

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

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

Applicants

**MOTION RECORD
(Returnable July 12, 2012)**

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SCHEDULE "A"

Additional Applicants

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

Cinram (U.S.) Holding's Inc.

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

TAB 1

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Applicants

NOTICE OF MOTION
(Returnable July 12, 2012)

The Applicants will bring a motion before a Judge of the Commercial List on July 12, 2012, at 10:00 a.m. or as soon after that time as the matter may be heard at 330 University Avenue, Toronto, Ontario.

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

1. THE APPLICANTS MAKE A MOTION FOR AN ORDER:

- (a) abridging the time for and validating the service of this Notice of Motion and the Motion Record and dispensing with further service thereof;
- (b) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram International Income Fund ("**Cinram Fund**") and its direct and indirect subsidiaries (collectively, "**Cinram**") in North America contemplated by a purchase agreement (the "**Purchase Agreement**") between Cinram International Inc. ("**CII**") and Cinram Acquisition, Inc. (the "**Purchaser**") dated June 22, 2012;
- (c) approving the sale of the shares of Cooperatie Cinram Netherlands UA (the "**Purchased Shares**") pursuant to the binding purchase offer dated June 22, 2012

(the “**Purchase Offer**”) provided by the Purchaser to CII and 1362806 Ontario Limited (together with CII, the “**Share Sellers**”);

- (d) authorizing CII to enter into the Purchase Agreement and the Share Sellers to enter into the Purchase Offer;
- (e) authorizing CII, Cinram Inc., Cinram Retail Services LLC, One K Studios LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the “**Asset Sellers**”, together with the Share Sellers, the “**Sellers**”) to complete the transactions contemplated by the Purchase Agreement (the “**Asset Sale Transaction**”);
- (f) authorizing the Share Sellers to complete the transactions contemplated by the Purchase Offer (the “**Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Sale Transaction**”);
- (g) upon delivery of closing certificates by the Court-appointed Monitor (the “**Monitor**”) in these proceedings to the Purchaser, vesting all of the Asset Sellers’ right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement) and the Share Sellers’ right, title and interest in and to the Purchased Shares in the Purchaser or one or more of its nominees, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the proposed Order;
- (h) sealing certain confidential exhibits to the Purchase Agreement provided to the Court by way of a confidential supplement (the “**Confidential Supplement**”);
and
- (i) such further and other relief as counsel may request and this Honourable Court deems just.

2. THE GROUNDS FOR THE MOTION ARE:

- (a) the Applicants filed an application to commence proceedings (the “**CCAA Proceedings**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C.

1985, c. C-36, as amended (the “**CCAA**”) seeking an Initial Order substantially in the form attached at Tab 4 of the Applicants’ Application Record returnable June 25, 2012, filed, and seeking to extend the relief under the Initial Order to Cinram International Limited Partnership (“**Cinram LP**”, together with the Applicants, the “**CCAA Parties**”);

- (b) in September, 2011, CII engaged Moelis & Company LLC (“**Moelis**”), an investment bank, to assist the CCAA Parties with a comprehensive and thorough review of the CCAA Parties’ strategic alternatives with the goal of maximizing value for the CCAA Parties’ stakeholders;
- (c) as part of the CCAA Parties’ strategic review process, Moelis sought to identify a potential transaction such as a sale of the company, strategic combination or new money investment from a strategic or financial investor, while concurrently evaluating a possible stand-alone transaction with Cinram’s lenders;
- (d) the CCAA Parties’ comprehensive strategic review process, conducted with the assistance of the CCAA Parties’ legal and financial advisors and Moelis, culminated with the execution of the Purchase Agreement by CII and the Purchaser on June 22, 2012 and the execution of the Purchase Offer by the Purchaser on June 22, 2012;
- (e) the Purchase Agreement contemplates the Purchaser, or one or more of its nominees, acquiring substantially all of the property and assets used in connection with the business carried on by Cinram in North America, except for certain excluded assets (the “**North America Purchased Business**”) and continuing to fulfill the CCAA Parties’ obligations to their customers and suppliers, as set out in the Purchase Agreement;
- (f) the Purchase Offer contemplates the Purchaser, or one or more of its nominees, acquiring all of the Purchased Shares;
- (g) it is intended that Asset Sale Transaction and the Share Sale Transaction close simultaneously in August 2012; however, the closing of the Share Sale

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Transaction may be extended if necessary to complete certain regulatory consultation matters and subject to the Purchaser's right to extend the closing to December 17, 2012;

- (h) the Order being sought by the Applicants for the approval of the Sale Transaction, the Purchase Agreement and the Purchase Offer, and the vesting in the Purchaser, or one or more of its nominees, of the Sellers' right, title and interest in and to the Purchased Assets and Purchased Shares, the form and substance of which has been agreed to by the Purchaser, is a key condition to the completion of the Sale Transaction;
- (i) the closing of the Sale Transaction is also subject to certain customary conditions, including certain regulatory and other approvals;
- (j) the Sale Transaction has the support of lenders who are members of the steering committee with respect to Cinram's first lien credit facilities, such lenders representing approximately 40% of the loans under the first lien credit facilities as of June 22, 2012;
- (k) taking into account, among other things, timing and probability of closing, the Sale Transaction represents the best available alternative submitted in the circumstances to Cinram and its stakeholders as a whole and the best opportunity to normalize Cinram's capital structure and preserve the value of the Cinram business, as determined following a comprehensive strategic review;
- (l) approval of the Purchase Agreement, the Purchase Offer and the Sale Transaction is in the best interests of the CCAA Parties and their stakeholders;
- (m) the Purchase Agreement schedules contained in the Confidential Supplement contain sensitive competitive information of the CCAA Parties or confidential information;
- (n) the facts and circumstances described in the affidavit of John Bell sworn June 23, 2012 (the "**Bell Affidavit**") and the affidavit of Mark Hootnick sworn June 23, 2012 (the "**Hootnick Affidavit**");

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- (o) the provisions of the CCAA and this Honourable Court's equitable and statutory jurisdiction thereunder;
- (p) Rules 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended;
- (q) Rule 137(2) of the Ontario *Courts of Justice Act*, RSO 1990, c C.43; and
- (r) such further and other grounds as counsel may advise and this Honourable Court permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE MOTION:

- (a) the Bell Affidavit and the exhibits attached thereto, filed;
- (b) the Hootnick Affidavit and the exhibits attached thereto, filed;
- (c) the Pre-Filing Report of FTI Consulting Canada Inc. ("FTI") dated June 23, 2012, and the exhibits attached thereto, filed;
- (d) the First Report of FTI and any exhibits attached thereto, to be filed; and

- (e) such further and other material as counsel may advise and this Honourable Court may permit.

Date: June 25, 2012

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

Court File No: CV12-9767-00CL

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

Applicants

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

Proceeding commenced at Toronto

NOTICE OF MOTION

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Applicants

AFFIDAVIT OF MARK HOOTNICK
(sworn June 23, 2012)

I, Mark Hootnick, of the City of New York, in the State of New York, **MAKE OATH**
AND SAY:

I. INTRODUCTION

1. I am a Managing Director at Moelis & Company LLC ("**Moelis**"). Moelis was engaged by Cinram International Inc. ("**CII**") in September 2011 to assist Cinram (defined below) with a comprehensive and thorough review of Cinram's strategic alternatives with the goal of maximizing value for Cinram's stakeholders. As such, I have personal knowledge of the matters to which I depose in this Affidavit. Where I do not possess personal knowledge, I have stated the source of my information and in all such cases believe it to be true.

2. CII, Cinram International Income Fund ("**Cinram Fund**"), CII Trust and the companies listed in Schedule "A" hereto are collectively referred to herein as the "**Applicants**". The Applicants, together with Cinram International Limited Partnership, are collectively referred

to herein as the “**CCAA Parties**”). Cinram Fund collectively with its direct and indirect subsidiaries is referred to herein as “**Cinram**” or the “**Cinram Group**”. All dollar amounts expressed herein, unless otherwise noted, are in the United States currency.

3. Cinram’s strategic review process has culminated in a sale transaction that, as more fully described in the Asset Purchase Agreement, the Share Purchase Offer and the Share Purchase Agreement (each as defined below), will see Cinram Acquisition, Inc. (the “**Purchaser**”) and/or one or more of its nominees acquire: (a) substantially all of the property and assets used in connection with the business carried on by Cinram in North America (except for certain excluded assets) (the “**Asset Sale Transaction**”); and (b) all of the issued and outstanding shares of Cooperatie Cinram Netherlands UA (the “**Purchased Shares**”) and thereby the business carried on by Cinram in Europe (the “**Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Sale Transaction**”).

4. This Affidavit is sworn in support of a motion (the “**Sale Approval Motion**”) by the Applicants for an Order (the “**Approval and Vesting Order**”), *inter alia*:

- (a) approving the Asset Sale Transaction pursuant to the Asset Purchase Agreement dated June 22, 2012 (the “**Asset Purchase Agreement**”) between CII and the Purchaser;
- (b) approving the Share Sale Transaction 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**”);
- (c) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Share Purchase Offer;
- (d) authorizing CII, Cinram, Inc., Cinram Retail Services LLC, One K Studios, LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the “**Asset Sellers**”) to complete the Asset Sale Transaction;

- (e) authorizing the Share Sellers to complete the Share Sale Transaction, including, without limitation, entering into a share purchase agreement in the form attached as Exhibit A to the Share Purchase Offer (the “**Share Purchase Agreement**”) upon due exercise of the Share Purchase Offer; and
- (f) upon delivery of closing certificates by the Court-appointed Monitor (the “**Monitor**”) in these proceedings to the Purchaser, vesting all of the Asset Sellers’ right, title and interest in and to the Purchased Assets (as defined in the Asset Purchase Agreement) and the Share Sellers’ right, title and interest in and to the Purchased Shares in the Purchaser, or one or more of its nominees, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Approval and Vesting Order.

II. BACKGROUND

5. As more fully described in the affidavit of John Bell, sworn June 23, 2012, (the “**Bell Affidavit**”) in support of the Applicants’ application for the Initial CCAA Order (as defined below), the CCAA Parties are part of a consolidated business in Canada, the United States and Europe that is headquartered in Canada and operationally and functionally integrated in many significant respects. Cinram is one of the world’s largest providers of pre-recorded multimedia products and related logistics services and is a leader in the industry for production, service, delivery and customer satisfaction. With facilities in North America and Europe, Cinram (i) manufactures DVDs, Blu-ray discs and CDs, and provides distribution services for motion picture studios, music labels, video game publishers, computer software companies, telecommunication companies and retailers around the world; (ii) provides various digital media services through its subsidiary One K Studios, LLC; and (iii) provides retail inventory control and forecasting services through Cinram Retail Services, LLC (collectively, the “**Cinram Business**”).

