

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

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In re : **Chapter 15**
:
C INTERNATIONAL INC., et al.,¹ : **Case No. 12-11882 (KJC)**
:
Debtors in a Foreign Proceeding. : **Jointly Administered**
:
: **Ref. Docket No. 152**
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NOTICE OF ENTRY OF CANADIAN PROPERTY SALE APPROVAL AND VESTING ORDER

PLEASE TAKE NOTICE that on March 21, 2014, Cinram International ULC, in its capacity as the authorized foreign representative (the “Foreign Representative”) for the above-captioned debtors in a proceeding commenced under Canada’s *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and pending before the Ontario Superior Court of Justice (the “Canadian Court”), filed the *Foreign Representative’s Motion for Entry of an Order (I) Recognizing the Canadian Sale order, (II) Authorizing and Approving the Sale Free and Clear of All liens, Claims, Encumbrances, and Other Interests, and (III) Granting Related Relief* (the “Sale Motion”) [Docket No. 152]. As set forth in the Sale Motion, the Foreign Representative agreed to file a notice of entry of the Property Sale Approval and Vesting Order as soon as practicable after its entry by the Canadian Court.

PLEASE TAKE NOTICE that on April 2, 2014, the Property Sale Approval and Vesting Order, a copy of which is annexed hereto as Exhibit 1, was entered by the Canadian Court.

Dated: Wilmington, Delaware
April 2, 2014

<p>SHEARMAN & STERLING LLP Douglas P. Bartner Jill Frizzley Robert Britton 599 Lexington Avenue New York, New York 10022 Telephone: (212) 848-4000 Facsimile: (646) 848-8174</p>	<p>YOUNG CONAWAY STARGATT & TAYLOR, LLP <u>/s/ Kenneth J. Enos</u> Pauline K. Morgan (No. 3650) Kenneth J. Enos (No. 4544) Rodney Square 1000 North King Street Wilmington, DE 19801 Telephone: (302) 571-6600 Facsimile: (302) 571-1253</p>
<p><i>Co-Counsel to the Foreign Representative</i></p>	

¹ The Debtors in these cases are as follows: (a) C International Inc.; (b) CUSH Inc.; (c) CIHV, Inc.; (d) CDIST LLC; (e) CMFG LLC; (f) CRSMI LLC; (g) Cinram Wireless LLC; (h) IHC Corporation; and (i) One K Studios, LLC. The Debtors’ executive headquarters is located at 2255 Markham Road, Toronto, Ontario, M1B 2W3, Canada.

EXHIBIT 1

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) WEDNESDAY, THE 2ND
)
JUSTICE WILTON-SIEGEL) DAY OF APRIL, 2014

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

ORDER
(Property Sale Approval and Vesting Order)

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

- (i) approving the sale of the Property (as defined in the Olyphant Purchase Agreement) by CMFG LLC, formerly Cinram Manufacturing LLC ("**CMFG**") to Cinram Property Group, LLC (the "**Purchaser**") contemplated by the Purchase and Sale Agreement between CMFG and the Purchaser dated March 17, 2014 (the "**Olyphant Purchase Agreement**") appended to the Twelfth Report of FTI Consulting Canada Inc., in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**") dated March 21, 2014 (the "**Monitor's Twelfth Report**");
- (ii) authorizing CMFG to enter into the Olyphant Purchase Agreement;

- (iii) authorizing CMFG to complete the transactions contemplated by the Olyphant Purchase Agreement (the “**Sale Transaction**”); and
- (iv) upon delivery of the Monitor’s Certificate (as defined below) by the Monitor to the Purchaser, vesting all of CMFG’s right, title and interest in and to the Property in the Purchaser, free and clear of all interests, liens, charges and encumbrances (with certain exceptions), as set out in this Property Sale Approval and Vesting Order,

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

ON READING the Monitor’s Twelfth Report, and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the Pre-Petition First Lien Agent and the Pre-Petition Second Lien Agent (each as defined in the Initial Order dated June 25, 2012), no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of Caroline Descours sworn March 21, 2014, filed:

1. THIS COURT ORDERS that the service of the Notice of Motion and the Motion Record is hereby validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Sale Transaction is hereby approved and the execution of the Olyphant Purchase Agreement by CMFG is hereby authorized and approved with such minor amendments as CMFG may deem necessary. CMFG is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale Transaction and for the conveyance of the Property to the Purchaser.
3. THIS COURT ORDERS AND DECLARES that upon delivery of the Monitor’s certificate to the Purchaser substantially in the form attached as Schedule “B” hereto (the “**Monitor’s Certificate**”) all of CMFG’s right, title and interest in and to the Property shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or

monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Morawetz dated June 25, 2012; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”, which Claims and Encumbrances shall not include the Permitted Exceptions (as defined in the Olyphant Purchase Agreement) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Property are hereby expunged and discharged as against the Property.

