");
- (d) any and all of Seller's right, title and interest in and to all tangible personal property located upon the Land or within the Improvements and used in the operation of the Land or the Improvements and all maps, reports, plans and similar materials related to the Land or the Improvements, including all books and records relating thereto or to the Real Property (collectively, the "Personal Property");
- (e) subject to Section 1.4, any and all of Seller's right, title and interest in and to (i) all assignable warranties, guaranties and indemnities (express or implied) issued to Seller in connection with the Improvements or the Personal Property, (ii) all assignable permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Property and (iii) all security deposits and refunds related to the Real Property or the Personal Property ((i) through (iii) collectively, the "Intangibles", and together with the Real Property and the Personal Property, the "Property").

Section 1.2 Purchase Price. Seller agrees to sell and Purchaser agrees to purchase the Property for the amount of SEVEN MILLION AND 00/100 DOLLARS (\$7,000,000.00) (the "Purchase Price").

Section 1.3 Payment of the Purchase Price. Subject to Section 4.3(a), Purchaser shall pay the Purchase Price (less the Deposit and any interest thereon, to be released by the Monitor and applied towards the Purchase Price), as increased or decreased by prorrations

and adjustments as herein provided, in full at the Closing in cash by wire transfer of immediately available funds to a bank account designated by Seller with value to be received in such account no later than 2:00 p.m. Eastern time on the Closing Date.

Section 1.4 Assignment. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Intangible (including the Time Warner Indemnity) or any right thereunder if assignment is not permissible pursuant to applicable law without the consent of a third party or if an attempted assignment, without the consent of a third party, would constitute a breach or in any way adversely affect the rights of the Seller or Purchaser thereunder. If such consent is not obtained or such assignment is not attainable or attained pursuant to the CCAA or the Bankruptcy Code, the Seller and Purchaser will cooperate and use their respective commercially reasonable efforts to implement a mutually agreeable arrangement pursuant to which Purchaser would obtain the benefits and assume the obligations thereunder in accordance with this Agreement; provided, however, that neither the obtaining of any such consent nor the failure to implement any such arrangement, shall, in any manner, be a precondition to the Closing or affect or limit Purchaser's obligations to complete the purchase of the Property hereunder and there shall be no adjustment to the Purchase Price in the event consent is not obtained or assignment is not attainable or attained pursuant to the CCAA or the Bankruptcy Code, or any such arrangement is not implemented.

Section 1.5 Deposit of Earnest Money.

(a) The Monitor shall hold the Deposit in a segregated interest-bearing account at the Bank of Nova Scotia in accordance with the terms and conditions of this Agreement. All interest on such sum shall be deemed income of Purchaser until disbursement, and Seller and Purchaser shall share equally in all costs and fees imposed on the Deposit account. The Deposit shall be distributed in accordance with the terms of this Agreement and any and all interest accrued against the Deposit shall be disbursed to Purchaser unless paid to Seller as part of the Purchase Price as set forth in Section 1.3. The failure of Purchaser to deliver the Second Deposit on the Effective Date other than as a result of a default by Seller shall be a material default, and shall entitle Seller, at Seller's sole option, to terminate this Agreement immediately and receive the Initial Deposit as liquidated damages for Purchaser's breach of this Agreement. The Deposit shall be non-refundable to Purchaser except to the extent expressly provided otherwise in this Agreement.

(b) The Monitor shall hold and dispose of the Deposit in accordance with the terms of this Agreement. Seller and Purchaser agree that the duties of the Monitor hereunder are purely ministerial in nature and shall be expressly limited to the safekeeping and disposition of the Deposit in accordance with this Agreement. The Monitor shall incur no liability in connection with the safekeeping or disposition of the Deposit for any reason other than the Monitor's intentional misconduct or gross negligence. The Monitor shall not disburse the Deposit without the written consent of both Purchaser and Seller or, in the event of a dispute between Purchaser and Seller, an order issued in the CCAA Proceedings by the Canadian Court.

(c) The Monitor shall not be responsible for any interest on the Deposit except as is actually earned, or for the loss of any interest resulting from the withdrawal of the Deposit prior to the date interest is posted thereon.

(d) The Monitor shall execute this Agreement solely for the purpose of being bound by the provisions of this Agreement applicable to the Monitor.

ARTICLE 2

REVIEW OF PROPERTY

Section 2.1 Right of Inspection.

(a) During the period beginning upon the execution and delivery of the LoI and ending at 5:00 pm Eastern time on February 17, 2014 (hereinafter referred to as the "Feasibility Period"), Purchaser had the right to make a physical inspection of the Real Property, including an inspection of the environmental condition thereof, and to conduct such non-invasive physical engineering and other studies and tests on the Property as Purchaser deemed appropriate in its sole discretion.

(b) From and after the Effective Date, Purchaser shall not perform any further inspections of the Real Property without obtaining Seller's prior written consent thereto, which consent may be given or withheld in Seller's sole discretion and which consent, if given, may be subject to any reasonable terms and conditions imposed by Seller, including, in the case of any invasive testing, the prompt restoration of the Property to its condition prior to any such inspections or tests, at Purchaser's sole cost and expense. At Seller's option, if Purchaser chooses not to proceed with the purchase for any reason other than a Seller default, then Purchaser will furnish to Seller copies of any reports received by Purchaser relating to any inspections of the Property. Purchaser agrees to indemnify, defend and hold harmless Seller and its members, shareholders, officers, directors, employees, agents and affiliates from and against any claim for liabilities, losses, costs, expenses (including reasonable attorneys' fees), damages or injuries arising out of or resulting from the testing at the Property by Purchaser or its agents or consultants, and notwithstanding anything to the contrary in this Agreement, such obligation to indemnify and hold harmless Seller and said persons shall survive the Closing or any termination of this Agreement.

Section 2.2 Right of Termination. If for any reason whatsoever Purchaser determines that the Property or any aspect thereof is unsuitable for Purchaser's acquisition, Purchaser shall have the right to terminate this Agreement by giving written notice thereof to Seller prior to the Closing Date, and if Purchaser gives such notice of termination prior to the Closing Date, this Agreement shall terminate. If this Agreement is terminated pursuant to the foregoing provisions of this paragraph, then neither party shall have any further rights or obligations hereunder (except for any indemnity obligations of either party pursuant to other provisions of this Agreement), the Deposit shall be disbursed to Seller (subject to Section 6.2), any interest on the Deposit shall be disbursed to Purchaser and each party shall bear its own costs incurred hereunder.

ARTICLE 3

TITLE

Section 3.1 Title Report. On February 14, 2014, Purchaser delivered to Seller a preliminary title report dated January 24, 2014 (the "Title Report"), issued by Third Avenue Abstract and Settlement, LLC, as agent for First American Title Insurance Company (the "Title Company"), showing the results of an examination by the Title Company of title to the Real Property. Purchaser agrees to instruct the Title Company to promptly deliver directly to Seller copies of any update, continuation or supplement of or to the Title Report.

Section 3.2 Title Examination. Set forth on Exhibit B hereto are certain Liens affecting, or other defects in, title to the Real Property disclosed by the Title Report and to which Purchaser objects (the "Initial Exceptions"). Within five (5) business days after the issuance of any update, continuation or supplement of or to the Title Report, and in any event at least seven (7) business days prior to the expected hearing date before the Canadian Court for the Order in the CCAA Proceedings, Purchaser shall deliver to Seller a written statement setting forth any Liens affecting, or other defects in, title to the Real Property disclosed by such materials that arose after the date of the Title Report and not as a result of an action or omission by Purchaser as tenant of the Real Property and to which Purchaser objects ("Additional Exceptions"). The failure by Purchaser to deliver any statement required by the immediately preceding sentence within the time period specified therefor shall constitute a waiver by Purchaser of any and all Liens affecting, or other defects in, title to the Real Property which may be or would have been disclosed by the materials to be covered by such statement, all of which shall be Permitted Exceptions. Seller shall use commercially reasonable efforts to attempt to remove all Initial Exceptions and any Additional Exceptions; provided, however, that Seller shall not be required to bring any action or proceeding or take any steps or otherwise incur any expense to remove any Initial Exception or Additional Exception. If for any reason Seller shall be unable or shall fail to remove any Initial Exception or Additional Exception in accordance with the immediately preceding sentence prior to the Closing Date, Seller shall so notify Purchaser at least two (2) business days prior to the Closing Date. If such notice is given by Seller, Purchaser shall elect, prior to the Closing Date, either (i) to terminate this Agreement in accordance with Section 2.2 (in which event the Deposit shall be refunded to Purchaser unless Seller shall have used its commercially reasonable efforts to remove any such Initial Exception or Additional Exception and Purchaser shall have failed to reasonably cooperate, or shall have failed to cause its Affiliates to reasonably cooperate, in such efforts) or (ii) to perform all of Purchaser's obligations hereunder and accept title to the Real Property subject to such uncured Initial Exceptions and Additional Exceptions without any abatement of the Purchase Price or liability on the part of Seller; provided, that Purchaser shall not be entitled to terminate this Agreement pursuant to this sentence on account of (A) any Initial Exception or Additional Exception which is capable of removal pursuant to either one of the Orders (a "Dischargeable Exception") or (B) any Additional Exception which does not materially adversely impact the use or value of the Real Property by or to Purchaser; and provided, further, that the removal of any Dischargeable Exception pursuant to either one of the Orders and not otherwise removed in accordance with this Section 3.2 shall be deemed to constitute an additional condition to the Closing in Section 4.6 below. If Purchaser shall fail to terminate this Agreement prior to the Closing Date in accordance with Section 2.2 within the timeframe contemplated in this paragraph, Purchaser

shall be deemed to have elected clause (ii) above and the Closing shall take place on the Closing Date.

Section 3.3 Permitted Exceptions. Subject to Purchaser's right to accept or reject title to the Real Property under Section 3.2 above, the Property shall be conveyed subject to the following matters, which are hereinafter referred to as the "Permitted Exceptions":

- (a) all Liens affecting, or other defects in, title to the Real Property disclosed in the Title Report, other than the Initial Exceptions;
- (b) those Liens affecting, or other defects in, title to the Real Property disclosed in any update, continuation or supplement of or to the Title Report, in each case, to which Purchaser has not timely objected under Section 3.2;
- (c) those Initial Exceptions and Additional Exceptions which Seller has elected not to remove or cure, or has been unable to remove or cure, and subject to which Purchaser has elected or is deemed to have elected to accept the conveyance of the Property;
- (d) the lien of all ad valorem real estate taxes and assessments not yet due and payable as of the Closing Date, subject to adjustment as herein provided;
- (e) local, state and federal laws, ordinances or governmental regulations, including building and zoning laws, ordinances and regulations, now or hereafter in effect relating to the Property; and
- (f) any Lien as to which the Title Company will, at reasonable rates, insure, or commit to insure Purchaser against loss or forfeiture of title to, or collection from, the Real Property.

Section 3.4 Conveyance of Title. At the Closing, Seller shall convey and transfer to Purchaser good and marketable fee simple title to the Real Property by execution and delivery of the Deed in recordable form. Evidence of delivery of such title shall be the issuance of the Orders and the issuance by the Title Company (or another title insurance company) of an Owner's Policy of Title Insurance or a marked binder committing to issue the same (the "Title Policy") covering the Real Property, in the full amount of the Purchase Price, subject only to the Permitted Exceptions.

ARTICLE 4

CLOSING

Section 4.1 Time and Place. The consummation of the transaction contemplated by this Agreement (the "Closing") shall be held on the the third (3rd) business day following the issuance of the Orders, or on such other date as the parties shall mutually agree in writing (the "Closing Date"); provided that in no event shall the Closing Date be later than May 31, 2014 (the "Outside Date"). At the Closing, Seller and Purchaser shall perform the obligations set forth in, respectively, Section 4.2 and Section 4.3, the performance of which obligations shall be concurrent conditions; provided that the Deed shall not be recorded until

Seller receives confirmation that the Title Company has authority to transfer the full amount of the Purchase Price, less the Deposit and adjusted by prorations as set forth herein, to Seller upon receipt of Seller's instruction to record the Deed. The Closing shall be consummated through an escrow administered by the Title Company and the Purchase Price and all documents shall be deposited with the Title Company as escrowee. Seller and Purchaser shall provide the Title Company with any necessary wiring instructions at least forty-eight (48) hours prior to the Closing Date. The Title Company shall provide Purchaser with wiring instructions for deposit of the Purchase Price and other Closing costs at least forty-eight (48) hours prior to the Closing Date.