6. As discussed in the Bell Affidavit, Cinram operates in an industry where there is a high degree of customer concentration and where production levels and cash flows in any period are materially affected by the timing and commercial success of customer product releases. The economic downturn in Cinram's primary markets of North America and Europe has impacted consumers' discretionary spending and adversely affected the industry generally. Over the past four years, Cinram has experienced significant declines in revenue and EBITDA, resulting in part due to customer losses, reductions in pricing and declining customer order volumes.

7. As more fully described in the Bell Affidavit, declining revenues and EBITDA have made it increasingly difficult for Cinram to service its debt obligations and comply with its financial covenants under the Amended and Restated Credit Agreement dated as of April 11, 2011 (the "**First Lien Credit Agreement**") among CII, Cinram, Inc. and Cinram (U.S.) Holding's Inc., as borrowers, the guarantors party thereto, the lenders from time to time party thereto, and JPMorgan Chase Bank N.A., as administrative agent, and the Second Lien Credit Agreement dated as of April 11, 2011 (the "**Second Lien Credit Agreement**", together with the First Lien Credit Agreement, the "**Credit Agreements**") among Cinram (U.S.) Holding's Inc., as borrower, Cinram International ULC and the other guarantors party thereto, the lenders from time to time party thereto (collectively with the lenders party to the First Lien Credit Agreement, the "**Lenders**") and JPMorgan Chase Bank N.A., as administrative agent (together with the administrative agent under the First Lien Credit Agreement, the "**Administrative Agent**").

8. As more fully described in the Bell Affidavit, with respect to the First Lien Credit Agreement, as at March 31, 2012, there was approximately \$233 million outstanding under the term loan facility; \$19 million outstanding under the revolving credit facilities; and approximately \$12 million of letter of credit exposure. With respect to the Second Lien Credit

Agreement as at March 31, 2012, there was approximately \$12 million outstanding. The Lenders under the Credit Agreements have security over substantially all of the assets of each of the Borrowers and Guarantors thereunder (with the exception of the Cinram Holdings GmbH and Cinram GmbH whose guarantees are limited as a result of German corporate law).

9. As more fully described in the Bell Affidavit, Cinram has been unable to satisfy certain financial covenants under the Credit Agreements and is unable to repay or refinance the amounts owing under the Credit Agreements or find an out-of-court transaction for the sale of the Cinram Business with proceeds that equal or exceed the amounts owing under the Credit Agreements.

10. On June 25, 2012, the Applicants intend to seek an Order of this Honourable Court (the “**Initial CCAA Order**”) protecting the CCAA Parties from their creditors pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”, with these proceedings commenced thereunder referred to herein as the “**CCAA Proceedings**”).

11. Based on my understanding from Robert J. Chadwick of Goodmans LLP (“**Chadwick**”), Cinram’s Canadian counsel, it is contemplated that these CCAA Proceedings will be the primary Court-supervised restructuring of the CCAA Parties. In conjunction therewith, the Applicants intend to commence proceedings (the “**Chapter 15 Proceedings**”) under Chapter 15 of the United States Bankruptcy Code (“**Chapter 15**”) to seek recognition of these CCAA Proceedings as “Foreign Main Proceedings” as soon as practicable. The Applicants also intend to seek an order which, among other things, recognizes the proposed Approval and Vesting Order and authorizes the sale of the Purchased Assets located in the United States, free

and clear of all liens, claims, encumbrances and interests, other than permitted encumbrances (the “**Sale Recognition Order**”) under the Chapter 15 Proceedings.

12. As discussed in the Bell Affidavit, since 2009, Cinram has taken several steps in an effort to strengthen its operational and financial position by, among other things, reducing its debt levels, reducing its cost structure, limiting capital expenditures, and focusing on its core business of producing standard DVDs and Blu-ray discs and related distribution services, with the intention of disposing of non-core assets, including facility rationalization where appropriate.

13. As part of its extensive restructuring efforts, on April 11, 2011, Cinram completed a refinancing and recapitalization transaction (the “**Refinancing and Recapitalization**”) to, among other things, reduce its debt and extend the maturity date of its credit facilities in an effort to provide Cinram with increased liquidity and a more sustainable capital structure.

14. In the first half of 2011, results of operations disappointed due primarily to a decline in customer order volumes and as a result, Cinram sought amendments to the Credit Agreements in August 2011 (the “**August 2011 Amendment**”). In addition to certain changes to financial and other covenants, as well as certain requirements under the Credit Agreements, the August 2011 Amendment resulted in Cinram engaging Moelis to assist in a review of its strategic alternatives (as further discussed below).

15. Continued decline in customer volumes for the fourth quarter of 2011 resulted in Cinram seeking waivers to certain covenants in the Credit Agreements. A series of waivers extending from December 2011 through June 30, 2012, were obtained, relating to, among other things, certain financial covenants.

16. Additional factual background concerning the Cinram Group and its restructuring efforts is set forth in the Bell Affidavit.

17. Cinram has been unable to find an out-of-court solution to its financial difficulties, and I do not believe there is a reasonable expectation that the Cinram Group's financial condition will improve absent these restructuring proceedings. Without a successful restructuring, indications suggest that the Cinram Group's liquidity and ability to service its cash payment obligations will deteriorate further with a corresponding erosion of the value of the Cinram Business.

III. STRATEGIC REVIEW PROCESS

18. As noted above, pursuant to the August 2011 Amendment, in September, 2011, Cinram engaged Moelis as investment banker to assist Cinram in a comprehensive and thorough review of Cinram's strategic alternatives with the goal of maximizing value for Cinram's stakeholders.

19. Moelis is a global investment bank that provides financial advisory, capital raising and asset management services to a broad client base including corporations, institutions and governments. Established in 2007, Moelis is headquartered in New York with eleven offices in North America, Europe, Asia and Australia and employs 580 employees globally.

20. In addition to its expertise in mergers and acquisitions, recapitalization and restructuring, capital market risk advisory and asset management, Moelis is recognized for its leading global media practice having completed over \$50 billion in transaction volume across over 60 transactions. Moelis has a wide range of experience and relationships in all key media

subsectors, having represented companies and creditors on both the buy-side and the sell-side of transactions.

21. As part of Cinram's strategic review process, Moelis sought to identify a potential transaction such as a sale of the company, strategic combination or new money investment from a strategic or financial investor, while concurrently evaluating a possible stand-alone transaction with Cinram's lenders.

22. Commencing in the fall of 2011, Moelis conducted preliminary discussions with certain key parties-in-interest, including the Lenders' financial advisors, key customers and certain strategic parties. Moelis next commenced the initial stages of the marketing process by assisting, together with Cinram management, in preparing a Confidential Information Memorandum (the "CIM") for prospective purchasers to review upon execution of a confidentiality agreement and began to contact prospective investors, communicating the Cinram investment opportunity and providing interested parties with a brief overview of the Cinram Business.

23. Moelis undertook a comprehensive assessment of the market for the Cinram Business to identify potential parties that might be interested in considering an acquisition or investment transaction and contacted approximately 59 parties, including 54 financial investors and 5 strategic parties. Approximately 26 parties executed confidentiality agreements and were provided with the CIM and access to Cinram's data room. Moelis continued to engage with prospective bidders interested in moving forward with the process. Non-binding proposals were requested from interested parties by January 20, 2012.

24. Several potential bidders submitted non-binding expressions of interest in January 2012. Upon consideration of these proposals and discussion with Cinram management, Moelis invited each of the potential bidders to participate in the next round of the process. Cinram, its advisors and Moelis engaged in detailed discussions with the interested parties in order to determine the optimal structure of a potential transaction and the value that could be obtained for the benefit of Cinram's stakeholders.

25. During February 2012, materials further detailing the Cinram Business were prepared and Cinram management presented to each of the individual bidders, or a diligence session was provided in lieu of a management presentation. Cinram, its advisors and Moelis worked diligently with potential bidders, responding to inquiries, discussing the Cinram Business and the acquisition or investment opportunity and otherwise providing the prospective bidders with information necessary to formulate an offer for the Cinram Business.

26. On February 28, 2012, Moelis provided to each potential bidder a process letter requesting a detailed proposal (a "**Detailed Proposal**") from each bidder by March 12, 2012. The Detailed Proposal required bidders to outline proposed transaction terms, due diligence and other conditions, and a timetable for the proposed transaction. A more limited number of second round bids were received on or about March 12, 2012, and were reviewed by Moelis, Cinram management and its advisors.

27. Moelis and Cinram continued discussions with certain of the second round bidders each of whom conducted more detailed due diligence, including telephonic and in person meetings with Cinram management and its advisors, as well as visits to key operating facilities. Moelis requested receipt of binding indications of interest from the second round bidders by

April 6, 2012, which binding proposals were to include specific details, including: (a) value and form of consideration; (b) transaction structure; (c) assumed and excluded assets and liabilities; (d) timing to close; (e) evidence of financing; (f) details of any proposed price adjustments; and (g) assumptions of existing indebtedness.

28. In April, Moelis received an inbound inquiry from a new party expressing interest in Cinram, who also executed a confidentiality agreement and was provided with access to the Cinram data room. This was followed shortly with a formal indication of interest.

29. Moelis, Cinram management and its advisors continued discussions and conducted meetings with the interested parties, while also continuing discussions with the Lenders in connection with pursuing a possible stand-alone transaction.

30. After reviewing and considering all of the submissions in the strategic review process, Cinram, after discussion and consultation with Moelis, Cinram's other advisors and the Lenders' advisors, determined that the offer submitted in respect of the Purchaser was the best offer submitted in the circumstances taking into account such factors as (i) purchase price; (ii) conditions for closing; (iii) required financing; (iv) structuring of the transaction; (v) the timeframe within which the transaction could be closed, and (vi) certainty of close.

31. Accordingly, Cinram, with the assistance of Moelis and Cinram's counsel, entered into negotiations with the Purchaser in respect of the execution of definitive agreements for the sale of the Purchased Assets and Purchased Shares.

