

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

**TENTH REPORT
OF FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR OF THE
APPLICANTS
October 25, 2013**

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"

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

October 25, 2013

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. Pursuant to the Initial Order, the Stay Period was granted until, and including, July 25, 2012, or such later date as the Court may order. Pursuant to Orders dated July 12, 2012, September 13, 2012, October 19, 2012, January 21, 2013, and June 26, 2013, the Stay Period was extended to December 6, 2013.

11. 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

12. The purpose of this Tenth Report is to inform and/or provide this Honourable Court with an update on the following:
 - a) status of the CCAA Parties' CCAA proceedings; and
 - b) planned distributions to the First Lien Administrative Agent on behalf of the First Lien Lenders.

TERMS OF REFERENCE

13. 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 Cinram Group Inc. the entity carrying on the business transferred in the Asset Sale Transaction.
14. Unless otherwise stated, all monetary amounts contained in this report are expressed in United States dollars.

STATUS OF THE CCAA PROCEEDINGS

Wireless

15. On April 10, 2013, this Honourable Court made an order (the “**Equipment Sale Approval and Vesting Order**”), *inter alia*, approving the sale of the Equipment (as defined in the Equipment Sale Approval and Vesting Order) by Cinram Wireless LLC (“**Wireless**”) to Motorola Mobility LLC, representing a sale of substantially all of the assets of Wireless (the “**Wireless Sale Transaction**”).
16. On April 22, 2013, CRW, in its capacity as foreign representative for the U.S. Debtors, obtained an order under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Equipment Sale Approval and Vesting Order.
17. Following the sale of its assets, Wireless vacated the leased Wireless facility and completed the wind down of its business in June 2013.
18. All health and employee benefit plans for Wireless and other former CCAA Parties’ employees, other than the Cinram 401k Thrift Plan (the “**401k Plan**”), were terminated effective June 30, 2013.

19. As of June 30, 2013, the 401K Plan was closed to further contributions and the Monitor, with the assistance of former management of Cinram, is working with the trustee of the 401k Plan to identify participants and arrange for distribution of the plan assets. Final distributions are expected before the end of 2013, at which time the 401k Plan will be terminated.

Distributions to the Pre-Petition First Lien Lenders

20. Pursuant to the Order dated October 19, 2012 (a copy of which is attached as **Appendix "A"**), 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.
21. As of the date of this report, distributions to the First Lien Lenders have totaled approximately \$81 million.
22. Funds now available for distribution to the First Lien Lenders total \$6.7 million. The Monitor intends to distribute \$4.52 million to the First Lien Administrative Agent on behalf of the First Lien Lenders in the week commencing October 28, 2013. The Monitor will continue to hold the remaining approximately \$2.2 million in order to deal with any known and potential claims against the CCAA Parties.

23. \$750,000 of the \$4.52 million that the Monitor intends to distribute to the First Lien Administrative Agent on behalf of the First Lien Lenders is currently held as collateral support for the D&O Charge. The D&O Charge will remain in the amount of \$1.5 million; however, cash in the amount of \$750,000 being held as collateral support for the charge will be released and included in the funds to be distributed to the First Lien Lenders.

Cinram Hungary Kft.

24. Cinram Hungary Kft. ("**Hungary**") is a wholly owned subsidiary of CII and was founded as part of a tax management arrangement. Hungary was managed by Capita Hungary International ("**Capita**") and as such had no operations and only one employee. Hungary's principal asset consists of cash in the amount of approximately \$1.08 million.
25. Hungary is a guarantor of the Applicants' indebtedness under the Credit Agreements in the approximate amount of \$250 million (the "**Guaranty**"). In addition to its liability as a guarantor under the Credit Agreements, Hungary is liable in the approximate amount of \$420,000 in respect of taxes owing to the tax authorities of the grand Duchy of Luxembourg ("**Tax Authorities**"). The Monitor is advised that Hungary's liability in respect of the Guaranty ranks in priority to its liability to the Tax Authorities.

26. With the agreement of the Pre-Petition First Lien Agent, the Monitor, assisted by Hungary's auditors ("KPMG") and Capita, attempted to reach a voluntary agreement with the Tax Authorities such that the Tax Authorities would receive less than the full liability in return for a full release of such liability, thereby avoiding the costs and delay associated with a formal liquidation. The Monitor was unable to reach such agreement with the Tax Authorities and accordingly on February 27, 2013, with the agreement of the Monitor, a liquidator was appointed over the assets of Hungary.
27. The Hungarian Court issued a liquidation order on September 4, 2013. The liquidator expects the liquidation to be completed within approximately 4 months, at which time substantially all of the \$1.08 million will be distributed directly to the Agent for the Pre-Petition First Lien Lenders who filed a proof of claim in the Hungarian proceedings with respect to their claim under the Guaranty.

Excluded Real Estate Assets

28. The Monitor, in consultation with the financial advisor to the Pre-Petition First Lien Lenders, is overseeing the marketing and sale process of the Excluded Asset real estate properties located in Olyphant, Pennsylvania; Louisville, Kentucky; and Madrid, Spain.

29. Listing agents have been engaged and are actively marketing the properties. The listing agreements expired on August 30, 2013 and were extended at that time for an additional six months.
30. To date, a number of parties have expressed interest in the real properties and engaged in negotiations with respect thereto; however, no sale of any of the properties has been agreed.
31. The tenant of the property in Madrid, Spain has given notice that it will be vacating the premises as of November 4, 2013. This property is also listed for sale.

Insurance for the CCAA Applicants

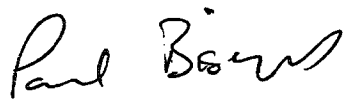
32. The CCAA Applicants' Excluded Asset real estate properties were insured under an umbrella insurance policy that expired on June 30, 2013. The Monitor, in consultation with the Pre-Petition First Lien Lenders, obtained replacement stand-alone coverage which expires on June 30, 2014 for the Louisville and Madrid properties. The Olyphant property is currently occupied by Cinram Group Inc. and under the terms of the Transition Services Agreement is insured by the occupant.

33. The trustees, directors and former officers of the Fund and its subsidiaries were insured against possible liabilities under a Directors' and Officers' ("D&O") insurance policy that expired on July 1, 2013. The trustees of the Fund and directors remaining at its subsidiaries in North America resigned on June 30, 2013. In consultation with the Pre-Petition First Lien Lenders, the Monitor obtained D&O insurance coverage expiring June 30, 2014 with respect to Cinram's Spanish subsidiary and tail insurance for a one year period commencing July 1, 2013 with respect to the remainder of the Cinram Group.

All of which is respectfully submitted this 25th day of October, 2013.

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

APPENDIX "A"

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

Court File No. CV12-9767-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE COMMERCIAL
LIST
Proceeding commenced at Toronto**

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

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