Section 4.2 Seller's Obligations at the Closing. At the Closing, Seller shall:

(a) deliver to Purchaser copies of the Orders, which Orders shall specify that the Real Property is being transferred to Purchaser free and clear of all liens and interests (including all Dischargeable Exceptions) other than the Permitted Exceptions, to the extent permissible under applicable law;

(b) deliver to Purchaser a duly executed special warranty deed (the "Deed") in the form attached hereto as Exhibit C conveying the Real Property free and clear of all Liens other than the Permitted Exceptions;

(c) deliver to Purchaser a duly executed bill of sale (the "Bill of Sale") conveying the Personal Property without warranty of title or use and without warranty, express or implied, as to merchantability and fitness for any purpose and in the form attached hereto as Exhibit D;

(d) to the extent assignable, assign to Purchaser, and Purchaser shall assume, Seller's interest in the Intangibles by duly executed assignment and assumption agreement (the "Assignment of Intangibles") in the form attached hereto as Exhibit E;

(e) subject to Section 1.4, deliver to Purchaser a counterpart of an assignment of the Time Warner Indemnity in a form reasonably agreed by the parties hereto (the "Time Warner Assignment"), signed by CII;

(f) in the event that any representation or warranty of Seller set forth in Section 5.1 needs to be modified due to changes since the Effective Date, deliver to Purchaser a certificate, dated as of the Closing Date and executed on behalf of Seller by a duly authorized officer thereof, identifying any representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change; provided, that in no event shall Seller be liable to Purchaser for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty set forth in Section 5.1 which results from any change that (i) occurs between the Effective Date and the Closing Date and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Seller to prevent; provided, however, that the occurrence of a change which is not permitted hereunder or is beyond the reasonable control of Seller to prevent shall, if materially adverse to Purchaser, constitute the non-fulfillment of the condition set forth in Section 4.6(b);

(g) deliver to Purchaser a certificate substantially in the form attached hereto as Exhibit F, duly executed by Parent, certifying as to Parent's non-foreign status as provided in Treasury Regulation Section 1.1445-2 such that Purchaser will not withhold any amount from the Purchase Price under Section 1445 of the Internal Revenue Code;

(h) deliver to Purchaser a counterpart of an assignment of the Occupancy Agreement in a form reasonably agreed by the parties hereto (the "Occupancy Agreement Assignment"), signed by CII;

(i) deliver to Purchaser such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Seller;

(j) deliver to Purchaser possession and occupancy of the Property, subject to the Permitted Exceptions;

(k) execute a closing statement reasonably acceptable to Seller; and

(l) deliver the returns, questionnaires and other documents required by Section 4.5(a) and such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

Section 4.3 Purchaser's Obligations at the Closing. At the Closing, Purchaser shall:

(a) pay to Seller the full amount of the Purchase Price (less the Deposit and any interest thereon, to be released by the Monitor and applied towards the Purchase Price), as increased or decreased by prorations and adjustments as herein provided, by wire transfer of immediately available funds;

(b) join Seller in execution of the Assignment of Intangibles;

(c) subject to Section 1.4, deliver to Seller a counterpart to the Time Warner Assignment, signed by Purchaser;

(d) in the event that any representation or warranty of Purchaser set forth in Section 5.4 needs to be modified due to changes since the Effective Date, deliver to Seller a certificate, dated as of the Closing Date and executed on behalf of Purchaser by a duly authorized representative thereof, identifying any such representation or warranty which is not, or no longer is, true and correct and explaining the state of facts giving rise to the change; provided, that in no event shall Purchaser be liable to Seller for, or be deemed to be in default hereunder by reason of, any breach of representation or warranty set forth in Section 5.4 which results from any change that (i) occurs between the Effective Date and the Closing Date and (ii) is expressly permitted under the terms of this Agreement or is beyond the reasonable control of Purchaser to prevent; provided, however, that the occurrence of a change which is not permitted hereunder or is beyond the reasonable control of Purchaser to prevent shall, if materially adverse to Seller, constitute the non-fulfillment of the condition set forth in Section 4.7(d);

(e) deliver to Seller a counterpart to the Occupancy Agreement Assignment, signed by Purchaser;

(f) deliver to Seller such evidence as the Title Company may reasonably require as to the authority of the person or persons executing documents on behalf of Purchaser

(g) deliver to the Title Company such affidavits as may be customary and reasonably required by the Title Company, in a form reasonably acceptable to Purchaser;

(h) execute a closing statement reasonably acceptable to Purchaser; and

(i) deliver the returns, questionnaires and other documents required by Section 4.5(a) and such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

Section 4.4 Credits and Prorations.

(a) All income and expenses of the Property shall be apportioned as of 11:59 p.m. on the day prior to the Occupancy Start Date, as if Purchaser were vested with title to the Property since (and including) the Occupancy Start Date. Such prorated items shall include the following:

(i) taxes and assessments (including personal property taxes on the Personal Property) levied against the Property;

(ii) utility charges for which Seller is liable, if any;

(iii) permit, license and inspection fees, if any, on the basis of the fiscal year for which levied;

(iv) fuel, if any (plus sales taxes thereon); and

(v) any other operating expenses or other items pertaining to the Property which are customarily prorated between a purchaser and a seller in the county or other applicable jurisdiction in which the Property is located.

(b) Notwithstanding anything contained in Section 4.4(a):

(i) Any taxes paid at or prior to the Closing shall be prorated based upon the amounts actually paid. If taxes and assessments due and payable during the year of the Closing have not been paid before the Closing, Seller shall be charged at the Closing an amount equal to that portion of such taxes and assessments which relates to the period before the Occupancy Start Date and Purchaser shall file any required tax returns and pay the taxes and assessments prior to their becoming delinquent. Any such apportionment made with respect to a tax year for which the tax rate or assessed valuation, or both, have not yet been fixed shall be based upon the tax rate and/or assessed valuation last fixed. To the extent that the actual taxes and assessments for the current year differ from the amount apportioned at the Closing, the parties shall make all necessary adjustments by

appropriate payments between themselves within thirty (30) days after Purchaser presents to Seller a copy of the final tax bill, Purchaser's calculation of the re-proration of the taxes and assessments and appropriate back-up materials related to the calculation. In addition, Seller may inspect Purchaser's books and records related to the Property to confirm Purchaser's calculation. Seller shall receive the entire advantage of any discounts for the prepayment by it of any taxes, water rates or sewer rents.

(ii) Purchaser shall be responsible for all taxes of or with respect to the property for all periods beginning on or after the Occupancy Start Date and shall be responsible for preparing and filing all tax returns in connection therewith.

(iii) If any refund of real property taxes, water rates or charges, sewer taxes or rents or vault charges is made after the Closing Date covering a period prior to the Occupancy Start Date, the same shall be applied first to the reasonable out-of-pocket costs incurred in obtaining same and the balance, if any, of such refund shall be the sole and exclusive property of Purchaser, and, to the extent received by Seller, be paid to Purchaser.

(iv) Seller and Purchaser agree to reasonably cooperate and furnish to each other such information and assistance relating to the Property as is reasonably necessary for the preparation and filing of any tax return, claim for refund or other required filings relating to tax matters. If either Seller or Purchaser receives any correspondence from any taxing authority concerning any taxes that may be the responsibility of the other party, such party shall promptly notify the other party of such correspondence and provide a copy of any such correspondence.

(c) Except as otherwise provided herein, any revenue or expense amount which cannot be ascertained with certainty prior to the Closing shall be prorated on the basis of the parties' reasonable estimates of such amount, and shall be the subject of a final proration sixty (60) days after the Closing. Purchaser shall promptly notify Seller when it becomes aware that any such estimated amount has been ascertained. Once all revenue and expense amounts have been ascertained, Purchaser shall prepare, and certify as correct, a final proration statement which shall be subject to Seller's approval. Upon Seller's acceptance and approval of any final proration statement submitted by Purchaser, such statement shall be conclusively deemed to be accurate and final.

(d) For the avoidance of doubt, the apportionment of credits and prorations in this Section 4.4 shall not alter the agreement of CGI and Seller in the Occupancy Agreement that CGI pay all operating costs, including costs for insurance, realty tax, utilities and security, associated with the occupancy and operation of the Real Property, and CGI shall, to the extent contemplated by the TSA, remain liable to Seller for all amounts apportioned to Seller hereunder.

(e) The provisions of this Section 4.4 shall survive the Closing.

Section 4.5 Transaction Taxes and Closing Costs.

(a) Seller and Purchaser shall cooperate and execute such returns, questionnaires and other documents as shall be required with regard to all applicable property transaction taxes imposed by applicable federal, state or local law or ordinance. Seller and Purchaser shall jointly control and make all decisions with respect to any correspondence, inquiry, audit, settlement or other controversy with respect to any such transaction taxes.

(b) Seller shall pay the fees of any counsel representing Seller in connection with this transaction. Seller shall also pay the following costs and expenses:

(i) one-half of any transfer tax, sales tax, documentary stamp tax or similar tax which is imposed by reason of the transfer of the Property;

(ii) one-half of all recording fees; and

(iii) any fees payable to Cushman & Wakefield Inc. ("Seller's Broker").

(c) Purchaser shall pay the fees of any counsel representing Purchaser in connection with this transaction. Purchaser shall also pay the following costs and expenses:

(i) the escrow fees, if any, which may be charged by the Title Company;

(ii) the fee for the title examination and the Title Report and the premium for the Title Policy to be issued to Purchaser by the Title Company at the Closing, and all endorsements thereto;

(iii) any mortgage tax, documentary stamp tax, intangibles tax or similar tax which becomes payable by reason of any security instrument caused by Purchaser to be recorded against the Property;

(iv) one-half of any transfer tax, sales tax, documentary stamp tax or similar tax which is imposed by reason of the transfer of the Property; and

(v) one-half of all recording fees.

(d) All costs and expenses incident to this transaction and the closing thereof, and not specifically described above, shall be paid by the party incurring same.

(e) The provisions of this Section 4.5 shall survive the Closing.

Section 4.6 Conditions Precedent to the Obligations of Purchaser. The obligation of Purchaser to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(a) Seller shall have delivered to Purchaser all of the items required to be delivered to Purchaser pursuant to the terms of this Agreement, including all of the items provided for in Section 4.2;

(b) All of the representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the Closing Date (with appropriate modifications permitted under this Agreement); and

(c) Seller shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Seller on or prior to the Closing Date.

Section 4.7 Conditions Precedent to the Obligations of Seller. The obligation of Seller to consummate the transaction hereunder shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(a) The Courts shall have issued the Orders;

(b) The Title Company shall have received the Purchase Price (less the Deposit and any interest thereon) as adjusted as provided herein with unconditional instructions to disburse same in accordance with the agreed-upon settlement statement simultaneously with Seller's authorization to release its Deed for recordation, all pursuant to and payable in the manner provided for in this Agreement;

(c) Purchaser shall have delivered to Seller all of the items required to be delivered to Seller pursuant to the terms of this Agreement, including those provided for in Section 4.3;

(d) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date (with appropriate modifications permitted under this Agreement); and

(e) Purchaser shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Purchaser on or prior to the Closing Date.

ARTICLE 5

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 5.1 Representations and Warranties of Seller. Seller hereby makes the following representations and warranties to Purchaser as of the Effective Date, which representations and warranties shall be deemed to have been made again as of the Closing, subject to Section 4.2(e):

(a) Organization and Authority. Seller is validly existing under the laws of the State of Delaware. Subject to entry of the Orders, Seller has the full right and authority to

enter into this Agreement and to consummate or cause to be consummated the transaction contemplated by this Agreement. The person signing this Agreement on behalf of Seller is authorized to do so.

(b) Pending Actions. Seller has not received written notice of any pending action, suit or arbitration, or any unsatisfied order or judgment, against Seller relating to the Property.

(c) Condemnation. Seller has received no written notice of any pending or threatened condemnation proceedings relating to the Property.

(d) Zoning and Use. Except with respect to the lease of the Real Property to Purchaser, Seller has, since June 24, 2012 (i) taken no action to change the zoning or authorized use of the Property, (ii) not entered into any agreements or understandings with any other Person regarding the use of or access to the Property, and (iii) received no written notice of any violation of law or intent to change the zoning or authorized use of the Property.

Section 5.2 Non-Survival of Seller's Representations and Warranties. None of the representations and warranties of Seller set forth in this Agreement or any instrument delivered pursuant to this Agreement shall survive the Closing.

Section 5.3 Covenants by Seller.

(a) Seller shall use all reasonable efforts to obtain the issuance of the Orders as soon as possible prior to the Outside Date.

(b) Seller shall use all reasonable efforts to close the transaction contemplated herein as soon as possible following the issuance of the Orders.

(c) From the Effective Date until the Closing or the earlier termination of this Agreement, Seller shall, subject to the TSA, maintain the Property in a manner generally consistent with the manner in which Seller has maintained the Property prior to the date hereof and shall continue to take such actions as a prudent owner of a similar property would take.

Section 5.4 Representations and Warranties of Purchaser. Purchaser hereby makes the following representations and warranties to Seller as of the Effective Date, which representations and warranties shall be deemed to have been made again as of the Closing, subject to Section 4.3(d):

(a) Organization and Authority. Purchaser is validly existing under the laws of the State of Delaware. Purchaser has the full right and authority to enter into this Agreement and to consummate or cause to be consummated the transaction contemplated by this Agreement. The person signing this Agreement on behalf of Purchaser is authorized to do so.