32. The strategic review process culminated with the execution of the Asset Purchase Agreement by CII and the Purchaser on June 22, 2012, and the execution of the Share Purchase

Offer by the Purchaser on June 22, 2012. A copy of the Asset Purchase Agreement and a copy of the Share Purchase Offer are attached hereto as Exhibit "A" and "B", respectively. The Purchaser has paid a deposit of \$5,000,000 to JPMorgan Chase Bank to be held in escrow in accordance with the Asset Purchase Agreement. The key elements of the Sale Transaction are discussed below.

33. The Purchaser is a newly formed entity owned by the Najafi Companies ("**Najafi**"), an international private investment firm based in Phoenix, Arizona. As referenced on the firm's website, Najafi makes selective investments up to \$1 billion in transaction value in companies with strong management teams across a variety of industries, taking a long-term view on its investments and focusing its efforts on creating value through growth and superior performance. Najafi's operating investments include, among others, Direct Brands (including Columbia House), Innovative Brands, Trend Homes and Snowflake Power.

34. As noted in the Bell Affidavit, throughout the strategic review process, Cinram kept key stakeholders, including the lenders and major customers, apprised of its progress. In addition to discussions in connection with a potential stand-alone transaction, the lenders engaged in extensive discussions with Cinram and its advisors from the commencement of the process and also participated in discussions with potential bidders. Cinram and its advisors also partook in discussions with Cinram's major customers and provided updates as to the developments in the process. Such parties have been supportive of Cinram's efforts in pursuing a successful restructuring of its business, including through the Sale Transaction.

IV. SALE TRANSACTION

35. The Sale Transaction involves the Asset Sale Transaction contemplated by the Asset Purchase Agreement and the Share Sale Transaction contemplated by the Share Purchase Offer and, upon exercise thereof, the Share Purchase Agreement. I am advised by Chadwick, Cinram's Canadian counsel it is structured in this way due to certain regulatory consultation requirements involving works councils in France, which must occur prior to the transfer of Cinram's European business to the Purchaser through the Share Sale Transaction. I understand from Chadwick that the requirement involves consultation only – consent of the works councils in France to the transaction is not required. Completion of the consultation with the applicable French works councils is a key pre-condition to the Share Sellers' ability to accept the Share Purchase Offer. Upon due exercise of the Share Purchase Offer, the Share Sellers and the Purchaser shall, pursuant to the terms and conditions of the Share Purchase Offer, execute the Share Purchase Agreement pursuant to which the Share Sale Transaction will be completed. The goal is to close the Asset Sale Transaction and the Share Sale Transaction simultaneously in August 2012; however, the closing of the Share Sale Transaction may be extended if necessary to complete certain regulatory consultation matters and subject to the Purchaser's right to extend the closing to December 17, 2012.

(a) Asset Purchase Agreement

36. I have reviewed the Asset Purchase Agreement and note the following terms:

- (i) an aggregate cash purchase price of \$82,500,000 to be allocated among the Purchased Assets and the Purchased Shares, subject to certain adjustments as provided in the Asset Purchase Agreement;

- (ii) the purchase from the Asset Sellers of substantially all of the property and assets used in connection with the business carried on by Cinram in North America (other than certain excluded assets) (the “**North America Purchased Business**”), including, without limitation, the assumption of the contracts, personal property leases, real property leases and third party licenses as set out in the Asset Purchase Agreement, pursuant to the terms and conditions of the Asset Purchase Agreement;
- (iii) the effective date of the Asset Sale Transaction is April 30, 2012 (the “**Asset Sale Effective Date**”), with the Purchaser entitled to the benefit of all revenues and profits of the North America Purchased Business as of the Asset Sale Effective Date, and bearing the responsibility of all expenses and losses of the North America Purchased Business as of the Asset Sale Effective Date;
- (iv) the Purchaser will continue to fulfill obligations to customers and suppliers relating to the North America Purchased Business, as set out in the Asset Purchase Agreement;
- (v) the Asset Purchase Agreement may be terminated by either party if, among other reasons, the closing does not occur on or before September 15, 2012, or such later date agreed to by both parties (the “**Sunset Date**”);
- (vi) CII shall not, and shall cause its affiliates not, to pursue an Acquisition Proposal (as defined in the Asset Purchase Agreement), except that CII may consider an Acquisition Proposal that could reasonably be expected to lead to a Superior Proposal (as defined in the Asset Purchase Agreement) subject to the terms and conditions set forth in the Asset Purchase Agreement;
- (vii) if CII terminates the Asset Purchase Agreement for the purpose of entering into a binding written agreement with respect to a Superior Proposal, or the Purchaser terminates the Asset Purchase Agreement as a

result of: (1) CII withdrawing or seeking authority to withdraw the Approval and Vesting Order or the Sale Recognition Order; (2) CII selling, transferring or otherwise disposing of any material portion of the Purchased Assets, except in connection with the CCAA Proceedings and/or the Chapter 15 Proceedings, and except with the consent of the Purchaser; or (3) a condition to closing not being satisfied by the Sunset Date due to a material breach by CII that cannot be timely cured, CII must pay to the Purchaser a fee in the amount of \$2,250,000;

- (viii) the Purchaser may nominate one or more entities to take title to the Purchased Assets;
- (ix) the granting of the Approval and Vesting Order being sought by the Applicants, together with the Sale Recognition Order, the form and substance of which have been agreed to by the Purchaser, is a condition to the completion of the Asset Sale Transaction;
- (x) aside from closing deliveries, additional conditions to the completion of the Asset Sale Transaction include: (1) obtaining the regulatory approvals under the *Investment Canada Act* (Canada); (2) assignment of the Material Contracts (as defined in the Asset Purchase Agreement) to the Purchaser or its nominees, or a replacement thereof with new contracts in a manner acceptable to the Purchaser; (3) obtaining the consents of the Material Customers and the European Material Customers (each as defined in the Asset Purchase Agreement); and (iv) executing the Transition Services Agreement (as defined in the Asset Purchase Agreement); and
- (xi) Permitted Encumbrances include Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under equipment contracts and personal property leases acquired by the Purchaser as part of the Purchased Assets.

(b) Share Purchase Offer and Share Purchase Agreement

37. I have reviewed the Share Purchase Offer and the Share Purchase Agreement and note the following terms:

- (i) a cash purchase price of \$82,500,000, less the purchase price paid for the Purchased Assets pursuant to the Asset Purchase Agreement;
- (ii) the purchase from the Share Sellers of all of the issued and outstanding shares in Cooperatie Cinram Netherlands UA, and indirectly, each of its direct and indirect subsidiaries (with the exception of Cinram Iberia SL);
- (iii) the Purchaser may nominate one or more entities to take title to the Purchased Shares;
- (iv) the Share Sellers' ability to accept the Share Purchase Offer is conditioned upon the completion of the consultation process with the French works councils;
- (v) upon due exercise of the Share Purchase Offer, the Share Sellers and the Purchaser shall execute the Share Purchase Agreement;
- (vi) aside from closing deliveries, additional conditions to closing of the Share Sale Transaction include: (i) the closing of the Asset Sale Transaction in accordance with the Asset Purchase Agreement; and (ii) the cancellation or termination of all debt obligations and guarantees of Cinram's European entities to third party senior secured lenders and the release of all securities related thereto;
- (vii) the Purchaser has the right to extend the closing of the Share Sale Transaction up to December 17, 2012;
- (viii) the Share Sellers and their affiliates shall not solicit or encourage any inquiries or proposals for, or enter into any discussions with respect to, the

acquisition by any other person of any shares of Cinram's European entities; and

- (ix) the Share Purchase Offer may be rescinded by either party if the Asset Purchase Agreement is terminated.

V. SUPPORT AGREEMENT

38. As described in the Bell Affidavit, on June 22, 2012, lenders who are members of the steering committee with respect to the First Lien Credit Agreement and who are subject to confidentiality agreements (the "**Initial Consenting Lenders**"), Cinram Fund and the Borrowers under the Credit Agreements entered into a support agreement (the "**Support Agreement**") pursuant to which the Initial Consenting Lenders agreed to support the Sale Transaction to be pursued through these CCAA Proceedings. More specifically, the Sale Transaction has the support of lenders representing approximately 40% of the loans under the First Lien Credit Agreement. Cinram anticipates further support of the Sale Transaction from additional lenders under the Credit Agreements following the public announcement of the Sale Transaction. A copy of the Support Agreement is attached as Exhibit "F" to the Bell Affidavit.

V. MOTION FOR APPROVAL OF THE SALE TRANSACTION

39. After completion of a comprehensive strategic review process, I believe that the Sale Transaction represents the best available alternative in the circumstances taking into account such factors as (i) aggregate value to stakeholders, (ii) the timeframe within which the transaction could be close, and (iii) the probability of closing. The Sale Transaction enables the Cinram Business to continue as a going concern. Additionally, through the Asset Purchase

Agreement, the Share Purchase Offer and the Share Purchase Agreement, the transaction is intended to result in a transition of ownership with minimal disruption to the business.

40. As indicated above, the Asset Purchase Agreement and the Share Purchase Offer represent the best offer made for the Cinram Business and have been consented to by lenders representing approximately 40% of the loans under the First Lien Credit Agreement, the Lenders being Cinram's primary secured creditors over substantially all of the assets of the Cinram Business.

41. I have been advised by Chadwick, Cinram's Canadian counsel that, among others, parties with a registered security interest under the *Personal Property Security Act* (Ontario) will be served with the within motion.

VI. SEALING ORDER

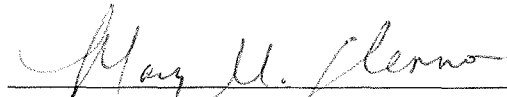
42. Schedules 2.1(i), 4.3 and 4.6 to the Asset Purchase Agreement and Schedule I.3 to Exhibit I to the Asset Purchase Agreement contain sensitive, competitive information of the CCAA Parties. These schedules will be provided to the Court under seal and a sealing order will be sought with respect to such information. I believe sealing these schedules is appropriate in the circumstances.


VII. CONCLUSION

43. After carrying out a comprehensive strategic review process for the Cinram Business, it became apparent that the Cinram Group would not be able to enter into a transaction that permitted the Cinram Group to repay amounts owing to the Lenders under the Credit Agreements in full and that the Cinram Group does not have the ability to refinance the Credit

Agreements in full. I believe that taking into account, among other factors, the transaction consideration, the nature of the purchased assets, timing and probability of closing, the Sale Transaction contemplated by the Asset Purchase Agreement, the Share Purchase Offer and the Share Purchase Agreement represents the best available alternative in the circumstances to the Cinram Group and its stakeholders as a whole and the best opportunity to normalize its capital structure and preserve the value of the Cinram Business.