4. THIS COURT ORDERS that with respect to CMFG, which is a U.S. Applicant (as defined in the affidavit of John Bell sworn June 23, 2012), this Order is subject to the issuance of an order by the United States Bankruptcy Court for the District of Delaware authorizing the sale and transfer of the Property that is located within the territorial jurisdiction of the United States, free and clear of and from any Claims and Encumbrances, which Claims and Encumbrances shall not include the Permitted Exceptions.

5. THIS COURT ORDERS that the net proceeds from the sale of the Property (the “**Net Proceeds**”) shall be paid to the Monitor and shall stand in the place and stead of the Property, and that from and after the delivery of the Monitor’s Certificate all Claims and Encumbrances (excluding the Permitted Exceptions) relating to the Property shall attach to the net proceeds from the sale of the Property with the same priority as they had with respect to the Property immediately prior to the sale, as if the Property had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. The Net Proceeds shall be distributed by the Monitor in accordance with paragraph 12 of the Order of Justice Morawetz dated October 19, 2012 in these proceedings.

6. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicants or C

International Limited Partnership (together with the Applicants, the “**CCAA Parties**”) and any bankruptcy order issued pursuant to any such applications; and

- (c) any assignment in bankruptcy made in respect of the CCAA Parties;

the vesting of the Property in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the CCAA Parties and shall not be void or voidable by creditors of the CCAA Parties, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

8. THIS COURT ORDERS that the Monitor may rely on written notice from CMFG and the Purchaser regarding fulfillment of conditions to closing under the Olyphant Purchase Agreement and shall incur no liability with respect to delivery of the Monitor’s Certificate.

9. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor’s Certificate, forthwith after the delivery thereof.

10. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States or in any other foreign jurisdiction to give effect to this Order and to assist the CCAA Parties and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the CCAA Parties as may be necessary or desirable to give effect to this Order or to assist the CCAA Parties and their agents in carrying out the terms of this Order.

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



APR - 2 2014

W. Han - J. M. G.

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” – Form of Monitor’s Certificate

Court File No. CV12-9767-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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

Applicants

MONITOR’S CERTIFICATE

RECITALS

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

B. Pursuant to an Order of the Court dated April 2, 2014 (the “**Property Sale Approval and Vesting Order**”), the Court approved the purchase and sale agreement made as of March 17, 2014 (the “**Olyphant Purchase Agreement**”) between CMFG LLC (“**CMFG**”) and Cinram Property Group, LLC. (the “**Purchaser**”) and provided for the vesting in the Purchaser of CMFG’s right, title and interest in and to the Property, which vesting is to be effective with respect to the Property upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Property; and (ii) that the conditions to Closing as set out in Sections 4.6 and 4.7 of the Olyphant Purchase Agreement have been satisfied or waived by CMFG and the Purchaser.

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

THE MONITOR CERTIFIES the following:

1. The Monitor has received the Purchase Price for the Property payable on the Closing Date pursuant to the Olyphant Purchase Agreement;
2. The Monitor has received written confirmation from the Purchaser and CMFG that the conditions to Closing as set out in Sections 4.6 and 4.7 of the Olyphant Purchase Agreement have been satisfied or waived by CMFG and the Purchaser; and
3. This Certificate was delivered by the Monitor at [TIME] on [DATE].

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

Per: _____

Name:

Title

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

Court File No: CV12-9767-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF C INTERNATIONAL INC., C 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

April 2-14

April 2/14.

C. Descaux for the applicant
M. Konyukhova for the Monitor, who recommends
the transaction
K. McEachern for JP Morgan, agent for the first and
second lien secured.

I am satisfied on the record that a
thorough sales process was conducted on a
basis that was fair to all participants and that
the proposed transaction represents the best
alternative available to the ~~company~~ debtor. In particular,
I am satisfied that the proposed transaction is
to be preferred to the late offer as it provides
certainty, as the due diligence period has expired,
whereas the late offer contemplates a lengthy due
diligence period and a very modest deposit. In
addition, the first and second lien claimants, who
will suffer a deficiency on their insolvency, support
the transaction.

Order to go on the form attached.
Wellson-hut V.

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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