(b) Pending Actions. There is no action, suit or arbitration pending, or unsatisfied order or judgment, against Purchaser, which could prohibit the transactions contemplated by this Agreement.

(c) ERISA. Purchaser is not a “party in interest” (as defined in Section 3(14) of ERISA) with respect to any employee benefit plan subject to ERISA and Purchaser’s acquisition of the Property shall not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended, for which no exemption is applicable.

Section 5.5 Non-Survival of Purchaser’s Representations and Warranties. None of the representations and warranties of Purchaser set forth in this Agreement or any instrument delivered pursuant to this Agreement shall survive the Closing.

Section 5.6 Covenants by Purchaser.

(a) Purchaser shall cooperate with Seller’s efforts to obtain the issuance of the Orders as soon as possible prior to the Outside Date.

(b) Purchaser shall use all reasonable efforts to close the transaction contemplated herein as soon as possible following the issuance of the Orders.

(c) Prior to expiration of the Feasibility Period, Purchaser shall use all reasonable efforts to obtain all corporate and regulatory, including zoning and land development, approvals necessary for Purchaser’s intended use of the Real Property.

ARTICLE 6

DEFAULT

Section 6.1 Default by Purchaser. In the event the sale of the Property as contemplated hereunder is not consummated on or prior to the Outside Date due to Purchaser’s default hereunder (including, without limitation, Purchaser’s failure to satisfy Purchaser’s obligations at the Closing as set forth in Section 4.3 or satisfy the conditions precedent set forth in Section 4.7 other than Section 4.7(a)), Seller shall be entitled, as its sole remedy, to terminate this Agreement and receive the Deposit as liquidated damages for the breach of this Agreement, it being agreed between the parties hereto that the actual damages to Seller in the event of such breach are impractical to ascertain and the amount of the Deposit is a reasonable estimate thereof.

Section 6.2 Default by Seller. In the event the sale of the Property as contemplated hereunder is not consummated on or prior to the Outside Date due to Seller’s default hereunder (including, without limitation, Seller’s failure to satisfy Seller’s obligations at the Closing as set forth in Section 4.2 or satisfy the conditions precedent set forth in Section 4.6, but excluding Seller’s failure to deliver evidence of delivery of title pursuant to Section 3.4 as a result of the Title Company’s (and any other title insurance company’s) refusal to issue the Title Policy despite the removal of all Initial Exceptions and Additional Exceptions through affidavits delivered to the Title Company, the issuance of the Orders or otherwise) or the failure to occur of the issuance of the Orders, and Purchaser is not in default under this Agreement, Purchaser shall be entitled, as its sole remedy, either (a) to receive the return of the Deposit and any interest thereon, which return shall operate to terminate this Agreement and release Seller from any and all liability hereunder, or (b) subject to prior issuance of the Orders, to enforce specific

performance of Seller's obligation to convey and assign the Property to Purchaser in accordance with this Agreement (including, subject to Section 1.4, the Time Warner Assignment), it being understood and agreed that the remedy of specific performance shall not be available to enforce any other obligation of Seller hereunder. Purchaser expressly waives its rights to seek damages in the event of any default by Seller hereunder. Purchaser shall be deemed to have elected to terminate this Agreement and receive back the Deposit as provided above if Purchaser fails to file suit for specific performance against Seller in a court having jurisdiction in the State of Pennsylvania or the US Court on or before sixty (60) days following the date upon which the Closing was to have occurred. Purchaser acknowledges that the filing of a lis pendens or other evidence of Purchaser's rights or the existence of this Agreement could cause significant monetary and other damages to Seller and hereby agrees to indemnify, defend and hold harmless Seller and its members, shareholders, directors, officers, employees and agents from and against any liabilities, losses, costs, expenses (including reasonable attorneys' fees) and damages arising out of any action taken by Purchaser to file a lis pendens or other evidence of Purchaser's rights or the existence of this Agreement or otherwise to attempt to delay or prevent Seller from conveying its interest in the Property to a party other than Purchaser; provided, however, that Purchaser may file a lis pendens as part of any specific performance action commenced in accordance with the immediately preceding sentence.

Section 6.3 Recoverable Damages. Notwithstanding Section 6.1 and Section 6.2, in no event shall the provisions of Section 6.1 and Section 6.2 limit the damages recoverable by either party against the other party due to the other party's obligation to indemnify such party in accordance with this Agreement.

ARTICLE 7

RISK OF LOSS

Section 7.1 Minor Damage. In the event of loss or damage to or any condemnation of the Property (other than any loss, damage or condemnation caused by Purchaser's activities on or in respect of the Property), or any portion thereof, which is not "Major" (as hereinafter defined), this Agreement shall remain in full force and effect and Seller shall assign to Purchaser all of Seller's right, title and interest in and to any claims Seller may have with respect to any casualty insurance policies or condemnation awards relating to the premises in question, and any proceeds received by Seller prior to the Closing net of the costs of collection thereof and of any amounts expended by Seller in connection with the repair or restoration of the Property; and the Purchase Price shall be reduced by an amount equal to the lesser of the deductible amount under Seller's insurance policy or the cost of such repairs as determined in accordance with Section 7.3. Upon the Closing, full risk of loss with respect to the Property shall pass to Purchaser.

Section 7.2 Major Damage. In the event of a "Major" loss or damage (other than any loss or damage caused by Purchaser's activities on or in respect of the Property), Purchaser may terminate this Agreement by written notice to the other party. If Purchaser does not elect to terminate this Agreement within ten (10) business days after Seller sends Purchaser written notice of the occurrence of such Major loss or damage (which notice shall state the cost of repair or restoration thereof as estimated by an architect in accordance with Section 7.3), then

Purchaser shall be deemed to have elected to proceed with the purchase of the Property, in which event Seller shall assign to Purchaser all of Seller's right, title and interest in and to any claims Seller may have with respect to any casualty insurance policies or condemnation awards relating to the Property, and any proceeds received by Seller prior to the Closing net of the costs of collection thereof and of any amounts expended by Seller in connection with the repair or restoration of the Property; and the Purchase Price shall be reduced by an amount equal to the lesser of the deductible amount under Seller's insurance policy or the cost of such repairs as determined in accordance with Section 7.3. Upon the Closing, full risk of loss with respect to the Property shall pass to Purchaser.

Section 7.3 Definition of "Major" Loss or Damage. For purposes of Section 7.1 and Section 7.2, "Major" loss or damage refers to the following: (a) loss or damage to the Property hereof such that the cost of repairing or restoring the premises in question to substantially the same condition which existed prior to the event of damage would be, in the opinion of an architect selected by Seller and reasonably approved by Purchaser, equal to or greater than ten percent (10%) of the Purchase Price or (b) any loss due to a condemnation which permanently and materially impairs the current use of the Property. If Purchaser does not give written notice to Seller of Purchaser's reasons for disapproving an architect within five (5) business days after delivery of notice of the proposed architect, Purchaser shall be deemed to have approved the architect selected by Seller.

ARTICLE 8

COMMISSIONS

Section 8.1 Brokerage Commissions. Seller acknowledges that Seller's Broker has been engaged by Seller to assist with this transaction and that Seller shall be fully responsible for any compensation owed Seller's Broker in connection with this transaction. Seller represents and warrants to Purchaser that it has not dealt with any broker or agent in the negotiation of this transaction other than Seller's Broker. Purchaser represents and warrants to Seller that it has not dealt with any broker or agent in the negotiation of this transaction. Each party hereto agrees that if any person or entity makes a claim for brokerage commissions or finder's fees related to the sale of the Property by Seller to Purchaser, and such claim is made by, through or on account of any acts or alleged acts of said party or its representatives, said party will indemnify, defend and hold harmless the other party, and its members, shareholders, partners, officers, directors, employees and agents from and against any and all loss, liability, cost, damage and expense (including reasonable attorneys' fees) in connection therewith. The provisions of this Section 8.1 shall survive the Closing or any termination of this Agreement.

ARTICLE 9

DISCLAIMERS, WAIVERS, RELEASES AND INDEMNITY

Section 9.1 NO RELIANCE ON DOCUMENTS. EXCEPT AS EXPRESSLY STATED HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY AS TO THE TRUTH, ACCURACY OR COMPLETENESS OF ANY MATERIALS, DATA OR INFORMATION DELIVERED BY SELLER OR ITS BROKERS OR AGENTS TO

PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY. PURCHASER ACKNOWLEDGES AND AGREES THAT ALL MATERIALS, DATA AND INFORMATION DELIVERED BY SELLER TO PURCHASER IN CONNECTION WITH THE TRANSACTION CONTEMPLATED HEREBY ARE PROVIDED TO PURCHASER AS A CONVENIENCE ONLY AND THAT ANY RELIANCE ON OR USE OF SUCH MATERIALS, DATA OR INFORMATION BY PURCHASER SHALL BE AT THE SOLE RISK OF PURCHASER, EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN. ABSENT INTENTIONAL MISCONDUCT OR GROSS NEGLIGENCE, NONE OF SELLER OR ANY OF ITS AFFILIATES SHALL HAVE ANY LIABILITY TO PURCHASER FOR ANY INACCURACY IN OR OMISSION FROM ANY REPORT OR REPORTS DELIVERED BY SELLER TO PURCHASER.

Section 9.2 AS-IS SALE; DISCLAIMERS. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN ANY OTHER DOCUMENT EXECUTED BY SELLER AND DELIVERED TO PURCHASER AT THE CLOSING, IT IS UNDERSTOOD AND AGREED THAT SELLER IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE PROPERTY, INCLUDING ANY REPRESENTATIONS OR WARRANTIES AS TO A PARTICULAR PURPOSE OR THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY. PURCHASER ACKNOWLEDGES AND AGREES THAT UPON THE CLOSING SELLER SHALL SELL AND CONVEY TO PURCHASER AND PURCHASER SHALL ACCEPT THE PROPERTY "AS IS, WHERE IS, WITH ALL FAULTS", AND SHALL ASSUME RESPONSIBILITY FOR THE PHYSICAL AND ENVIRONMENTAL CONDITION OF THE PROPERTY EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT OR IN ANY OTHER DOCUMENT EXECUTED BY SELLER AND DELIVERED TO PURCHASER AT THE CLOSING. PURCHASER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO (INCLUDING SPECIFICALLY, WITHOUT LIMITATION, OFFERING PACKAGES DISTRIBUTED WITH RESPECT TO THE PROPERTY) MADE OR FURNISHED BY SELLER, THE MANAGERS OF THE PROPERTY, OR ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT OR IN ANY OTHER DOCUMENT EXECUTED BY SELLER AND DELIVERED TO PURCHASER AT THE CLOSING. PURCHASER ALSO ACKNOWLEDGES THAT THE PURCHASE PRICE REFLECTS AND TAKES INTO ACCOUNT THAT THE PROPERTY IS BEING SOLD "AS-IS."

PURCHASER REPRESENTS TO SELLER THAT PURCHASER HAS CONDUCTED, OR WILL CONDUCT DURING THE FEASIBILITY PERIOD, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS PURCHASER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY REGULATED, HAZARDOUS OR TOXIC SUBSTANCES ON OR

DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO, OTHER THAN SUCH REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER AS ARE EXPRESSLY SET FORTH IN THIS AGREEMENT. UPON THE CLOSING, PURCHASER SHALL ASSUME THE RISK THAT ADVERSE MATTERS, INCLUDING CONSTRUCTION DEFECTS AND ADVERSE PHYSICAL AND ENVIRONMENTAL CONDITIONS, MAY NOT HAVE BEEN REVEALED BY PURCHASER'S INVESTIGATIONS, AND EXCEPT WITH RESPECT TO MATTERS WHICH BY THE EXPRESS TERMS OF THIS AGREEMENT SURVIVE THE CLOSING, PURCHASER, UPON THE CLOSING, SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED AND RELEASED SELLER (AND THE SELLER'S MEMBERS, SHAREHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS) FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH PURCHASER MIGHT HAVE ASSERTED OR ALLEGED AGAINST SELLER (AND THE SELLER'S MEMBERS, SHAREHOLDERS, OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS) AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, ENVIRONMENTAL CONDITIONS, VIOLATIONS OF ANY APPLICABLE LAWS AND ANY AND ALL OTHER FACTS, OMISSIONS, EVENTS CIRCUMSTANCES OR MATTERS REGARDING THE PROPERTY.

Section 9.3 Indemnity. Purchaser shall indemnify, defend and hold harmless Seller, and its members, shareholders, officers, directors, employees and agents from and against any claims, liabilities, demands, obligations or expenses arising after the Closing with respect to (a) the physical condition of the Property, (b) the presence, discovery or removal of any Hazardous Materials in, at, about or under the Property, or (c) any tort claims made or brought with respect to the Property or the use or operation thereof, in each case (a) through (c), on or after the Occupancy Start Date.

Section 9.4 Monitor. Purchaser acknowledges and agrees that in no event shall the Monitor have any liability under or in respect of this Agreement except as specifically set forth in Section 1.5(b) herein and hereby agrees that any and all indemnities provided to the Seller hereunder shall apply in all respects to the Monitor, its members, shareholders, partners, officers, directors, employees and agents.