SWORN BEFORE ME at the City of
New York, in the State of New York,
on June 23, 2012


A Notary Public in and for the State
of New York.


Mark Hootnick

MARY M. GLENNON
Notary Public, State of New York
No. 01GL6139228
Qualified in Kings County
Commission Expires January 1, 2014

SCHEDULE "A"

Additional Applicants

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

Cinram (U.S.) Holding's Inc.

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

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

Court File No: CVI2-9767-00CL

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

**AFFIDAVIT OF MARK HOOTNICK
(sworn June 23, 2012)**

GOODMANS LLP

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

Robert J. Chadwick LSUC#: 35165K
Melaney J. Wagner LSUC#: 44063B
Caroline Descours LSUC#: 58251A

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

TAB A

This is Exhibit "A" referred to in the
affidavit of Mark Hootnick
sworn before me, this 23rd
day of June, 2012.

Mary M. Glennon

A Notary Public in and for the
State of New York.

MARY M. GLENNON
Notary Public, State of New York
No. 01003139263
Qualified in Kings County
Commission Expires January 1, 2014

ASSET PURCHASE AGREEMENT

CINRAM INTERNATIONAL INC.

As the "Seller"

And

CINRAM ACQUISITION, INC.

As the "Buyer"

Made as of June 22, 2012

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made as of June 22, 2012,

BETWEEN:

CINRAM INTERNATIONAL INC., a corporation organized under the *Canada Business Corporations Act* (the “**Seller**”)

– and –

CINRAM ACQUISITION, INC., a corporation organized under the laws of the State of Delaware (the “**Buyer**”)

RECITALS:

A. The Seller, directly or through the Additional Sellers (defined below), (1) manufactures pre-recorded multimedia products and provides related logistics services in North America and Europe, (2) owns and operates a digital media production studio, and (3) offers fully hosted business intelligence and analytics solutions through its Vision proprietary software platform (collectively, the “**Business**”).

B. The Seller, together with Moelis & Company (“**Moelis**”), conducted an investment and sale process for the Business.

C. The Seller wishes to sell, and the Buyer wishes to purchase, substantially all of the Seller’s and the Additional Sellers’ property and assets used in connection with the Business carried on by the Seller and the Additional Sellers in North America (collectively, the “**Purchased Business**”), subject to the terms and conditions of this Agreement, and subject to Court Approval (defined below).

D. Concurrently with the execution of this Agreement, the Buyer is making an offer to the Seller to acquire the Business in Europe (the “**European Business**”) pursuant to the letter attached to this Agreement as Exhibit A (the “**Offer**”).

E. The Buyer expects to nominate one or more Canadian entities to take title to the Canadian Purchased Assets, and one or more United States entities to take title to the United States Purchased Assets, pursuant to the nomination provisions set forth in Section 12.7.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

ARTICLE 1. – INTERPRETATION

1.1 Definitions

In this Agreement,

“**Accounts Payable**” means, in respect of an entity, (a) trade payables, royalties, sales allowances, rebates, freight and sales taxes payable by such entity, (b) outstanding balances owing to customers, including accrued rebates and sales allowances, payable by such entity; and (c) the accounts payable of the Asset Sellers listed in Schedule 1.1(a).

“**Accounts Receivable**” means, in respect of an entity, all trade accounts receivable and all trade debts due or accruing due to such entity in connection with the Purchased Business and the full benefit of all security therefor.

“**Acquisition Proposal**” means, other than the transactions involving the Buyer contemplated by this Agreement any *bona fide* (a) merger, amalgamation, business combination, take-over bid, tender offer, arrangement, consolidation, recapitalization, reorganization, liquidation, dissolution, winding up, distribution or share exchange involving the Seller and/or one or more of its wholly-owned material subsidiaries the assets or revenues of which, individually or in the aggregate, constitute 20% or more of the consolidated assets or contributing 20% or more of consolidated revenue, as applicable, of the Seller and its subsidiaries, taken as a whole, or (b) sale of assets of the Seller and/or one or more of its wholly-owned subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Seller and its subsidiaries, taken as a whole (or any lease, long-term supply agreement or other arrangement having the same economic effect).

“**Additional Sellers**” means the Asset Sellers (other than the Seller).

“**Affiliate**” of any Person means any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, the term “**control**” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Agreement**” means this Asset Purchase Agreement and all attached Exhibits and Schedules, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and all attached Exhibits and Schedules and unless otherwise indicated, references to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules in this Agreement.

“**Applicable Law**” means any domestic or foreign statute, law (including the common law and the law of equity), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or licence of or concerning a Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement,

the Seller, the Additional Sellers, the Buyer, the Purchased Business or any of the Purchased Assets.

“**Approval and Vesting Order**” means an order granted by the Canadian Court substantially in the form attached hereto as Exhibit B.

“**Asset Sellers**” means the Seller, Cinram Inc., Cinram Retail Services LLC, One K Studios LLC, Cinram Distribution LLC and Cinram Manufacturing LLC.

“**Assumed Contracts**” has the meaning given to such term in Section 2.1(g).

“**Assumed Employee Plan**” means any Employee Plan that is set forth on Schedule 1.1(b).

“**Assumed Employees**” has the meaning given to such term in Section 8.7(a).

“**Assumed Liabilities**” has the meaning given to such term in Section 2.3.

“**Assumed Uncaptured Accruals**” has the meaning given to such term in Section 2.3(j).

“**Bankruptcy Code**” means Title 11 of the United States Code, as amended from time to time.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the District of Delaware.

“**Board of Trustees**” means the board of trustees of Cinram International Income Fund, the beneficial owner of all of the outstanding shares of the Seller.

“**Break Fee**” has the meaning given that term in Section 8.8(e).

“**Business**” has the meaning given to such term in Recital A.

“**Business Day**” means any day other than a Saturday or Sunday or a statutory holiday in Toronto, Ontario and in New York, New York.

“**Buyer**” has the meaning given to such term in the preamble to this Agreement. The Buyer expects to nominate one or more Canadian entities to take title to the Canadian Purchased Assets, and one or more United States entities to take title to the United States Purchased Assets, pursuant to the nomination provisions set forth in Section 12.7. Each of such new entities will be the “Buyer” hereunder if and as the context requires.

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

“**Canadian Court**” means the Ontario Superior Court (Commercial List).

“**CCAA Initial Order**” means an order granted by the Canadian Court substantially in the form attached hereto as Exhibit C.

“**CCAA Proceedings**” means the proceedings commenced under the CCAA by the Seller pursuant to the CCAA Initial Order.

“**CCAA Recognition Order**” means an order of the Bankruptcy Court entered in the Chapter 15 Proceedings pursuant to section 1517 of the Bankruptcy Code recognizing the CCAA Proceedings as foreign main proceedings.

“**Chapter 15 Debtors**” means the Seller, the Additional Sellers and Cinram (U.S.) Holding’s Inc.

“**Chapter 15 Proceedings**” means the proceedings commenced under chapter 15 of the Bankruptcy Code by each of the Chapter 15 Debtors.

“**Closing**” means the completion of the sale and purchase of the Purchased Assets pursuant to this Agreement at the Closing and all other transactions contemplated by this Agreement that are to occur contemporaneously with the sale and purchase of the Purchased Assets.

“**Closing Date**” means July 31, 2012, or such other date agreed to by the Parties in writing, subject to satisfaction of the conditions to Closing set forth in Article 7.

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“**Confidential Information**” means the information (whether or not marked or identified as confidential), including but not limited to intellectual property, methodology, technology and programs, software, source code, product plans, designs, formulae, processes, techniques, drawings, diagrams, visual demonstrations, ideas, concepts, costs, prices and names, data, technical information, financial information, business plans, business processes and systems, information relating to clients and prospective clients, agreements and terms thereof, strategies, practices, marketing plans, advertising, commercial or sales materials, business opportunities, personnel, research, development or know-how which has been or may hereafter be disclosed, directly or indirectly, to the Buyer either orally, in writing or in any other form or medium whatsoever pursuant to or in contemplation of this Agreement, provided that Confidential Information shall not include information that: (a) is now or subsequently becomes generally available to the public through no fault or breach on the part of the Buyer; (b) is independently developed by the Buyer without the use of any of the Confidential Information, provided that such independent development is capable of being proven in a court of law; (c) is required to be disclosed by court order or other lawful action of a Governmental Authority, but only to the extent so ordered or required, and provided that the Buyer shall notify the Seller, so that the Seller may attempt to obtain a protective order either restricting or preventing such disclosure; or (d) is rightfully received by the Buyer from a third party without a duty of confidentiality to the Seller or its Affiliates, provided that such rightful receipt by the Buyer is capable of being proven in a court of law.

“**Confidentiality Agreement**” means the confidentiality and non-disclosure agreement executed by the Buyer in favour of the Seller dated April 3, 2012.

“Court Approval” means (a) the issuance of the Approval and Vesting Order by the Canadian Court approving the sale of the Purchased Assets, (b) the entry of a Sale Recognition Order by the Bankruptcy Court, and (c) with respect to both the Approval and Vesting Order and the Sale Recognition Order, all opportunities for rehearing, reargument, petition for certiorari and appeal being exhausted or having expired without any appeal, motion, or petition having been filed and remaining pending, any requests for rehearing have been denied, no order having been entered and remaining pending staying, enjoining, setting aside, annulling, reversing, remanding, or superseding the same, the expiration of any required waiting or appeal period(s) without an appeal having been filed and remaining pending, and all conditions to effectiveness prescribed therein or otherwise by law or order having been satisfied.

“Court Orders” means the CCAA Initial Order, the Approval and Vesting Order, the Provisional Relief Order, the CCAA Recognition Order, and the Sale Recognition Order.

“Data Room” means the virtual data room available at <https://goodmansdealroom.firmex.com/app/login.aspx>.

“Effective Date” means April 30, 2012.

“Effective Date Balance Sheet” has the meaning given that term in Section 4.8(d).

“Employee Plan” means any plan, arrangement, agreement or program sponsored, administered or maintained by the Seller that has any application to the Seller’s employees (including directors, officers, retired employees, former employees, individuals working on contract with the Seller or other individuals providing services to the Seller of a kind normally provided by employees) or their dependants or beneficiaries and consisting of or relating to, as the case may be, any one or more of the following:

(a) retirement savings or pensions, group registered retirement savings plan, or supplemental pension or retirement plan or retirement compensation arrangement;

(b) any bonus, incentive or retention pay or compensation, deferred compensation, profit sharing or deferred profit sharing, stock option, stock appreciation, stock purchase, phantom stock, vacation or vacation pay, sick pay, severance or termination pay, employee loans or separation from service benefits, or other type of plan or arrangement providing for compensation or benefits additional to base pay or salary; and

(c) any disability or wage continuation benefits during periods of absence from work, or any other benefit, including supplemental unemployment, hospitalization, health, medical/dental, disability, life insurance, death or survivor benefits, employment insurance, and fringe benefits.

“Encumbrance” means any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind other than licenses of Intellectual Property.

“Environmental Claim” means any claim, action, cause of action, investigation or notice by any Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, Governmental Authority response costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (a) the presence, Release or threatened Release of any Hazardous Materials at any location owned or operated by the Seller or any Additional Seller, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

“Environmental Law” means any Applicable Law relating to pollution or protection of the environment, natural resources or human health and safety (including occupational or workplace health and safety), including laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport, disposal, transfer, discharge, control, recycling, production, generation or handling of Hazardous Materials and all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials, each as amended and as now in effect.

“Environmental Permit” means any permit, licenses, approvals, authorizations franchises, certificates, consents, registrations, certificates of authorization and de-pollution attestation or other authorizations required under any Environmental Law to (a) conduct the Purchased Business as currently conducted, or (b) in relation to the Purchased Assets.

“Escrow Agreement” has the meaning given that term in Section 3.1(a).

“European Business” has the meaning given to such term in Recital D.

“European Material Customer” means those customers separately listed in a writing provided by the Seller to the Buyer (which writing references this definition), which Seller represents are the only customers of the European Business who represented 2% or more of sales during 2011, with such exceptions as noted in such separate writing.

“European Purchase Price” has the meaning given to such term in Section 3.1(c).

“European Representations” has the meaning given to such term in Section 4.19.

“Excluded Assets” has the meaning given to such term in Section 2.2.

“Excluded Liabilities” has the meaning given to such term in Section 2.4.

“Filing Date” means the date of the Initial CCAA Order.

“Foreign Representative” means Cinram International ULC or such other foreign representative as may be appointed by the Bankruptcy Court in the Chapter 15 Proceedings.

“GAAP” or **“generally accepted accounting principles”**, except to the extent otherwise expressly provided herein, means generally accepted accounting principles in Canada from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute,

including International Financial Reporting Standards and those recommended in the Handbook of the Canadian Institute of Chartered Accountants on the date on which such generally accepted accounting principles are applied, on the basis that the Purchased Business is regarded as a going concern, other than those principles requiring the recognition of impairment or similar Encumbrances arising out of the CCAA Proceedings and events relating thereto.

“Governmental Authority” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation-making entity:

- (a) having jurisdiction over any Asset Seller, the Buyer, the Purchased Assets or the Assumed Liabilities on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or
- (b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or Taxing authority or power.

“Governmental Authorizations” means authorizations, approvals, franchises, orders, certificates, consents, directives, notices, licenses, permits, variances, registrations or other rights issued to or required by any Asset Seller relating to the Purchased Business or any of the Purchased Assets by or from any Governmental Authority.

“GST” means goods and services taxes imposed under the GST Legislation which, for greater certainty, includes the provincial component of any harmonized sales tax imposed under the GST Legislation.

“GST Legislation” means Part IX of the *Excise Tax Act* (Canada).

“Hazardous Materials” means any substance, including a solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of any of them, which is deemed to be, alone or in any combination, “hazardous,” “hazardous waste,” “radioactive,” “deleterious,” “toxic,” “caustic,” “dangerous,” a “contaminant,” a “pollutant,” a “dangerous good,” a “waste,” a “special waste,” a “source of contamination” or a “source of a pollutant” under any Environmental Law whether or not such substance is defined as hazardous under the Environmental Law involved; any substances or materials the presence or concentration of which in soil, sediment, ground water or surface water is regulated under any Environmental Law, including, without limitation, asbestos, asbestos-containing materials, lead or lead-based paint, polychlorinated biphenyls, mould, mildew or fungi, oil, waste oil, petroleum, petroleum productions, or urea formaldehyde foam insulation; and any other material or substance which may pose a threat to the environment or to human health or safety.

“Huntsville Facility” means the real property and related facility subject to the IDB Lease.

“Huntsville Facility Purchase Price” has the meaning given to such term in Section 4.15(d).

“**ICA**” means the *Investment Canada Act* (Canada), as amended.

“**ICA Financial Statements**” has the meaning given such term in Section 4.17(b).

“**IDB**” has the meaning given such term in Section 4.15(a).

“**IDB Lease**” has the meaning given such term in Section 4.15(a).

“**including**” and “**includes**” shall be interpreted on an inclusive basis and shall be deemed to be followed by the words “**without limitation**”.

“**Initial Designation Date**” has the meaning given such term in Section 9.2(b).

“**Intellectual Property**” means trademarks and trademark applications, trade names, certification marks, patents and patent applications, copyrights, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property, and all registrations and applications for registration thereof.

“**Inventories**” means, in respect of an entity, all inventories of finished goods (other than finished goods, including replicated disks, that belong to customers), work in process, raw materials and other materials and supplies, including packaging and similar materials.

“**KERP**” means the key employee retention plan adopted by Cinram in October, 2011, including the letter agreements with the Seller’s two senior executives dated January 17, 2012.

“**Letters of Credit**” means the letters of credit listed in Schedule 1.1(c).

“**Madison Purchase Right**” has the meaning given to such term in Section 4.15(e).

“**Material Adverse Effect**” means a change in or an effect on the Purchased Business and the European Business (taken as a whole), or circumstance, that materially and adversely impacts the value of the Purchased Business and the European Business (taken as a whole) as at the date of this Agreement, but shall exclude: (a) the commencement of the CCAA Proceedings and the Chapter 15 Proceedings or any changes or effects resulting from the announcement or pendency of the CCAA Proceedings or the Chapter 15 Proceedings; (b) changes, effects or circumstances that generally, or in the regions in which the Purchased Business or the European Business operate, affect the industries in which the Purchased Business or the European Business operate (including legal and regulatory changes); (c) any change or prospective change in Applicable Law or GAAP, or any interpretation of any of the foregoing; (d) general economic or political conditions or changes, effects or circumstances affecting the financial or securities markets generally; (e) changes, effects or circumstances relating to foreign currency exchange rate fluctuations; (f) changes arising from the consummation of the transactions contemplated in this Agreement, or the announcement of the execution of this Agreement, including (i) any actions of competitors, (ii) any actions taken by or losses of employees, or (iii) any delays or cancellations of orders for products or services; (g) any reduction in the price of services or products offered by the Purchased Business or the European Business in response to the reduction in price of comparable services or products offered by a competitor; (h) changes

caused by acts of terrorism or war (whether or not declared); and (i) any change, effect or circumstance that results from any action taken pursuant to or in accordance with this Agreement or at the request of the Buyer.

“Material Contracts” means: (a) except pursuant to purchase orders issued in the ordinary course of business, any contract for the purchase of materials, supplies, goods, services, equipment or other assets that provides for aggregate payments by or to any Asset Seller of \$250,000 or more; (b) the customer contracts whose aggregate annual revenues to the Purchased Business constituted at least 90% of the consolidated annual revenues of the Purchased Business during 2011; (c) a contract which by its terms cannot be terminated by an Asset Seller for a period in excess of 12 months without a payment or a penalty; (d) an employment or consulting contract requiring an Asset Seller to pay annual compensation of \$125,000 or more; (e) a contract restricting in any manner an Asset Seller’s right to compete in any material line of business with any other Person; (f) a contract regarding indemnification, other than those contracts that contain customary indemnification clauses as part of the overall agreement; and (g) a contract wherein an Asset Seller granted to another Person exclusive rights, all of which have been separately listed in a writing provided by the Seller to the Buyer (which writing references this definition).

“Material Customers” means those customers separately listed in a writing provided by the Seller to the Buyer (which writing references this definition), which Seller represents are the only customers of the Purchased Business who represented 2% or more of sales during 2011, with such exceptions as noted in such separate writing.

“Moelis” has the meaning given to such term in Recital B.

“Monetary Defaults” means monetary defaults under each of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment, excluding (a) amounts accrued on the Effective Date Balance Sheet, (b) Assumed Uncaptured Accruals, and (c) amounts that arose after April 30, 2012 in the ordinary course of business.

“Monitor” means the monitor appointed by the Canadian Court under the CCAA Initial Order in respect of the CCAA Proceedings.

“Objecting Counterparty” has the meaning given such term in Section 9.2(g).

“Offer” has the meaning given to such term in Recital D.

“Olyphant Contract” has the meaning given to such term in Section 9.2(i).

“Olyphant Facility” means that certain manufacturing facility owned by Cinram Manufacturing LLC located at 1400 E. Lackawanna Ave., Olyphant, Pennsylvania.

“Open Contract” has the meaning given such term in Section 9.2(d).

“Option” has the meaning given such term in Section 4.15(a).

“**Order**” means any order, injunction, treaty, resolution, edict, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“**OSC**” has the meaning given that term in Section 4.7(a).

“**Owned Real Property**” means the Real Property that is not an Excluded Asset and all plants, buildings, structures, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) thereon, forming part thereof or benefiting such real or immoveable property.

“**Parent**” has the meaning given that term in Section 4.7(a).

“**Parent Financial Statements**” has the meaning given that term in Section 4.7(b).

“**Parent Reports**” has the meaning given that term in Section 4.7(a).

“**Partial Assignment**” has the meaning given that term in Section 4.15(d).

“**Parties**” means the Seller and the Buyer collectively, and “**Party**” means either the Seller or the Buyer.

“**Permits**” has the meaning given to such term in Section 2.1(h).