Section 9.5 SURVIVAL OF DISCLAIMERS. THE PROVISIONS OF THIS ARTICLE IX SHALL SURVIVE THE CLOSING OR ANY TERMINATION OF THIS AGREEMENT.

ARTICLE 10

DEFINITIONS

Section 10.1 Defined Terms. The capitalized terms used herein will have the following meanings:

“Additional Exceptions” shall have the meaning assigned thereto in Section 3.2.

“Affiliate” means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

“Agreement” shall mean this Purchase and Sale Agreement, together with the exhibits and schedules attached hereto, as the same may be amended, restated, supplemented or otherwise modified.

“Anti-Terrorism Law” shall have the meaning assigned thereto in Section 11.18.

“Appurtenances” shall have the meaning assigned thereto in Section 1.1(b).

“Assignment of Intangibles” shall have the meaning assigned thereto in Section 4.2(d).

“Bankruptcy Code” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Bill of Sale” shall have the meaning assigned thereto in Section 4.2(c).

“Canadian Court” shall have the meaning assigned thereto in the Recitals to this Agreement.

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

“CCAA Proceedings” shall have the meaning assigned thereto in the Recitals to this Agreement.

“CGI” shall have the meaning assigned thereto in the Recitals to this Agreement.

“CII” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Closing” shall have the meaning assigned thereto in Section 4.1.

“Closing Date” shall have the meaning assigned thereto in Section 4.1.

“control” (including the terms “controlled by”, “controlling” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

“Courts” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Deed” shall have the meaning assigned thereto in Section 4.2(a).

“Deposit” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Dischargeable Exception” shall have the meaning assigned thereto in Section 3.2.

“Effective Date” shall have the meaning assigned thereto in the Preamble to this Agreement.

“ERISA” shall mean the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and the rulings issued thereunder.

“Feasibility Period” shall have the meaning assigned thereto in Section 2.1(a).

“Hazardous Materials” shall mean any substance, chemical, waste or material that is or becomes regulated by any federal, state or local governmental authority because of its toxicity, infectiousness, radioactivity, explosiveness, ignitability, corrosiveness or reactivity, including asbestos or any substance containing more than 0.1 percent asbestos, mold, the group of compounds known as polychlorinated biphenyls, flammable explosives, oil, petroleum or any refined petroleum product.

“Improvements” shall have the meaning assigned thereto in Section 1.1(c).

“Initial Deposit” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Initial Exceptions” shall have the meaning assigned thereto in Section 3.2.

“Intangibles” shall have the meaning assigned thereto in Section 1.1(e).

“Land” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Liens” means any liens, claims, interests or encumbrances.

“LoI” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Monitor” shall mean FTI Consulting Canada Inc., in its capacity as Court Appointed Monitor of CMFG LLC and the other applicants in the CCAA Proceedings.

“Occupancy Agreement” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Occupancy Agreement Assignment” shall have the meaning assigned thereto in Section 4.2(h).

“Occupancy End Date” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Occupancy Start Date” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Orders” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Outside Date” shall have the meaning assigned thereto in Section 4.1.

“Parent” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Permitted Exceptions” shall have the meaning assigned thereto in Section 3.3.

“Person” means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

“Personal Property” shall have the meaning assigned thereto in Section 1.1(d).

“Prohibited Person” shall have the meaning assigned thereto in Section 11.18.

“Property” shall have the meaning assigned thereto in Section 1.1(e).

“Purchase Price” shall have the meaning assigned thereto in Section 1.2.

“Purchaser” shall have the meaning assigned thereto in the Preamble to this Agreement.

“Real Property” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Second Deposit” shall have the meaning assigned thereto in the Recitals to this Agreement.

“Seller” shall have the meaning assigned thereto in the Preamble to this Agreement.

“Seller’s Broker” shall have the meaning assigned thereto in Section 4.5(b)(iii).

“Time Warner Indemnity” means all of CII’s rights under Section 9.5 of that certain Stock Purchase Agreement dated July 18, 2003, between Time Warner Inc. and CII, as amended.

“Time Warner Assignment” shall have the meaning assigned thereto in Section 4.2(e).

“Title Company” shall have the meaning assigned thereto in Section 3.1.

“Title Policy” shall have the meaning assigned thereto in Section 3.4.

“Title Report” shall have the meaning assigned thereto in Section 3.1.

“TSA” shall have the meaning assigned thereto in the Recitals to this Agreement.

“US Court” shall have the meaning assigned thereto in the Recitals to this Agreement.

ARTICLE 11

MISCELLANEOUS

Section 11.1 Confidentiality. Except as required by law (including a court order), Purchaser and its representatives shall hold in strictest confidence all data and information obtained with respect to Seller or its business, whether obtained before or after the execution and delivery of this Agreement, and shall not disclose the same to others; provided, however, that it is understood and agreed that Purchaser may disclose such data and information to the employees, lenders, investors, consultants, accountants and attorneys of Purchaser, provided that Purchaser shall cause such persons to treat such data and information confidentially as herein provided. Notwithstanding the foregoing, Purchaser shall have no obligation to maintain the confidentiality of any information which is available to the public or which has been obtained from sources not subject to the provisions hereof. In the event that this Agreement is terminated or Purchaser fails to perform hereunder, Purchaser shall, upon written request of Seller, promptly return to Seller any statements, documents, schedules, exhibits or other written information obtained from Seller in connection with this Agreement or the transaction contemplated herein. In the event of a breach or threatened breach by Purchaser or its agents or representatives of this Section 11.1, Seller shall be entitled to an injunction restraining Purchaser or its agents or representatives from disclosing, in whole or in part, such confidential information. Nothing herein shall be construed as prohibiting Seller from pursuing any other available remedy at law or in equity for such breach or threatened breach. The provisions of this Section 11.1 shall survive any termination of this Agreement.

Section 11.2 Public Disclosure. Except as required by law (including a court order), any release to the public of information with respect to the sale contemplated herein or any matters set forth in this Agreement prior to the Closing will be made only in the form reasonably approved by Purchaser and Seller. Each party shall give the other party prior written notice of any such release of information that is required by law (to the extent permitted by law). The provisions of this Section 11.2 shall survive any termination of this Agreement.

Section 11.3 Assignment. Subject to the provisions of this Section 11.3, the terms and provisions of this Agreement are to apply to and bind the permitted successors and assigns of the parties hereto. Purchaser may not assign its rights under this Agreement without first obtaining Seller's written approval, which approval may be given or withheld in Seller's sole discretion; provided that Purchaser may assign its rights under this Agreement without Seller's approval to any Affiliate of Purchaser. In the event that Purchaser intends to assign its rights hereunder to a Person other than any Affiliate of Purchaser, (a) Purchaser shall send Seller written notice of its request at least ten (10) business days prior to the Closing, which request shall include the legal name and organizational structure of the proposed assignee and any other information that Seller may reasonably request, and (b) Purchaser and the proposed assignee shall execute an assignment and assumption of this Agreement in form and substance reasonably acceptable to Seller. Notwithstanding the foregoing, under no circumstances shall Purchaser have the right to assign this Agreement to any Person owned or controlled by an employee benefit plan if Seller's sale of the Property to such person or entity would, in the reasonable opinion of Seller's ERISA advisor, create or otherwise cause a "prohibited transaction" under ERISA. Any transfer, directly or indirectly, of any stock, partnership interest or other ownership interest in Purchaser shall constitute an assignment of this Agreement. The provisions of this Section 11.3 shall survive the Closing or any termination of this Agreement.

Section 11.4 Notices. Any notice pursuant to this Agreement shall be given in writing by (a) personal delivery, (b) reputable overnight delivery service with proof of delivery, (c) United States Mail, postage prepaid, certified mail, return receipt requested, or (d) legible facsimile transmission, sent to the intended addressee at the address set forth below, or to such other address or to the attention of such other person as the addressee shall have designated by written notice sent in accordance herewith, and shall be deemed to have been given upon receipt or refusal to accept delivery, or, in the case of facsimile transmission, as of the date of the facsimile transmission provided that an original of such facsimile is also sent to the intended addressee by means described in clauses (a), (b) or (c) above. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement shall be as follows:

If to Seller: CMFG LLC
c/o FTI Consulting Canada Inc.
79 Wellington Street West
Suite 2010
Toronto, Ontario
M5K 1G8
Attention: Paul Bishop
Tel: 416-649-8053
Fax: 416-649-8101

with a copy to: Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022
Attention: Douglas Bartner
Tel.: 212-848-8190
Fax: 646-848-8190

If to Purchaser: Cinram Property Group, LLC
2255 Markham Road
Scarborough, Ontario M1B 2W3
Attention: Mr. Artur Hausz
Tel: 416-332-2906
Fax: 416-332-2403

with a copy to: Office of General Counsel
Cinram
860 Via de la Paz, Suite F-4
Pacific Palisades, CA 90272
Attention: Howard Z. Berman, Esq.
Tel: 310-230-9966
Fax: 310-230-9969

If to the Monitor: FTI Consulting Canada Inc.
79 Wellington Street West
Suite 2010
Toronto, Ontario
M5K 1G8
Attention: Paul Bishop
Tel: 416-649-8053
Fax: 416-649-8101

Section 11.5 Modifications. This Agreement cannot be changed orally, and no executory agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such executory agreement is in writing and is signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

Section 11.6 Entire Agreement. This Agreement contains the entire agreement between the parties hereto pertaining to the subject matter hereof and fully supersedes all prior written or oral agreements and understandings between the parties pertaining to such subject matter.

Section 11.7 Counterparts. This Agreement may be executed in counterparts, all such executed counterparts shall constitute the same Agreement, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

Section 11.8 Facsimile Signatures. In order to expedite the transaction contemplated herein, facsimile or other electronic signatures (such as a .PDF file sent by electronic mail) may be used in place of original signatures on this Agreement. Seller and Purchaser intend to be bound by the signatures on the facsimile or other electronic document, are aware that the other party will rely on the facsimile or other electronic signatures, and hereby waive any defenses to the enforcement of the terms of this Agreement based on such form of signature.

Section 11.9 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect; provided that the invalidity or unenforceability of such provision does not materially adversely affect the benefits accruing to any party hereunder.

Section 11.10 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. Purchaser and Seller agree that the provisions of this Section 11.10 shall survive the Closing or any termination of this Agreement.

Section 11.11 No Third-Party Beneficiary. The provisions of this Agreement and of the documents to be executed and delivered at the Closing are and will be for the benefit of Seller and Purchaser only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at the Closing.

Section 11.12 Captions. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

Section 11.13 Interpretation. For the purposes of this Agreement, “DOLLARS” and “\$” mean United States dollars and, except as otherwise expressly provided herein or unless the context otherwise requires: (a) words using the singular or plural number also include the plural or singular number, respectively, and the use of any gender herein shall be deemed to include the other genders; (b) references herein to “Sections” and “Exhibits”, without reference to a document, are to the specified Sections of, and Exhibits to, this Agreement; (c) a reference to a subsection or other subdivision without further reference to a Section is a reference to such subsection or subdivision as contained in the same Section in which the reference appears; (d) the words “herein”, “hereof”, “hereunder”, “hereby” and other words of similar import refer to this Agreement as a whole and not to any particular provision; and (e) the words “include”, “includes” and “including” are deemed to be followed by the phrase “without limitation”.

Section 11.14 Construction. The parties acknowledge that the parties and their counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any exhibits or amendments hereto.

Section 11.15 Recordation. Neither this Agreement nor a memorandum hereof may be recorded by any party hereto without the prior written consent of the other party hereto. The provisions of this Section 11.15 shall survive the Closing or any termination of this Agreement.

Section 11.16 Attorneys’ Fees. If either party commences legal proceedings for any relief against the other party arising out of this Agreement or any documents, agreements, exhibits or certificates contemplated hereby, the losing party shall pay the prevailing party’s reasonable attorney’s fees upon final judgment thereof.

Section 11.17 Computation of Time Periods.

All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or national holiday.

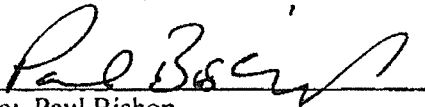
Section 11.18 Patriot Act. Neither Seller nor Purchaser, nor any of their respective constituent owners or affiliates (i) is in violation of any Anti-Terrorism Law (as defined below), (ii) is a Prohibited Person (as defined below), (iii) knowingly conducts any business or engages in any transaction or dealing with any Prohibited Person, including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person, (iv) deals in or otherwise engages in any transaction relating to property or interests in property blocked pursuant to Executive Order No. 13224 (as defined below); or (v) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose or intent of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. As used herein: (A) "Anti-Terrorism Law" is defined as any Law relating to terrorism or money-laundering, including Executive Order No. 13224 and the USA Patriot Act (as defined below); (B) "Executive Order No. 13224" is defined as the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism," as amended; (C) "Prohibited Person" is defined as any person or entity (1) listed in the Annex to, or otherwise subject to the provisions of, Executive Order No. 13224; (2) owned or controlled by, or acting for or on behalf of, any party described in subparagraph (C)(1) above; (3) with whom any lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (4) who commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; (5) named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treasury.gov/ofac/downloads/t11sdn.pdf> or at any replacement website or other official publication of such list; or (6) affiliated with any party described in subparagraphs (C)(1)-(5) above; and (D) "USA Patriot Act" is defined as the "Uniting and Strengthening" America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56), as amended.