“**Permitted Encumbrances**” means:

- (c) Encumbrances listed or described on Schedule 1.1(d);
- (d) Encumbrances given by the Seller as security to a public utility or any Governmental Authority when required in the ordinary course of the Purchased Business but only insofar as they relate to any obligations or amounts not due as at the Closing Date;
- (e) reservations, limitations, provisos and conditions, if any, expressed in any original grants of land by a Governmental Authority and any statutory limitations, exceptions, reservations and qualifications on real property;
- (f) statutory liens for current Taxes, assessments or other governmental charges not yet due and payable or those being contested in good faith;
- (g) discrepancies in the legal description of the Real Property or any adjoining real or immovable property which would be disclosed in an up-to-date survey which do not materially adversely affect the use or value of the Real Property affected thereby (based on the current use of such affected property), and any registered servitudes, easements, restrictions or covenants that run with the Real Property, as set forth in a title commitment reasonably acceptable to the Buyer;
- (h) rights of way for or reservations or rights of others for, sewers, water lines, gas lines, electric lines, telegraph and telephone lines, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of real or immovable property, which do not in the

aggregate materially detract from the value of any affected property of the Seller (based on the current use of such affected property) or materially impair the use of any property used in the Purchased Business (based on the current use of such affect property) and provided the same are complied with in all material respects up to the Closing Date, as set forth in a title commitment reasonably acceptable to the Buyer;

(i) applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, servicing agreements, cost sharing reciprocal agreements and building restrictions and other similar agreements which do not materially impair the use of the Real Property affected thereby (based on the current use of such affect property) and provided the same are complied with in all material respects to the Closing Date including the posting of any required security for performance of obligations thereunder;

(j) all encroachment agreements, restrictive covenants, survey exceptions, reciprocal easement agreements and other Encumbrances registered against title to any Real Property which do not materially impair the use of such property provided same are complied with in all material respects, as set forth in a title commitment reasonably acceptable to the Buyer;

(k) defects or irregularities in title to the Real Property which are of a minor nature and do not in the aggregate materially impair the use of the Real Property affected thereby (based on the current use of such affect property), as set forth in a title commitment reasonably acceptable to the Buyer;

(l) Encumbrances of mechanics, labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or repair operations which have either been registered or filed pursuant to Applicable Law against the Seller or not yet registered or filed and which, in any such case, relate to obligations not due and payable or which are being contested in good faith by appropriate proceedings diligently conducted;

(m) statutory Encumbrances relating to obligations not due and payable;

(n) Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under equipment Contracts or Personal Property Leases;

(o) Encumbrances associated with the Real Property Leases or the real or immovable properties subject to the Real Property Leases including all offers to lease and monthly tenancies and all other agreements in any way relating to the occupation of any such property and any notice thereof; and

(p) the Assumed Liabilities.

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“**Personal Property Leases**” has the meaning given to such term in Section 2.1(n).

“**Prepaid Expenses**” means, in respect of an entity, the full benefit of all prepaid expenses, other than Tax prepayments and insurance prepayments, of such entity.

“**Provisional Relief Order**” means an order of the Bankruptcy Court entered in the Chapter 15 Proceedings pursuant to section 1519 of the Bankruptcy Code granting provisional relief to the Chapter 15 Debtors.

“**Purchase Price**” has the meaning given to such term in Section 3.1.

“**Purchased Accounts Receivable**” has the meaning given that term in Section 4.8(a).

“**Purchased Assets**” has the meaning given to such term in Section 2.1.

“**Purchased Business**” has the meaning given to such term in Recital C.

“**Real Property**” has the meaning given to such term in Section 2.1(o).

“**Real Property Leases**” has the meaning given to such term in Section 2.1(a).

“**Real Property Taxes**” means Taxes imposed with respect to the Owned Real Property for the tax year that includes the Closing Date which are paid or accrued by the Asset Sellers in the ordinary course of business.

“**Reduced Purchase Price**” has the meaning given to such term in Section 4.15(d).

“**Regulatory Approvals**” means approvals required under the ICA, and all other such consents, approvals, permits and authorizations with any other Governmental Authorities whose consent is required for consummation of the transactions contemplated by this Agreement.

“**Rejection Notice**” has the meaning given such term in Section 9.2(d).

“**Release**” means any release, spill, emission, discharge, leaking, pouring, emptying, escaping, dumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property.

“**Released Party**” has the meaning given to such term in Section 8.10.

“**Sale Recognition Order**” means an order of the Bankruptcy Court, substantially in the form attached hereto as Exhibit D, in form and substance reasonably acceptable to the Buyer and its counsel.

“**Seller**” has the meaning given to such term in the preamble to this Agreement.

“**Seller Expenses**” means all liabilities of the Seller incurred and relating to (a) the period after the Effective Date in connection with the Seller’s strategic process and the transactions

contemplated hereby to the professional advisors of the Seller and the Seller's lenders, including legal counsel, accountants, tax advisors, financial advisors and other advisors to the Seller and its lenders, and (b) any premiums for the tail directors and officers' insurance paid by the Seller as permitted by Section 8.2, but excluding obligations under the KERP and any excise taxes exigible on such Seller Expenses.

“**Seller's Representations**” has the meaning given that term in Section 12.4.

“**Sunset Date**” has the meaning given to such term in Section 10.1(b)(i).

“**Superior Proposal**” means any written Acquisition Proposal made after the date of this Agreement that:

(a) is, in the opinion of the Board of Trustees, acting in good faith after receiving the advice of its outside legal counsel and financial advisors, reasonably likely to be consummated at the time and on the terms proposed, taking into account, to the extent considered appropriate by the Board of Trustees, all financial, legal, regulatory and other aspects of such Acquisition Proposal;

(b) in respect of which the funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to be available to the reasonable satisfaction of the Board of Trustees;

(c) did not result from a breach of Section 8.8; and

(d) in respect of which the Board of Trustees determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors that, having regard to all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with terms (but not assuming away any risk of non-completion), result in a transaction more favourable to the Seller from a financial point of view than the transactions contemplated hereby.

“**Tax**” and “**Taxes**” means:

(a) taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Ontario and other government pension plan premiums or contributions; and

(b) any liability in respect of any items described in clause (a) payable by reason of contract, assumption, transferee liability, operation of law, United States Income Tax Regulation

Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under law) or otherwise;

“**Title Company**” has the meaning given to such term in Section 11.1.

“**Title Commitment**” means a preliminary title commitment in respect of each parcel comprising the Owned Real Property and the Huntsville Facility.

“**Title Insurance Policy**” has the meaning given to such term in Section 8.11(b).

“**Transfer Taxes**” has the meaning given to such term in Section 8.6(c).

“**Transferred Intellectual Property**” has the meaning given to such term in Section 4.9(a).

“**Transition Services Agreement**” has the meaning given such term in Section 2.6.

“**Uncaptured Accruals**” means liabilities or contingent liabilities of the Purchased Business that arose on or prior to, and that have not been paid in full as of, the Effective Date in the ordinary course of business (other than liabilities or contingent liabilities that are, or relate to, Excluded Assets or Excluded Liabilities), but that are not set forth on the Effective Date Balance Sheet, the amount of which shall be agreed upon by the parties or determined by courts through the CCAA Proceedings and/or the Chapter 15 Proceedings.

“**Unpermitted Encumbrance**” means any defect in the title of any of the Owned Real Property or the Huntsville Facility or any other matter unacceptable to the Buyer with respect to the Owned Real Property or the Huntsville Facility that does not constitute a Permitted Encumbrance and that has a Material Adverse Effect on the Buyer’s ability to operate the Business in its current manner from the Owned Real Property or the Huntsville Facility.

1.2 Exhibits and Schedules

The following Exhibits and Schedules form part of this Agreement:

Exhibit A	–	Offer for European Business
Exhibit B	–	Approval and Vesting Order
Exhibit C	–	CCAA Initial Order
Exhibit D	–	Sale Recognition Order
Exhibit E	–	Transition Services Agreement Matters
Exhibit F	–	Escrow Agreement
Exhibit G	–	Effective Date Balance Sheet
Exhibit H	–	ICA Financial Statements

Exhibit I	–	Representations Concerning Business in Europe
Schedule 1.1(a)	–	Accounts Payable
Schedule 1.1(b)	–	Assumed Employee Plans
Schedule 1.1(c)	–	Letters of Credit
Schedule 1.1(f)	–	Permitted Encumbrances
Schedule 2.1(a)	–	Real Property Leases
Schedule 2.1(b)	–	Equipment
Schedule 2.1(h)	–	Permits
Schedule 2.1(i)	–	Intellectual Property
Schedule 2.1(j)	–	Domain Names and Internet Addresses
Schedule 2.1(n)	–	Personal Property Leases
Schedule 2.1(o)	–	Real Property
Schedule 2.2(p)	–	Specifically Excluded Assets
Schedule 4.3	–	Consents
Schedule 4.5	–	Title
Schedule 4.6	–	Contracts
Schedule 4.9	–	Transferred Intellectual Property

1.3 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended, or to any restated or successor legislation of comparable effect.

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.

1.6 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in United States dollars (US\$).

1.7 Knowledge

Where any representation or warranty contained in this Agreement is qualified by reference to the knowledge of the Seller it will be deemed to refer to the actual knowledge after due inquiry of Steve Brown, John Bell, Neil Ballantine, Howard Berman and David Ashton, without personal liability on the part of any of them.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.9 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties, provided that the Confidentiality Agreement shall remain in full force and effect, and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.10 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.11 Governing Law; Jurisdiction and Venue

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the

Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the courts of Ontario for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 12.8 shall be deemed effective service of process on such Party.

Notwithstanding the foregoing, any and all documents or orders that may be filed, made or entered in the CCAA Proceedings or Chapter 15 Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the CCAA or the Bankruptcy Code, as applicable, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the Canadian Court or the Bankruptcy Court, as applicable, for the resolution of any such disputes, regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 12.8 shall be deemed effective service of process on such Party.

ARTICLE 2. – PURCHASE AND SALE

2.1 Agreement to Purchase and Sell Purchased Assets

Upon and subject to the terms and conditions of this Agreement, and subject to receipt of the Court Approval, at the Closing the Seller shall sell (and shall cause the other Asset Sellers to sell) and the Buyer shall purchase, free and clear of all Encumbrances other than Permitted Encumbrances, the Seller's and the other Asset Sellers' respective right, title and interest in and to the following assets, property and undertaking, owned or used or held by them for use in, or relating to, the Purchased Business (collectively, the "**Purchased Assets**"):

(a) the leases of the premises listed and described in Schedule 2.1(a), all benefits, rights and options pursuant to such leases and all leasehold improvements forming part thereof (collectively, the "**Real Property Leases**") and all subleases of real property held by any Asset Seller as landlord, in each case subject to the designation rights granted to the Buyer in Section 9.2;

(b) all machinery, equipment (including all trucks, cars and other motor vehicles), parts, tools, office equipment, computers, servers, furniture, network equipment, electronic and optical equipment, racks, routers, generators, cables, furnishings and accessories whether located on the premises of any Asset Seller or elsewhere, including the assets summarized in Schedule 2.1(b), together with any additions thereto arising in the ordinary course of the Purchased Business from the date of this Agreement to the Closing Date;

(c) the Asset Sellers' Accounts Receivable;

(d) the Asset Sellers' Inventories;

(e) the Asset Sellers' Prepaid Expenses;

- (f) all unbilled revenues of each Asset Seller relating to the Purchased Business;
- (g) all Material Contracts and all other contracts, agreements, leases, commercial indemnities, third party licenses and other legally binding instruments relating to the Purchased Business or the Purchased Assets to which an Asset Seller is a party or by which an Asset Seller is bound, subject in each case to the designation rights granted to the Buyer in Section 9.2 (the “**Assumed Contracts**”);
- (h) the permits, licences, approvals, authorizations and franchises which any Asset Seller holds for the Purchased Business and which are required by each Asset Seller to own the applicable Purchased Assets or to carry on the Purchased Business as set out in Schedule 2.1(h) (the “**Permits**”);
- (i) the Intellectual Property used in the Purchased Business listed in Schedule 2.1(i);
- (j) all domain names and internet addresses listed in Schedule 2.1(j);
- (k) all assets, agreements and policies forming part of any Assumed Employee Plan, subject in each case to the designation rights granted to the Buyer in Section 9.2;
- (l) the goodwill of the Purchased Business together with the exclusive right to represent the Buyer as carrying on the Purchased Business as successor to the Seller;
- (m) subject to Section 2.2(b), all business and financial records and files of the Purchased Business, including all customer lists and lists of suppliers, all operating manuals and specifications, but excluding Tax records and books and records pertaining thereto and all books and records of the Asset Sellers not pertaining to the Purchased Assets or the Purchased Business; provided, however, that the Asset Sellers may retain copies of (i) any records included in the Purchased Assets and (ii) all personnel files, to the extent necessary or useful for the administration any proceedings under the CCAA or any other proceeding to which it is or becomes a party, the filing of any Tax return or compliance with any Applicable Law;
- (n) all leases of personal or moveable property that relate to the Purchased Business listed on Schedule 2.1(n), including all benefits, rights and options pursuant to such leases and all leasehold improvements forming part thereof, subject in each case to the designation rights granted to the Buyer in Section 9.2 (the “**Personal Property Leases**”);
- (o) the real or immovable property owned by the Asset Sellers and used in the Purchased Business listed on Schedule 2.1(o), and all plants, buildings, structures, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) thereon, forming part thereof or benefiting such real or immovable property (the “**Real Property**”);
- (p) all software and documentation therefor used in the Purchased Business, including, all electronic data processing systems, program specifications, source codes, object code, input data, report layouts, formats, algorithms, record file layouts, diagrams, functional

specifications, narrative descriptions, flow charts, operating manuals, training manuals and other related material;

(q) all telephone, telex and telephone facsimile numbers and other directory listings and e-mail and website addresses used in connection with the Purchased Business;

(r) all refundable Taxes previously paid by the Seller (including any Taxes paid under the GST Legislation) and any claim or right of the Seller to any refund of Taxes for periods ending on or prior to the Closing Date or which include the Closing Date; and

(s) cash on hand or on deposit with banks or other depositories, other cash equivalents, certificates of deposit, money markets instruments, bank balances and rights in and to bank accounts, excluding (for clarity) the Excluded Assets.

Contemporaneously with the sale of the other Purchased Assets, the Seller shall transfer control of replicated disk inventories relating to the Assumed Contracts.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, the Purchased Assets shall not include any of the following assets of the Seller or the Additional Sellers (collectively, the “**Excluded Assets**”):

(a) debts due or accruing to any Asset Seller from any shareholder, director, officer, employee or Affiliate of the Seller;

(b) the general ledger, accounting and Tax records, minute books, corporate seal, taxpayer and other identification numbers and other documents relating to the organization, maintenance and existence of any Asset Seller as a Person;

(c) the Seller’s rights under this Agreement or the transactions contemplated hereby;

(d) any deferred Tax assets of any Asset Seller reflecting either the differences between the treatment of items for accounting and income Tax purposes or carryforwards, except to the extent set forth on the Effective Date Balance Sheet, and the amount of any refunds of Taxes paid in respect of income, gross receipts or profits of the Asset Sellers received after the Effective Date and relating to the 2012 or prior taxation years;

(e) all contracts of insurance, insurance policies (including D&O policies), insurance plans, insurance refunds, the interest of any Asset Seller in any insurance policies, including any cash surrender value thereof, all assets of the foregoing and all rights and claims under or in respect of the foregoing;

(f) all contracts that are not Assumed Contracts, Real Property Leases or Personal Property Leases or otherwise specifically set forth in Section 2.1, including any contracts that are not designated by the Buyer pursuant to Section 9.2;

- (g) all Tax records and books and records pertaining thereto and all books and records of the Asset Sellers not included in Section 2.1(m);
- (h) the assets or business of IHC Corporation and Cinram Wireless LLC;
- (i) the Purchase Price;
- (j) all assets and properties of the Asset Sellers that are not Purchased Assets;
- (k) the shares of capital stock or other equity interest in Cinram (U.S.) Holding's Inc., Synbar Equities Inc., Cinram International (Hungary) PrLtd, Cooperatie Cinram Netherlands UA and 1362806 Ontario Limited, any intercompany receivables or payables, or any intercompany investments;
- (l) subject to Section 8.16, the cash collateral securing Letters of Credit;
- (m) all real property interests of Cinram Manufacturing LLC in the Olyphant Facility;
- (n) retainers held by the Seller's advisors for post-Closing matters;
- (o) the amount of cash advanced by Cinram Wireless LLC or Cinram International (Hungary) PrLtd to any Asset Seller since the Effective Date, any debt owing by Cinram International (Hungary) PrLtd to any Asset Seller and the amount of cash equal to any repayment of any debt owing by Cinram International (Hungary) PrLtd to any Asset Seller since the Effective Date; and
- (p) those assets of the Asset Sellers set forth on Schedule 2.2(p).

2.3 Assumption of Liabilities

The Buyer shall assume as of the Closing Date and shall pay, discharge and perform, as the case may be, from and after the Closing Date, the following liabilities and obligations with respect to the Purchased Business and/or the Purchased Assets to the extent not paid or performed by the Asset Sellers prior to Closing (collectively, the “**Assumed Liabilities**”):

- (a) liabilities of the Asset Sellers for the following items as of the Effective Date:
 - (i) trade accounts payable;
 - (ii) royalties;
 - (iii) sales allowances;
 - (iv) accrued freight;
 - (v) accrued wages;
 - (vi) accrued payroll taxes;

- (vii) accrued vacation;
- (viii) accrued medical benefits;
- (ix) accrued workers compensation;
- (x) accrued temporary labor;
- (xi) accrued returns;
- (xii) accrued commissions;
- (xiii) accrued office, facilities, and information technology costs; and
- (xiv) asset retirement obligations,

except for (A) those liabilities that relate to contracts that are not designated by the Buyer pursuant to Section 9.2, and (B) other unsecured obligations at the Filing Date which the parties agree are not to be assumed by the Buyer;

(b) liabilities of the Asset Sellers of the types listed in Sections 2.3(a)(i) through (xv) incurred on and after May 1, 2012 to the Filing Date, if incurred in the ordinary course of business, except for (i) those liabilities that relate to contracts that are not designated by the Buyer pursuant to Section 9.2, and (ii) other unsecured obligations at the Filing Date which the parties agree are not to be assumed by the Buyer;

(c) all liabilities of the Asset Sellers in connection with the Purchased Business incurred in the ordinary course of business on and after the Filing Date to and including the Closing Date;

(d) all liabilities set forth on the Effective Date Balance Sheet and accrued between the Effective Date and the Closing Date in the ordinary course of business under Assumed Contracts, Personal Property Leases, Real Property Leases and other contracts designated by the Buyer under Section 9.2, subject to any applicable Purchase Price deductions set forth in Section 3.2;

(e) all liabilities with respect to the post-Closing operation of the Purchased Business or ownership of the Purchased Assets, including liabilities of the Asset Sellers following the Closing under Assumed Contracts, Personal Property Leases, Real Property and other contracts designated by the Buyer under Section 9.2;

(f) all liabilities with respect to Assumed Employees and Assumed Employee Plans set forth in Section 8.7(b), including KERP obligations payable on or after the Closing Date, but subject to the provisions regarding self insured claims set forth in Section 8.7(c);

(g) Transfer Taxes;

(h) all liabilities in respect of capitalized leases with respect to Purchased Assets;

- (i) Real Property Taxes; and
- (j) those Uncaptured Accruals with respect to which the Seller has agreed there will be a reduction of the Purchase Price on a dollar-for-dollar basis (any such Uncaptured Accruals, “**Assumed Uncaptured Accruals**”).

2.4 Excluded Liabilities

The following debts, obligations and liabilities of the Seller and/or the Additional Sellers shall be and remain the sole responsibility of the Seller and/or the Additional Sellers, as applicable, and the Buyer shall not assume, accept or undertake the following debts, obligations, or liabilities of the Seller and/or the Additional Sellers (collectively, the “**Excluded Liabilities**”):

- (a) all liabilities and obligations relating to the Excluded Assets;
- (b) all Seller Expenses;
- (c) all liabilities and obligations with respect to employees who are not Assumed Employees and that arise under or relate to Employee Plans that are not Assumed Employee Plans (including any unfunded or underfunded pension liabilities), except as expressly set forth in Section 8.7(c);
- (d) all liabilities and obligations related to Taxes in respect of income, gross receipts or profits of the Asset Sellers; and
- (e) other than as expressly set forth herein as an Assumed Liability, any other liability of the Seller or the Additional Sellers whatsoever.

2.5 Assignment of Purchased Assets

Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Purchased Asset or any right thereunder 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 Buyer or the Seller thereunder. If such consent is not obtained or such assignment is not attainable pursuant to the CCAA, the Seller and the Buyer will cooperate and use their respective commercially reasonable efforts to implement a mutually agreeable arrangement pursuant to which the Buyer would obtain the benefits and assume the obligations thereunder in accordance with this Agreement, provided, however, that the Buyer acknowledges and agrees that nothing in this Section 2.5 shall operate to prohibit or diminish in any way the right of the Seller to dissolve, wind up or otherwise cease operations or its corporate existence in any manner or at any time subsequent to the Closing Date as it may determine in its sole discretion, which may be exercised without regard to the impact any such action may have on the Seller’s ability to fulfill its obligations under this Section 2.5.