[Signatures commence on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Effective Date.

CMFG LLC

By: FTI Consulting Canada Inc., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity

By: 
Name: Paul Bishop
Title: Senior Managing Director

CINRAM PROPERTY GROUP, LLC

By: _____
Name:
Title:

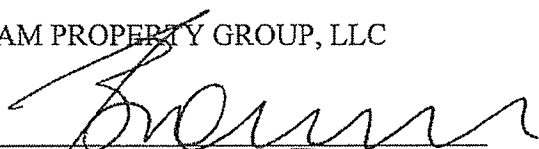
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the Effective Date.

CMFG LLC

By: FTI Consulting Canada Inc., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity

By: _____
Name: Paul Bishop
Title: Senior Managing Director

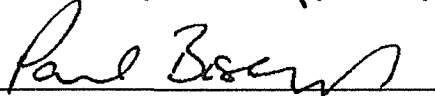
CINRAM PROPERTY GROUP, LLC

By: 
Name: STEVEN G. BROWN
Title: President & Chief Executive officer

JOINDER BY THE MONITOR

The Monitor executes this Agreement solely for the purpose of acknowledging that it agrees to be bound by the provisions of this Agreement regarding the Deposit applicable to the Monitor.

FTI CONSULTING CANADA INC., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity

By: 

Name: Paul Bishop

Title: Senior Managing Director

EXHIBIT A

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN lot, piece or parcel of land situate, lying and being in the Boroughs of Olyphant and Jessup, County of Lackawanna and Commonwealth of Pennsylvania, more fully described and bounded as follows, to wit:

BEGINNING at a point in the division line between lands now or formerly of Raymond Colliery Company, Inc., and lands of Mid-Valley Industrial Park, Inc., said point being the northerly corner of a parcel of land conveyed by deed dated May 23, 1979 and recorded in Lackawanna County Deed Book 975 at page 691;

THENCE, along said division line between lands now or formerly of Raymond Colliery Company, Inc. and lands of Mid-Valley Industrial Park, Inc., North fifty degrees twenty minutes forty-seven seconds East (N 50° 20' 47" E) Nine hundred twenty and ninety-nine hundredths (920.99) feet to a point;

THENCE, continuing along the same, North forty-nine degrees fifty-two minutes three seconds East (N 49° 52' 03" E) Two hundred seventy-seven and nine tenths (277.9) feet to a point;

THENCE, through lands of the grantor herein the following nine (9) courses and distances:

- (1) South forty degrees ten minutes East (S 40° 10' E) Two hundred fifty-three and eighty-three hundredths (253.83) feet;
- (2) North seventy-nine degrees fifty-five minutes East (N 79° 55' E) One hundred thirty and one hundredths (130.01) feet;
- (3) South forty-eight degrees fifty-five minutes East (S 48° 55' E) Ninety and thirty-nine hundredths (90.39) feet;
- (4) South three degrees twenty-five minutes East (S 03° 25' E) Four hundred five and sixty-five hundredths (405.65) feet;
- (5) South forty-three degrees twelve minutes East (S 43° 12' E) One hundred twenty-six and thirty-nine hundredths (126.39) feet;
- (6) South three degrees thirty-seven minutes East (S 03° 37' E) One hundred forty-two and sixty-two hundredths (142.62) feet;
- (7) South thirteen degrees fifty-two minutes East (S 13° 52' E) One hundred sixty-eight and sixty-seven hundredths (168.67) feet;
- (8) South twenty-five degrees forty-eight minutes West (S 25° 48' W) One hundred thirty-four and seven tenths (134.7) feet; and

(9) South fifty degrees thirty minutes twenty-one seconds West (S 50° 30' 21" W) Eight hundred seventeen (817) feet to the easterly corner of said lands of the grantee herein;

THENCE, along the northeasterly line of lands of the grantee herein, North thirty-nine degrees thirty-nine minutes thirteen seconds West (N 39° 39' 13" W) One thousand one hundred seventy-nine and nine hundredths (1,179.09) feet to the **POINT OF BEGINNING**.

TOGETHER with all the right, title and interest that the grantor herein has been given by deed of the Pennsylvania Coal Company for coal and minerals beneath the surface of the above-described parcel of land. It being clearly understood by the grantee herein that this conveyance of the coal and minerals is being made with no warranty as to their existence beneath the surface of the above-described parcel of land.

**PIN# 11503 010 00302 and
11503 050 00101**

ALL THAT CERTAIN piece or parcel of land situate in the Borough of Olyphant, County of Lackawanna and Commonwealth of Pennsylvania, more fully described and bounded as follows, to wit:

BEGINNING at a point in the Easterly right-of-way line of East Lackawanna Street Extension, said point being located sixty (60) feet, measured along said right-of-way line on a course of South thirty-nine (39) degrees twenty-nine (29) minutes thirty-nine (39) seconds East, from the Northerly line of lands conveyed by Pennsylvania Coal Company to Mid Valley Industrial Park, Inc. by Deed dated May 10, 1979 and recorded in Lackawanna County Deed Book 974 at page 460;

THENCE, along the Southerly line of a reservation, said reservation to be used as a means of ingress and egress to and from lands of Raymond Colliery Company, Inc., North fifty (50) degrees twenty (20) minutes forty-seven (47) seconds East one thousand four hundred seventy-five and seventeen hundredths (1,475.17) feet to a point;

THENCE, North thirty-nine (39) degrees thirty-nine (39) minutes thirteen seconds West sixty (60) feet to a point in line of lands now or formerly of Raymond Colliery Company, Inc.;

THENCE, along the line of said lands North fifty (50) degrees twenty (20) minutes forty-seven (47) seconds East four hundred fifty (450) feet to a point;

THENCE, along the line of lands of Mid-Valley Industrial Park, Inc., South thirty-nine (39) degrees thirty-nine (39) minutes thirteen (13) seconds East one thousand one hundred seventy-nine and nine hundredths (1,179.09) feet to a point;

THENCE, continuing along the same South fifty (50) degrees thirty (30) minutes twenty-one (21) seconds West one thousand nine hundred twenty-eight and twenty-seven hundredths (1,928.27) feet to a point;

THENCE, still along the line of lands of Mid-Valley Industrial Park, Inc., and continuing along the said Easterly right-of-way of East Lackawanna Street Extension, North thirty-nine (39)

degrees twenty-nine (29) minutes thirty-nine (39) seconds West one thousand one hundred thirteen and seventy-two hundredths (1,113.72) feet to the **POINT OF BEGINNING**.

TOGETHER with all the right, title and interest that the grantor herein has been given by deed of the Pennsylvania Coal Company for coal and minerals beneath the surface of the above-described parcel of land. It being clearly understood by the grantee herein that this conveyance of the coal and minerals is being made with no warranty as to their existence beneath the surface of the above-described parcel of land.

EXCEPTING THEREOUT AND THEREFROM:

ALL THAT CERTAIN piece or parcel of land situate in the Borough of Olyphant, Lackawanna County, Pennsylvania (the "Demised Premises"), more particularly bounded and described as follows:

BEGINNING at a point in the Easterly right-of-way line of East Lackawanna Avenue, said point being located a distance of one hundred forty-seven and fifty-five hundredths (147.55) feet, measured along said right-of-way line on a course of North thirty-nine (39) degrees twenty-nine (29) minutes and thirty-nine (39) seconds West, from the Southwesterly corner of lands now or formerly of Anthony J. Gongliewski;

THENCE, along said Easterly right-of-way line of East Lackawanna Avenue North thirty-nine (39) degrees twenty-nine (29) minutes and thirty-nine (39) seconds West, a distance of eight hundred eleven and eighty-one hundredths (811.81) feet to a point at the corner of the lands of the Grantor herein;

THENCE, through the lands of the Grantor herein the following eleven (11) courses and distances:

- (1) North eighteen (18) degrees twenty-two (22) minutes and forty (40) seconds East, a distance of sixty-four and ninety hundredths (64.90) feet to a point;
- (2) Thence, North fifty (50) degrees twenty (20) minutes and forty-seven (47) seconds East, a distance of two hundred six and thirty-four hundredths (206.34) feet to a point;
- (3) Thence, along a curve to the right with a radius of forty-five (45.00) feet, and an arc length of sixty-nine and ninety-five hundredths (69.95) feet, whose chord bearing is South eighty-five (85) degrees seven (07) minutes and twenty-three (23) seconds East, a distance of sixty-three and twelve hundredths (63.12) feet to a point;
- (4) Thence, South forty (40) degrees thirty-five (35) minutes and thirty-three (33) seconds East, a distance of one hundred ninety-four and fifty-four hundredths (194.54) feet to a point;
- (5) Thence, along a curve to the left with a radius of two hundred ten (210.00) feet, and an arc length of one hundred forty-three and twenty-eight hundredths (143.28) feet, whose chord bearing is South sixty (60) degrees eight (08) minutes and seventeen (17) seconds East, a distance of one hundred forty and fifty-one hundredths (140.51) feet to a point;

- (6) Thence, South seventy-nine (79) degrees forty-one (41) minutes and one (01) seconds East, a distance of one hundred seventeen and ten hundredths (117.10) feet to a point;
- (7) Thence, South eight (08) degrees fifty-two (52) minutes and fifty-five (55) seconds West, a distance of thirty-eight and twenty-four hundredths (38.24) feet to a point;
- (8) Thence, South eighty-one (81) degrees seven (07) minutes and five (05) seconds East, a distance of forty-three and eighty-five hundredths (43.85) feet to a point;
- (9) Thence, South nine (09) degrees nine (09) minutes and twenty-one (21) seconds West, a distance of three hundred one and thirty-nine hundredths (301.39) feet to a point;
- (10) Thence, South thirty-nine (39) seconds fifty-nine (59) minutes and fifty (50) seconds East, a distance of one hundred twenty-eight and seventeen hundredths (128.17) feet to a point; and
- (11) Thence, South fifty (50) degrees zero (00) minutes and ten (10) seconds West, a distance of two hundred ten and sixty-seven hundredths (210.67) feet to the place of beginning.

PIN# 12502 040 001

ALL THOSE CERTAIN lots, pieces or parcels of land situate, lying and being in the Borough of Olyphant, County of Lackawanna and Commonwealth of Pennsylvania, more fully described and bounded as follows, to wit:

PARCEL ONE

BEGINNING at a point in the northwesterly sideline of Mid-Valley Drive at the common corner of Lot AX and Lot AY, as shown on map of Mid-Valley Industrial Park dated January 25, 1988 and revised November 18, 1988, said point also being the easterly corner of a parcel of land conveyed by the grantor herein to James D. Cadden, d/b/a Cadden's Moving and Storage by deed dated May 12, 1988 and recorded in Lackawanna County Deed Book 1247 at page 66;

THENCE, along the northeasterly line of said lands now or formerly of Cadden, North thirty-nine degrees twenty-nine minutes thirty-nine seconds West (N 39° 29' 39" W) for a distance of five hundred sixty (560) feet to a point in line of lands now of WEA Manufacturing Inc.;

THENCE, along said lands now of WEA Manufacturing Inc., North fifty degrees thirty minutes twenty-one seconds East (N 50° 30' 21" E) for a distance of one thousand three hundred sixty and twenty-seven hundredths (1,360.27) feet to the westerly corner of a parcel of land conveyed by the grantor herein to WEA Manufacturing Inc. by deed dated June 17, 1988 and recorded in Lackawanna County Deed Book 1250 at page 413;

THENCE, along the southwesterly line of said lands now of WEA Manufacturing Inc., South thirty-nine degrees twenty-nine minutes thirty-nine seconds East (S 39° 29' 39" E) for a distance of five hundred sixty (560) feet to a point in the northwesterly sideline of Mid-Valley Drive;

THENCE, along said sideline, South fifty degrees thirty minutes twenty-one seconds West (S 50° 30' 21" W) for a distance of one thousand three hundred sixty and twenty-seven hundredths (1,360.27) feet to the **POINT OF BEGINNING**.

BEING Lot AY, as shown on map of Mid-Valley Industrial Park dated January 25, 1988 and revised November 18, 1988.

PARCEL TWO

BEGINNING at a point in the southeasterly sideline of Mid-Valley Drive at the common corner of Lot BG, as shown on map of Mid-Valley Industrial Park dated January 25, 1988 and revised November 18, 1988;

THENCE, along the southeasterly sideline of Mid-Valley Drive, North fifty degrees thirty minutes twenty-one seconds East (N 50° 30' 21" E) for a distance of eight hundred thirty (830) feet to a point in the centerline of Sterry Creek;

THENCE, through lands of the grantor herein and along the centerline of Sterry Creek the following nine (9) courses and distances;

- (1) South fifteen degrees eight minutes forty-four seconds West (S 15° 08' 44" W) for a distance of two hundred thirty-six and fifty hundredths (236.50) feet;
- (2) South twenty-eight degrees fifty-three minutes nine seconds West (S 28° 53' 09" W) for a distance of sixty-six and twenty hundredths (66.20) feet;
- (3) South fifteen degrees nineteen minutes forty-one seconds West (S 15° 19' 41" W) for a distance of fifty-five and twenty-seven hundredths (55.27) feet;
- (4) South thirteen degrees fifty-seven minutes twenty-nine seconds East (S 13° 57' 29" E) for a distance of fifty-nine and thirty-four hundredths (59.34) feet;
- (5) South three degrees fifty-four minutes thirty-six seconds East (S 03° 54' 36" E) for a distance of one hundred twenty-four and fourteen hundredths (124.14) feet;
- (6) South eleven degrees forty-one minutes thirty-four seconds West (S 11° 41' 34" W) for a distance of fifty-seven and fifty-three hundredths (57.53) feet;
- (7) South thirty-two degrees thirty-nine minutes four seconds East (S 32° 39' 04" E) for a distance of forty-three and eighty-six hundredths (43.86) feet;
- (8) South twenty-three degrees forty-two minutes forty-five seconds East (S 23° 42' 45" E) for a distance of one hundred eighteen and sixty-six hundredths (118.66) feet; and
- (9) South forty degrees five minutes zero seconds East (S 40° 05' 00" E) for a distance of one hundred ninety-two and sixty hundredths (192.60) feet to a point in line of lands now or formerly of the Pennsylvania Coal Company;

THENCE, along said lands now or formerly of the Pennsylvania Coal Company, South forty-nine degrees zero minutes eleven seconds West (S 49° 00' 11" W) for a distance of thirty-seven and sixty-one hundredths (37.61) feet to a point;

THENCE, continuing along the same on a curve to the right having a radius of four thousand eight hundred four and seventy hundredths (4,804.70) feet and an arc length of three hundred fourteen and seventy hundredths (314.70) feet, being subtended by a chord of South fifty degrees fifty-two minutes forty-six seconds West (S 50° 52' 46" W) for a distance of three hundred fourteen and sixty-four hundredths (314.64) feet to the easterly corner of Lot BF;

THENCE, along the northeasterly line of Lot BF, North thirty-nine degrees twenty-nine minutes thirty-nine seconds West (N 39° 29' 39" W) for a distance of seven hundred thirty-two and ninety-three hundredths (732.93) feet to the **POINT OF BEGINNING**.

BEING Lot BG as shown on map of Mid-Valley Industrial Park dated January 25, 1988 and revised November 18, 1988.

EXCEPTING THEREOUT AND THEREFROM

ALL THAT CERTAIN lot, piece or parcel of land situate in the Borough of Olyphant, Lackawanna County, Pennsylvania, bounded and described as follows, to wit:

BEGINNING at a rebar on the southeasterly right-of-way line of Mid-Valley Drive, a common corner of Lot BG and Lot BF as shown on a plan titled, "Lot BF Mid-Valley Industrial Park Topographic Survey" dated November 23, 1998 (latest revision February 24, 1999) and prepared by Acker Associates, Inc.;

THENCE, along the southeasterly right-of-way of Mid-Valley Drive North 40° 36' 40" East one hundred fifty (150.00) feet to a point;

THENCE, leaving said road through Lot BG South 49° 2' 20" East four hundred forty-four and nineteen hundredths (444.19) feet to a point;

THENCE, through Lot BG along lands acquired by Penn DOT South 51° 16' 37" West one hundred fifty-two and sixty-four hundredths (152.64) feet to a point in line of Lot BG;

THENCE, along Lot BG North 49° 23' 20" West four hundred fifteen and ninety-four hundredths (415.94) feet to the **POINT OF BEGINNING**.

AND ALSO EXCEPTING THEREOUT AND THEREFROM:

ALL THAT CERTAIN lot and or piece of ground conveyed unto the Commonwealth of Pennsylvania, Department of Transportation by Fee Simple Deed from WEA Manufacturing, Inc., dated February 2, 1994 and recorded February 4, 1994 in Deed Book 1461 at page 215.

SUBJECT TO THE EXPRESS COVENANT by the said grantee, its successors and assigns, that discrimination is prohibited upon the basis of race, color, religion, sex or national origin in

the sale, lease or rental, or in the use or occupancy of said land or any improvements erected, or to be erected, thereon.

FURTHER SUBJECT to easements, reservations, restrictions and conditions of record; most particularly those covenants and restrictions recorded in Lackawanna County Deed book 1255 at page 116.

PIN# 12601 010 002

ALL THAT CERTAIN lot, piece or parcel of land situate, lying and being in the Borough of Olyphant, County of Lackawanna and Commonwealth of Pennsylvania, more fully described and bounded as follows, to wit:

BEGINNING at a point in the northwesterly sideline of Mid-Valley Drive, said point being distant one thousand nine hundred twenty-eight and twenty-seven hundredths (1,928.27) feet measured northeasterly along the northwesterly sideline of Mid-Valley Drive on a course of North fifty degrees thirty minutes twenty-one seconds East (N 50° 30' 21" E) from its intersection with the northeasterly sideline of East Lackawanna Street;

THENCE, through lands of the grantor herein, North thirty-nine degrees twenty-nine minutes thirty-nine seconds West (N 39° 29' 39" W) for a distance of five hundred sixty (560) feet to the southerly corner of a parcel of land conveyed by the grantor herein to the grantee herein by deed dated November 24, 1987 and recorded in Lackawanna County Deed Book 1232 at page 569;

THENCE, along said lands of the grantee herein, North fifty degrees thirty minutes twenty-one seconds East (N 50° 30' 21" E) for a distance of two hundred and twenty-one hundredths (200.21) feet to a point;

THENCE, through lands of the grantor herein, South thirty-nine degrees twenty-nine minutes thirty-nine seconds East (S 39° 29' 39" E) for a distance of one hundred thirty-one and forty-one hundredths (131.41) feet to a point in the center of Sterry Creek;

THENCE, along the center of Sterry Creek the following five (5) courses and distances:

- (1) South forty-one degrees zero minutes nine seconds East (S 41° 00' 09" E) for a distance of thirty-four and eighty-six hundredths (34.86) feet;
- (2) South forty-one degrees twenty minutes fifty-six seconds East (S 41° 20' 56" E) for a distance of fifty-three and ninety-five hundredths (53.95) feet;
- (3) South forty-six degrees thirty-three minutes fifty seconds East (S 46° 33' 50" E) for a distance of one hundred eighty-two and ninety-nine hundredths (182.99) feet;
- (4) South thirty-one degrees ten minutes thirteen seconds East (S 31° 10' 13" E) for a distance of sixty-eight and forty-four hundredths (68.44) feet; and

- (5) South five degrees forty-nine minutes one second West (S 05° 49' 01" W) for a distance of one hundred twenty-eight and sixty-nine hundredths (128.69) feet to a point in the northwesterly sideline of Mid-Valley Drive;

THENCE, along the northwesterly sideline of Mid-Valley Drive, South fifty degrees thirty minutes twenty-one seconds West (S 50° 30' 21" W) for a distance of one hundred twenty-four (124) feet to the **POINT OF BEGINNING**.

SUBJECT TO THE EXPRESS COVENANT by the said grantee, its successors and assigns, that discrimination is prohibited upon the basis of race, color, religion, sex or national origin in the sale, lease or rental, or in the use or occupancy of said land or any improvements erected, or to be erected, thereon.

PIN# 12601 010 007

EXHIBIT B
INITIAL EXCEPTIONS

MORTGAGES

1. AMOUNT: \$5,000,000.00

FROM: SCRANTON LACKAWANNA INDUSTRIAL BUILDING COMPANY

TO: THE PENNSYLVANIA INDUSTRIAL DEVELOPMENT AUTHORITY

DATED: 8/20/1980

RECORDED: 8/20/1980

BOOK: 820 PAGE: 257

Amendment of Loan Agreement recorded in Book 835, page 554.

Release of Mortgage with regards to PA Power & Light Company right of way as recorded in Book 1181, page 745.

Supplemental Mortgage for an additional \$1,500,000.00 as recorded 11/24/87 in Book 1060, page 606.

Consent, Subordination & Assumption Agreement as recorded 11/24/87 in Book 1060, page 611.

Assumption Agreement as recorded 11/24/87 in Book 1060, page 622.

Second Supplemental First Mortgage & Mortgage Spreading Agreement as recorded 10/4/90 in Book 1233, page 472.

Consent, Subordination & Assumption Agreement as recorded 10/4/90 in Book 1233, page 480.

Assumption Agreement as recorded 10/4/90 in Book 1233, page 492.

Third Supplemental Open-end Mortgage & Mortgage Spreading Agreement as recorded 11/22/94 in Book 1689, page 403. This 3rd supplemental open-end mortgage was satisfied in Book 37, page 309.

Consent, Subordination & Assumption Agreement as recorded 11/22/94 in Book 1689, page 411.

Assumption Agreement as recorded 11/22/94 in Book 1689, page 458.

Mortgage Modification Agreement & Release as recorded 5/11/98 in Book 2095, page 142. This modification was satisfied by Satisfaction recorded 2/17/99 in Book 37, page 711.

2. AMOUNT: \$975,000.00 (open end mortgage securing future advances)

FROM: CINRAM MANUFACTURING LLC fka CINRAM MANUFACTURING INC
fka WEA MANUFACTURING INC.

TO: JP MORGAN CHASE BANK, N.A.

DATED: 5/3/2006

RECORDED: 5/19/2006

INSTRUMENT#: 200613332

3. AMOUNT: \$245,000.00 (open end second lien mortgage securing future advances)
FROM: CINRAM MANUFACTURING LLC fka CINRAM MANUFACTURING INC
fka WEA MANUFACTURING INC.

TO: JP MORGAN CHASE BANK, N.A.

DATED: 3/30/2011

RECORDED: 4/26/2011

INSTRUMENT#: 201108411

OTHER EXCEPTIONS

1. Rights or claims by parties in possession or under the terms of any unrecorded lease or agreement(s) of sale.
2. Any lien, or right to a lien, for services, labor or material furnished, imposed by law and not shown by the public records.
3. Lease Waiver by and between Signet Leasing and Financial Corporation and WEA Manufacturing Inc. as recorded in Book 1528, page 31.
4. With regards to Parcel# 12502 040 001: Agreement between WEA Manufacturing Inc. and LINC as recorded in Book 18, page 288.

EXHIBIT C
FORM OF DEED

PIN: 11503 010 00302
11503 050 00101
12502 040 001
12601 010 002
12601 010 007

Deed

Made this day of , in the year Two Thousand Fourteen (2014)

Between CMFG LLC (f/k/a Cinram Manufacturing LLC), a Delaware limited liability company, with offices located at c/o FTI Consulting Canada Inc., 79 Wellington Street West, Suite 2010, Toronto, Ontario, M5K 1G8 ("GRANTOR")

AND

CINRAM PROPERTY GROUP, LLC, a Delaware limited liability company, with offices located at 1400 East Lackawanna Avenue, Olyphant, PA 18448 ("GRANTEE")

WITNESSETH, that in consideration of the sum of SEVEN MILLION and 00/100 Dollars (\$7,000,000.00) lawful money of the United States of America paid to it, the receipt whereof is hereby acknowledged, Grantor does hereby grant and convey to Grantee, its successors and assigns:

ALL THOSE CERTAIN lots, pieces or parcels of land situate, lying and being in the Boroughs of Olyphant and Jessup, County of Lackawanna and Commonwealth of Pennsylvania, more fully described on Exhibit A attached hereto and made a part hereof.

THIS DOCUMENT MAY NOT SELL, CONVEY, TRANSFER, INCLUDE OR INSURE THE TITLE TO THE COAL AND RIGHTS OF SUPPORT UNDERNEATH THE SURFACE LAND DESCRIBED OR REFERRED TO HEREIN, AND THE OWNER OR OWNERS OF SUCH COAL MAY HAVE THE COMPLETE LEGAL RIGHT TO REMOVE ALL OF SUCH COAL AND, IN THAT CONNECTION, DAMAGE MAY RESULT TO THE SURFACE OF THE LAND AND ANY HOUSE, BUILDING OR OTHER STRUCTURE ON OR IN SUCH LAND. THE INCLUSION

OF THIS NOTICE DOES NOT ENLARGE, RESTRICT OR MODIFY ANY LEGAL RIGHTS OR ESTATES OTHERWISE CREATED, TRANSFERRED, EXCEPTED OR RESERVED BY THIS INSTRUMENT.

TOGETHER with all and singular the ways, waters, water-courses, rights, liberties, privileges, hereditaments and appurtenances whatsoever thereunto belonging, or in any way appertaining, and the reversions and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, property, claim and demand whatsoever, of Grantor, in law, equity, or otherwise howsoever, of, in, and to the same and every part thereof,

TO HAVE AND TO HOLD the said hereditaments and premises hereby granted or mentioned and intended so to be, with the appurtenances, unto Grantee, its successors and assigns, to and for the only proper use and behoof of Grantee, and its successors and assigns, forever.

UNDER AND SUBJECT, to all matters of record affecting the same

AND Grantor does hereby grant and convey all and singular the hereditaments and premises herein above described and granted, or mentioned and intended so to be, with the appurtenances, unto Grantee, its successors and assigns, against Grantor, and against all and every other person or persons whomsoever lawfully claiming or to claim the same or any part thereof, and will SPECIALLY WARRANT and forever DEFEND.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Grantor has caused these presents to be executed and its common or corporate seal hereto affixed.

CMFG LLC

By: FTI Consulting Canada Inc., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity

ATTEST

By: _____
Name: Paul Bishop
Title: Senior Managing Director

State of _____ : _____ : SS:
County of _____ :

On this, the _____ day of _____, 2014, before me, a Notary Public, the undersigned officer, personally appeared Paul Bishop, who acknowledged himself to be the Senior Managing Director of FTI Consulting Canada Inc., the Court Appointed Monitor of CMFG LLC, and that he as such Senior Managing Director, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Senior Managing Director of FTI Consulting Canada Inc., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

[Signatures Continue on Next Page]

The address of the within named Grantee is:

1400 East Lackawanna Avenue, Olyphant, PA 18448

On behalf of said Grantee

EXHIBIT A

Legal Description

To be attached.

Deed

CMFG LLC,

as GRANTOR

and

CINRAM PROPERTY GROUP, LLC

as GRANTEE

Dated: _____, 2014

EXHIBIT D

FORM OF BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that CMFG LLC, a Delaware limited liability company (the "Seller"), for and in consideration of the sum of Ten Dollars and other valuable consideration to it in hand paid by Cinram Property Group, LLC, a Delaware limited liability company (the "Purchaser"), the receipt and sufficiency of which are hereby acknowledged, hereby sells, assigns, transfers and conveys unto said Purchaser any and all of Seller's right, title and interest in and to all tangible personal property located upon the land described in Exhibit A attached hereto and hereby made a part hereof (the "Land") or within the improvements located thereon and used in the operation of the Land or the improvements as set forth on Exhibit B attached hereto and made a part hereof (the "Personal Property"), as is, where is, and without warranty of title or use, and without warranty, express or implied, of merchantability or fitness for a particular purpose, except as expressly provided herein.

TO HAVE AND TO HOLD all of said personal property unto Purchaser, its successors and assigns, to its own use forever.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale as of the ____ day of _____, 2014.

CMFG LLC

By: FTI Consulting Canada Inc., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity

By: _____
Name: Paul Bishop
Title: Senior Managing Director

EXHIBIT A TO EXHIBIT D
LEGAL DESCRIPTION OF LAND

To be attached.

EXHIBIT B TO EXHIBIT D

PERSONAL PROPERTY

To be attached.

EXHIBIT E

FORM OF ASSIGNMENT OF INTANGIBLES

THIS ASSIGNMENT AND ASSUMPTION OF INTANGIBLES (this "Assignment") is made as of the _____ day of _____, 2014, between CMFG LLC, a Delaware limited liability company ("Assignor"), and Cinram Property Group, LLC, a Delaware limited liability company ("Assignee").

For and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration to it in hand paid by Assignee to Assignor, the conveyance by Assignor to Assignee of all that certain real property being particularly described on Exhibit A attached hereto and incorporated herein by this reference, (the "Land"), and the mutual covenants herein contained, the receipt and sufficiency of the foregoing consideration being hereby acknowledged by the parties hereto, Assignor hereby assigns, transfers, sets over and convey to Assignee all of Assignor's right, title and interest, to the extent assignable, in, to and under any and all of the following (the "Intangible Property"), to wit:

- (i) all existing warranties and guaranties (express or implied) issued to Assignor in connection with the improvements or the personal property being conveyed to Assignee by Bill of Sale on the date hereof; and
- (ii) all existing permits, licenses, approvals and authorizations issued by any governmental authority in connection with the Land.

Assignee does hereby assume and agree to perform all of Assignor's obligations under the Intangible Property accruing from and after the date hereof. Assignee agrees to indemnify, protect, defend and hold Assignor harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys' fees) directly or indirectly arising out of or related to any breach or default in Assignee's failure to perform all of Assignee's obligations under the Intangible Property from and after the date hereof. Assignor shall remain liable for all of Assignor's obligations under the Intangible Property accruing prior to the date hereof. Assignor agrees to indemnify, protect, defend and hold Assignee harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys' fees) directly or indirectly arising out of or related to any breach or default in Assignor's failure to perform all of Assignor's obligations under the Intangible Property prior to the date hereof.

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective heirs, executors, administrators, successors and assigns.

This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Signatures commence on following page]

IN WITNESS WHEREOF, Assignor and Assignee have each executed this Assignment as of the date first written above.

CMFG LLC

By: FTI Consulting Canada Inc., solely in its capacity as Court Appointed Monitor of CMFG LLC and not in its personal or corporate capacity

By: _____
Name: Paul Bishop
Title: Senior Managing Director

Cinram Property Group, LLC

By: _____
Name:
Title:

EXHIBIT A TO EXHIBIT E
LEGAL DESCRIPTION OF LAND

To be attached.

EXHIBIT F

FORM OF FIRPTA CERTIFICATE

CERTIFICATE REGARDING FOREIGN INVESTMENT
IN REAL PROPERTY TAX ACT

Section 1445 of the Internal Revenue Code provides a transferee (Company) of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by CMFG LLC ("Transferor"), in that certain property located in the State of Pennsylvania and described on Exhibit A attached hereto and incorporated herein by this reference, the undersigned hereby certifies the following on behalf of Parent (as defined below):

1. Transferor is a disregarded entity as defined in Section 1.1445-2(b)(2)(iii) of the Treasury Regulations and is a wholly-owned subsidiary of CUSH Inc., a Delaware corporation ("Parent").
2. Parent is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Treasury Regulations promulgated thereunder).
3. Parent's U.S. Employer Identification Number is: _____.
4. Parent's office address is: _____.

Parent understands this certification may be disclosed to the Internal Revenue Service by the transferee and any false statement contained herein could be punished by fine, imprisonment or both.

Under penalties of perjury, the undersigned declares it has examined this certificate and to the best of its knowledge and belief, it is true, correct and complete, and further declares it has the authority to execute this certification on behalf of Parent.

CUSH Inc., a Delaware corporation

By: FTI Consulting Canada Inc., solely in its
capacity as Court Appointed Monitor of
CUSH Inc., a Delaware corporation, and
not in its personal or corporate capacity

By: _____

Name: Paul Bishop
Title: Senior Managing Director

EXHIBIT A TO EXHIBIT F
LEGAL DESCRIPTION OF LAND

To be attached.

TAB B

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 19TH
)
JUSTICE MORAWETZ) DAY OF OCTOBER, 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

ADMINISTRATIVE RESERVE / DISTRIBUTION / TRANSITION 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 (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Neill May sworn October 12, 2012, the Fourth Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the "Monitor") dated 12, 2012 (the "Monitor's Fourth Report"), the Affidavit of Paul Bishop sworn October 12, 2012 (the "Bishop Affidavit") and the Affidavit of Daphne MacKenzie sworn October 11, 2012 (the "MacKenzie Affidavit"), and on hearing the submissions of counsel for the Applicants and Cinram International Limited Partnership (together with the Applicants, the "CCAA Parties"), the Monitor, the Pre-Petition First Lien Agent (as defined in the Initial Order) and the Pre-Petition Second Lien Agent (as defined in the Initial Order, together with

the Pre-Petition First Lien Agent, the “**Agent**”), and with the consent of the Ad Hoc Committee of Former Canadian Cinram Employees, and no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of Jesse Mighton sworn October 15, 2012, filed,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Monitor’s Fourth 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 Monitor’s Fourth Report or in the Initial Order.

ADMINISTRATIVE RESERVE

3. THIS COURT ORDERS that the Monitor shall be and is hereby authorized and directed to deposit the amount of US\$4.2 million (the “**Administrative Reserve Amount**”) from the sale proceeds received and held by it arising from the closing of the Asset Sale Transaction (the “**August Asset Sale Proceeds**”), and any additional amount, from time to time, as agreed to by the Pre-Petition First Lien Agent or upon further Order of this Court, from Additional Proceeds (defined below) and/or available cash on hand at any of the CCAA Parties, into a segregated account established by the Monitor for the payment of Administrative Reserve Costs (the “**Administrative Reserve Account**”). “**Administrative Reserve Costs**” shall mean all professional costs and expenses associated with the completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them, including, without limitation: (a) fees of the Monitor, the Receiver, their respective counsel, Canadian and U.S. counsel to the CCAA Parties, Canadian and U.S. counsel to the Agent and the financial advisor to the Agent, and such other Persons retained by the Monitor; and (b) directors’ and trustees’ fees.

4. THIS COURT ORDERS AND DECLARES that the Administrative Reserve Account shall constitute “Charged Property” within the meaning of and in accordance with the Initial Order and the applicable provisions of the Initial Order shall apply *mutatis mutandis* thereto.

5. THIS COURT ORDERS that the Monitor is hereby authorized and directed to make payments out of the Administrative Reserve Account, on behalf of the CCAA Parties, to the following Persons in the following amounts in respect of the payment of Administrative Reserve Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance with the wire instructions provided by such Persons to the Monitor at least three (3) business days prior to the payment date set by the Monitor):

- (a) the Monitor, its Canadian and U.S. counsel, the Receiver, its counsel, Canadian and U.S. counsel to the CCAA Parties, Canadian and U.S. counsel to the Agent and the financial advisor to the Agent in amounts sufficient to satisfy payment in full of their respective reasonable professional fees and disbursements incurred at their respective standard rates and charges in respect of their performance of their respective duties and obligations relating to completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them;
- (b) payments to directors and trustees of the CCAA Parties of fees owing to them for acting as directors or trustees of a CCAA Party in amounts sufficient to satisfy payment in full of amounts owing thereto; and
- (c) such other fees and costs properly incurred by Persons retained by the Monitor in connection with completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them as determined by the Monitor in its sole and unfettered discretion, after consultation with the Pre-Petition First Lien Agent or its advisors.

6. THIS COURT ORDERS that notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor set forth in the Initial Order or the CCAA, the Monitor shall have no obligation to make any payment, and nothing in this Order shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the amount at any time in the Administrative Reserve Account is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

TRANSITIONAL COSTS RESERVE

7. THIS COURT ORDERS that the Monitor shall be and is hereby authorized and directed to deposit the amount of US\$2.3 million (the “**Transitional Costs Amount**”) from the August Asset Sale Proceeds, and any additional amount, from time to time, as agreed to by the Pre-Petition First Lien Agent or upon further Order of this Court, from Additional Proceeds and/or available cash on hand at any of the CCAA Parties, into a segregated account established by the Monitor for the payment of Transitional Costs (the “**Transitional Costs Account**”). “**Transitional Costs**” shall mean: (a) costs and expenses relating to the Excluded Assets, including, without limitation, property taxes, insurance, utilities, maintenance costs, security costs, property management fees (collectively the “**Excluded Assets Costs**”); and (b) costs incurred for transitional services relating to the Share Sale Transaction, the Excluded Assets and administration of these proceedings.

8. THIS COURT ORDERS AND DECLARES that the Transitional Costs Account shall constitute “Charged Property” within the meaning of and in accordance with the Initial Order and the applicable provisions of the Initial Order shall apply *mutatis mutandis* thereto.

9. THIS COURT ORDERS that the Monitor is hereby authorized and directed to make payments out of the Transitional Costs Account, on behalf of the CCAA Parties, to the following Persons in the following amounts in respect of the payment of Transitional Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance

with the wire instructions provided by such Persons to the Monitor at least three (3) business days prior to the payment date set by the Monitor):

- (a) payments to applicable Persons relating to Excluded Assets Costs in amounts sufficient to satisfy payment in full of Excluded Assets Costs;
- (b) payments to the Purchaser for amounts owing by the CCAA Parties pursuant to the Transition Services Agreement in connection with any costs incurred for the provision of transitional services relating to the Share Sale Transaction, the Excluded Assets and administration of these proceedings; and
- (c) payments to applicable counterparties under contracts and agreements with the CCAA Parties that are not Excluded Assets and which are incurred following the Closing of the Asset Sale Transaction and prior to their assumption or disclaimer pursuant to the provisions of the CCAA;

10. THIS COURT ORDERS that notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor set forth in the Initial Order or the CCAA, the Monitor shall have no obligation to make any payment, and nothing in this Order shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the amount at any time in the Transitional Costs Account is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

DISTRIBUTION TO THE PRE-PETITION FIRST LIEN AGENT

11. THIS COURT ORDERS that the Monitor is hereby authorized and directed to: (a) distribute on behalf of the CCAA Parties US\$24,890,000 from the August Asset Sale Proceeds to the Pre-Petition First Lien Agent on behalf of the Pre-Petition First Lien Lenders; and (b) take all necessary steps and actions to effect the foregoing distribution.

12. THIS COURT ORDERS that the Monitor is hereby authorized to make one or more further distributions, at such time(s) as the Monitor may deem appropriate, without further order of this Honourable Court, to the Pre-Petition First Lien Agent on behalf of the Pre-Petition First Lien Lenders from: (a) additional sale proceeds received by the Monitor from the Asset Sale Transaction subsequent to the Closing; (b) sale proceeds received by the Monitor from the Share Sale Transaction; (c) any additional funds that come into the Monitor's possession in respect of the assets or property of the CCAA Parties (clauses (a), (b), and (c) collectively, the "**Additional Proceeds**"); (d) any available cash on hand at any of the CCAA Parties in such amount(s) as the Monitor deems appropriate; (e) any net balance remaining in the Administrative Reserve Account following payment therefrom of the Administrative Reserve Costs enumerated in paragraphs 3 and 5 of this Order and (f) any net balance remaining in the Transitional Costs Account following payment therefrom of the Transitional Costs enumerated in paragraphs 7 and 9 of this Order (the amounts in clauses (a) to (f) above, collectively, the "**Excess Funds**"); provided that in no circumstance shall the aggregate amount of the distributions to the Pre-Petition First Lien Agent contemplated in paragraphs 11 and 12 of this Order exceed the total amount of the secured indebtedness plus interest accrued thereon owing by the CCAA Parties to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement. The Monitor is hereby authorized to take all necessary steps and actions to effect the distributions described in this paragraph.

13. THIS COURT ORDERS AND DECLARES that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any one or more of the CCAA Parties and any bankruptcy order issued pursuant to any such application; or
- (c) any assignment in bankruptcy made in respect of any of the CCAA Parties,

the distributions and payments made pursuant to paragraphs 5, 9, 11 and 12 of this Order are final and irreversible and shall be binding upon any trustee in bankruptcy that may be

appointed in respect of any of the CCAA Parties and shall not be void or voidable by creditors of any of the CCAA Parties, nor shall the payments constitute or be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances, or other reviewable transactions under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor do they constitute conduct which is oppressive, unfairly prejudicial to or which unfairly disregards the interests of any person.

TRANSITION POWERS OF THE MONITOR

14. THIS COURT ORDERS that in addition to its prescribed rights in the CCAA and the powers granted by the Initial Order, the Monitor is empowered and authorized, *nunc pro tunc*, but not obligated, to take such actions and execute such documents, in the name of and on behalf of the CCAA Parties, as the Monitor considers necessary or desirable in order to:

- (a) perform its functions and fulfill its obligations under this Order or the Initial Order;
- (b) facilitate the completion of the Share Sale Transaction;
- (c) in consultation with the Pre-Petition First Lien Agent or its advisors, market, collect, monetize, liquidate, realize upon, sell or otherwise dispose of any of the Excluded Assets, pay any commissions and marketing expenses incurred in connection therewith and apply the net proceeds thereof in accordance with this Order or further Order of the Court;
- (d) facilitate the completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them;
- (e) supervise the management of the business and affairs of Cinram Wireless LLC;
- (f) issue notices of disclaimer of contracts pursuant to section 32 of the CCAA;
- (g) effect liquidation, bankruptcy, winding-up or dissolution of the CCAA Parties;

- (h) act, if required, as trustee in bankruptcy, liquidator, receiver or a similar official of such entities; and
- (i) perform such other functions as the Court may order from time to time on a motion brought on at least three (3) days' notice to the Pre-Petition First Lien Agent or such other notice as deemed appropriate by the Court,

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons including the CCAA Parties, and without interference from any other Person, including any trustee in bankruptcy of any of the CCAA Parties; provided that in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to the exercise of powers by the Monitor under this paragraph 14 (except subsection (e)), the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions in connection with the exercise of such powers.

15. THIS COURT ORDER that from and after the date of this Order, the Monitor is authorized, empowered and directed, to the exclusion of all other Persons including the CCAA Parties, to:

- (a) take control of the existing bank account(s) of the CCAA Parties outlined in Schedule "B" (the "**Bank Accounts**"), and the funds credited thereto or deposited therein;
- (b) give instructions from time to time to transfer the funds credited to or deposited in such existing Bank Accounts (net of any fees to which the financial institutions maintaining such Bank Accounts are entitled) to such other account as the Monitor may direct and give instructions to close the existing Bank Accounts; and
- (c) execute and deliver such documentation and take such other steps as are necessary to give effect to the powers set out in this paragraph 15(a) and 15(b) above; and

- (d) the financial institutions maintaining such Bank Accounts shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor or as to the use or application of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions and such financial institutions shall be authorized to act in accordance with and in reliance upon such instructions without any liability in respect thereof to any Person. For greater certainty and except to the extent that any of the terms of the documentation applicable to the Banking and Cash Management System (as defined in the Initial Order) are inconsistent with the authorities granted to the Monitor pursuant to paragraphs 15(a) and 15(b) above, nothing in this Order shall or shall be deemed to derogate from, limit, restrict or otherwise affect the protections granted pursuant to paragraph 5 of the Initial Order in favour of any bank providing cash management services to the CCAA Parties.

16. THIS COURT ORDERS that notwithstanding any other provisions of this Order, the Monitor shall consult with the Pre-Petition First Lien Agent or its advisors with respect to the Administrative Reserve Account, the Transitional Costs Account, the Bank Accounts and any payments therefrom, and with respect to the Excess Funds and any distributions therefrom, and in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to any of the foregoing, the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions in connection with any of the foregoing, including the making of proposed payment from any of the Administrative Reserve Account, the Transitional Costs Account and the Bank Accounts, and any failure to make, or in respect of the amount of, one or more additional distributions from the Excess Funds pursuant to paragraph 12 of this Order.

17. THIS COURT ORDERS that from and after the date of this Order, the Monitor is authorized, but not required, to prepare and file the CCAA Parties' employee-related remittances, T4 statements and records of employment for the CCAA Parties' former employees on behalf of the CCAA Parties based solely upon information provided by the

CCAA Parties and on the basis that the Monitor shall incur no liability or obligation to any Person with respect to such returns, remittances, statements, records or other documentation.

18. THIS COURT ORDERS that the Monitor shall be at liberty, after consultation with the Pre-Petition First Lien Agent, to engage such Persons (including any Persons currently representing or retained by the CCAA Parties), in its capacity as Monitor, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under the Initial Order and this Order and to facilitate the completion of these proceedings, and in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to the engagement of any such Persons, the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions.

19. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, the CCAA Parties shall remain in possession and control of the Property (as defined in the Initial Order) which remains following completion of the Sale Transaction (other than the Limited Receivership Property as defined and described in the Appointment Order granted by this Court on October 19, 2012) and the Monitor shall not be deemed to be in possession and/or control of any such remaining Property.

20. THIS COURT ORDERS that all employees of the CCAA Parties shall remain the employees of the CCAA Parties until such time as the Monitor, on the CCAA Parties' behalf, may terminate the employment of such employees. The Monitor shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, other than such amounts as the Monitor may specifically agree in writing to pay.

21. THIS COURT ORDERS that all Persons in possession or control of the Property which remains following completion of the Sale Transaction, other than the Limited Receivership Property, shall forthwith advise the Monitor of such and shall grant immediate and continued access to such property to the Monitor and shall forthwith deliver all such property as directed by the Monitor upon the Monitor's request, other than documents or information which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

22. THIS COURT ORDERS AND DECLARES that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representatives of any of the CCAA Parties within the meaning of any relevant legislation.

23. THIS COURT ORDERS that from and after the date of this Order, the stay of proceedings provided for in the Initial Order may be lifted by Court Order or with the written consent of the Monitor and no further consent of any other Person shall be required to commence or continue a proceeding or enforcement process in any court or tribunal against or in respect of any of the CCAA Parties.

MONITOR PROTECTIONS

24. THIS COURT ORDERS AND DECLARES that the Monitor is not a legal representative within the meaning of Section 159(3) of the *Income Tax Act* (Canada), as amended (the “ITA”) or a person subject to Section 150(3) of the ITA and that the Monitor shall have no obligation to prepare or file any tax returns of the CCAA Parties with any taxing authority.

25. THIS COURT ORDERS AND DECLARES that any distributions under this Order shall not constitute a “distribution” for the purposes of section 159 of the ITA, section 270 of the *Excise Tax Act* (Canada), section 107 of the *Corporations Tax Act* (Ontario), section 22 of the *Retail Sales Tax* (Ontario), section 117 of the *Taxation Act, 2007* (Ontario) or any other similar federal, provincial or territorial tax legislation (collectively, the “Tax Statutes”), and the Monitor in making any such payments is not “distributing”, nor shall be considered to “distribute” nor to have “distributed”, such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of its making any payments ordered or permitted under this Order, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under this Order and any claims of this nature are hereby forever barred.

26. THIS COURT ORDERS that in addition to the rights and protections afforded to the Monitor under the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor, or any reliance thereon, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties under this Order or as requested by the CCAA Parties or with respect to any other duties or obligations set out in this Order or the Initial Order, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA, any other applicable legislation or the Initial Order.

27. THIS COURT ORDERS that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on prior written notice to the Monitor.

28. THIS COURT ORDERS that upon fulfilment of its obligations under this Order, the Monitor is hereby authorized and directed to apply to Court for its discharge.

RELEASE

29. THIS COURT ORDERS that the former and current trustees, directors and officers of the CCAA Parties (collectively, the “**Directors and Officers**”, and each a “**Director**” or “**Officer**”) are hereby fully, finally, irrevocably and forever released and discharged from any and all claims, obligations and liabilities that they may have incurred or may have become subject to as Directors or Officers of the CCAA Parties after the commencement of the within proceedings, provided that nothing herein shall release or discharge any of the Directors or Officers if such Director or Officer is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed gross negligence, fraud or wilful misconduct in its capacity as a Director or Officer.

EXTENSION OF THE STAY PERIOD

30. THIS COURT ORDERS that the Stay Period (as defined in the Initial Order) be and is hereby extended to 11:59 p.m. on February 1, 2013.

TITLE OF PROCEEDINGS

31. THIS COURT ORDERS that the title of these proceedings is amended to reflect the new names of the Applicants as follows:

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

APPROVAL OF MONITOR'S REPORTS, ACTIVITIES AND FEES

32. THIS COURT ORDERS that the First Report of the Monitor dated July 9, 2012, the Second Report of the Monitor dated August 17, 2012, the Third Report of the Monitor dated September 9, 2012 and the Monitor's Fourth Report and the activities described therein are hereby approved.

33. THIS COURT ORDERS that the fees and disbursements of the Monitor for the period June 25, 2012 to September 30, 2012 and its counsel, Stikeman Elliott LLP, for the period June 25, 2012 to August 31, 2012, all as particularized in the Bishop Affidavit and the MacKenzie Affidavit are hereby approved.

SEALING

34. THIS COURT ORDERS that pursuant to Section 10(3) of the CCAA the cash flow forecast attached as Appendix "A" to the Confidential Supplement to the Monitor's Fourth Report be sealed 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.

ADDITIONAL PROVISIONS

35. THIS COURT ORDERS that the CCAA Parties or the Monitor may apply to this Court for advice and directions, or to seek relief in respect of, any matters arising from or under this Order.

36. 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, provided that no order shall be made varying, rescinding or otherwise affecting the provisions of this Order unless notice of a motion is served on the Service List in these proceedings on not less than five (5) days' notice, or upon such other notice, if any, as this Court may order, returnable November 2, 2012.

37. THIS COURT ORDERS that the amount of the Directors' Charge may be decreased upon the consent of the Pre-Petition First Lien Agent, counsel to the CCAA Parties and the Monitor or upon further Order of this Court.

38. 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.

39. 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.

A handwritten signature in black ink, appearing to read "A. D. Praveen", is written over a horizontal line.

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

A handwritten scribble or mark, possibly initials, in black ink.

OCT 19 2012

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

Bank Accounts

CUSH Inc.'s USD Concentration/Funding account at JPMorgan Chase

CUSH Inc.'s USD Benefits payments account at JPMorgan Chase

CUSH Inc.'s USD Money Market Account at Community Bank

CUSH Inc.'s USD account at JPMorgan Chase, N.A., Toronto Branch

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

ORDER

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Lawyers for the Applicants

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36,
AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CINRAM
INTERNATIONAL INC., CINRAM INTERNATIONAL INCOME FUND AND THE COMPANIES
LISTED ON SCHEDULE "A"

Court File No. CV12-9767-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**TWELFTH REPORT OF FTI CONSULTING
CANADA INC., IN ITS CAPACITY AS MONITOR**

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