2.6 Transition Services

The parties shall negotiate in good faith and at or prior to the Closing enter into an agreement, with effect as of Closing Date, with respect to the matters set forth on Exhibit E attached hereto (the “**Transition Services Agreement**”).

ARTICLE 3. – PURCHASE PRICE AND RELATED MATTERS

3.1 Purchase Price

The aggregate purchase price for the Purchased Assets and pursuant to the Offer for the European Business shall be \$82,500,000, subject to adjustment as provided in Section 3.2 (the “**Purchase Price**”), and shall be paid as follows:

(a) The sum of \$5,000,000 shall be paid in cash by the Buyer upon execution of this Agreement by the Parties as a deposit (the “**Deposit**”), which Deposit shall be paid to and held by JPMorgan Chase Bank pursuant to an escrow agreement in the form attached hereto as Exhibit F (the “**Escrow Agreement**”);

(b) The Deposit shall be held pursuant to the Escrow Agreement until the Closing and credited toward the Purchase Price at the Closing;

(c) The balance of the Purchase Price for the Purchased Business, after crediting the Deposit pursuant to Section 3.1(b), and subject to the adjustments provided in Section 3.2, less \$10,000,000, shall be paid in cash at the Closing;

(d) \$10,000,000 of the Purchase Price shall be paid on the earlier of the closing of the acquisition of the European Business and December 17, 2012; and

(e) The Purchase Price pursuant to the Offer for the European Business (the “**European Purchase Price**”), shall be paid as provided in the Offer.

3.2 Purchase Price Adjustments

The Purchase Price for the Purchased Assets shall be decreased, on a dollar-for-dollar basis, to reflect (a) any distribution or other transfer of cash or assets from the Asset Sellers to their owners (but not between or among the Asset Sellers) following the Effective Date, (b) any Seller Expenses paid by the Asset Sellers prior to the Closing Date, (c) all fees and expenses associated with the debtor-in-possession financing described in Section 8.2(c), including commitment, agency and other fees, and interest expense, but excluding (for clarity) principal amounts, (d) any breach remedy costs required to be paid to remedy Monetary Defaults in connection with the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, (e) without duplication of any adjustments pursuant to previous clause (d), any Assumed Uncaptured Accruals, and (f) the amount of any Taxes actually paid by an Asset Seller after the Effective Date in respect of income, gross receipts or profits of the Asset Sellers for the calendar years 2012 and prior, and shall be increased on a dollar-for-dollar basis to reflect (a) any shortfall in the amount of cash required to fully repay at Closing any debtor-in-

possession facility entered into in accordance with Section 8.2(c), and (b) amounts drawn under the Letters of Credit from the date of this Agreement to the Closing Date. At least three (3) Business Days prior to the Closing Date, the Seller shall deliver to the Buyer a worksheet setting forth the Seller's good faith estimate of the adjustments to the Purchase Price for the Purchased Assets required by this Section 3.2, including supporting documentation. If the worksheet is not acceptable to the Buyer, the Buyer shall promptly submit its comments on the worksheet to the Seller, and together they shall endeavour in good faith to address such comments so as not to delay the Closing. The Purchase Price for the Purchased Assets paid pursuant to Section 3.1(c) shall be adjusted as agreed to by the Seller and the Buyer on the basis of the worksheet and their discussions concerning the worksheet. The Purchase Price pursuant to the Offer for the European Business shall be subject to any adjustments provided for in the Offer. The Purchase Price shall not be adjusted, other than as set forth in this Section 3.2, in respect of amounts required to be paid by the Asset Sellers hereunder.

3.3 Purchase Price Allocation

Within thirty (30) days following the Closing, the Parties shall use their respective commercially reasonable efforts to agree on the allocation of the Purchase Price for the Purchased Assets and the value of the Assumed Liabilities among each of the Purchased Assets (the "**Allocation Statement**"). The Allocation Statement shall be prepared in accordance with Section 1060 of the Code and other applicable tax laws. The Buyer and the Seller shall report the purchase and sale of the Purchased Assets in any Tax returns relating to the transactions contemplated in this Agreement in a manner consistent with such allocation. If the Parties cannot agree on the Allocation Statement, each Party shall be permitted to make such allocation and report the purchase and sale of the Purchased Assets in any Tax returns relating to the transactions contemplated in this Agreement in a manner determined in its sole discretion.

ARTICLE 4. – REPRESENTATIONS AND WARRANTIES BY THE SELLER

The Seller represents and warrants to the Buyer as follows, and acknowledges that the Buyer is relying upon the following representations and warranties in connection with its purchase of the Purchased Assets:

4.1 Entity Power

The Seller is duly organized under the *Canada Business Corporations Act* and, subject to Court Approval being obtained, has all necessary corporate power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder and to carry out its obligations hereunder and thereunder. Each Additional Seller is duly organized under the Applicable Laws of the jurisdiction of its organization and has all necessary entity power, authority and capacity to carry out the actions necessary to consummate the transactions contemplated hereunder. Each of the Asset Sellers is qualified to do business and is in good standing in each of the jurisdictions in which the ownership or leasing of its assets or the conduct of its businesses requires such qualification, except in the case where the failure to so qualify or be licensed would not have a Material Adverse Effect. Each of the Seller and the Additional Sellers has the requisite power and authority to own or lease and to operate and use its assets and

properties, including the Purchased Assets, and carry on the Purchased Business as now conducted.

4.2 Due Authorization and Enforceability of Obligations

Subject to Court Approval being obtained, the Seller has all necessary power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder, and to carry out its obligations hereunder and thereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action (corporate or otherwise) of the Seller. Without limiting the generality of the foregoing, the Seller has the power and authority to bind the Additional Sellers to this Agreement. This Agreement constitutes a valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to Court Approval, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

4.3 Approvals and Consents

Except for (a) the Court Approval, (b) the Regulatory Approvals, (c) the consents, approvals or waivers set forth on Schedule 4.3 that are required in connection with the assignment of a Purchased Asset, and (d) any consents required of counterparties to non-Material Contracts, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Seller or any Additional Seller and each of the agreements to be executed and delivered by the Seller or any Additional Seller or the purchase of any of the Purchased Assets hereunder, the absence of which would individually or in the aggregate materially impair the ability of the Buyer and the Seller to complete the transactions contemplated by this Agreement or materially impair the ability of the Buyer to own the Purchased Assets and to operate the Purchased Business after the Closing in substantially the same manner as it is operated as of the date of this Agreement.

4.4 Non-Contravention

Neither the execution and delivery of this Agreement or any other agreement or document to which the Seller or any Additional Seller is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by the Seller or any Additional Seller with any provisions hereof or thereof will (a) conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the articles, by-laws or other constating documents of the Seller or any Additional Seller, or (b) conflict with or result in a breach or a default (or give rise to any right of termination, cancellation, acceleration, modification or other right) under any of the provisions of any note, bond, mortgage, indenture, franchise, permit, material contract or other instrument or obligation to which the Seller or any Additional Seller is a party, or by which the Seller or any Additional Seller is bound or affected, except for (i) any conflict, breach or default as to which requisite waivers or consents shall have been obtained by the Seller or any

Additional Seller before Closing, (ii) breaches which, upon receipt of Court Approval, shall not impede the Closing, and (iii) breaches relating to the failure to obtain consent under the terms of a contract that is not a Material Contract, which the Seller agrees to seek assignments for in the Court Orders.

4.5 Title

(a) Except as set forth in Schedule 4.5, the Seller or the Additional Sellers are the sole legal and beneficial owners, lessees or licensees of the Purchased Assets, with good and valid title, or a valid leasehold or licensed interest, in the Purchased Assets, free and clear of all Encumbrances except the Permitted Encumbrances. Upon delivery to the Buyer on the Closing Date of the instruments of transfer contemplated by Section 11.2, and subject to the terms of the Court Orders, the Seller or the Additional Sellers will thereby transfer to the Buyer good and valid title to, or, in the case of property leased or licensed by the Seller or the Additional Sellers, a valid leasehold or licensed interest in, all of the Purchased Assets, free and clear of all Encumbrances except for Assumed Liabilities and the Permitted Encumbrances.

(b) The Purchased Assets constitute all of the assets that are necessary and sufficient to conduct the Purchased Business in the manner conducted as of the date of this Agreement, except for the Excluded Assets.

(c) The Purchased Assets are, and at the Closing Date will be, in sufficient working order and condition to operate the Purchased Business as it is operated as of the Effective Date.

4.6 Contracts

Subject to receipt of the Court Approval, each of the Assumed Contracts forming part of the Purchased Assets that is a Material Contract is in full force and effect and constitutes a legal, valid and binding obligation of an Asset Seller, and the other parties thereto, enforceable in accordance with its terms, and such Asset Seller, is entitled to all of the benefits, rights and privileges under each such Assumed Contract. Except as set forth on Schedule 4.6, none of the Asset Sellers has received any notice that any Person intends or desires to modify, waive, amend, rescind, release, cancel or terminate any Assumed Contract forming part of the Purchased Assets that is a Material Contract. Except as set forth on Schedule 4.3, no Assumed Contract that is a Material Contract requires the consent of any Person for such Assumed Contract to be assigned to the Buyer. There is no contract, agreement or other arrangement granting any Person any preferential right to purchase any of the Purchased Assets, other than such as shall be abrogated by the Court Approval.

4.7 Public Company Reports; Financial Statements; Effective Date Balance Sheet

(a) The Seller has made available to the Buyer each prospectus, report, proxy statement or information statement or other documents filed or furnished by its parent issuer Cinram International Income Fund (the "**Parent**") with the Ontario Securities Commission ("**OSC**") on or after January 1, 2010 (collectively, the "**Parent Reports**"), and the Parent has filed or furnished all forms, reports and documents required to be filed or furnished by it with the OSC pursuant to relevant securities statutes, regulations, policies and rules since such time. As

of their respective dates, the Parent Reports (i) were prepared in accordance with the applicable requirements of the *Securities Act* (Ontario) and the rules and regulations thereunder and complied with the then applicable accounting requirements, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein (with respect to any prospectus, in the light of the circumstances under which they were made) not misleading.

(b) Each of the consolidated balance sheets included in or incorporated by reference into the Parent Reports (including the related notes and schedules) fairly presents in all material respects the consolidated financial position of the Parent and its subsidiaries as of its date and each of the consolidated statements of earnings, cash flows and unitholders' equity included in or incorporated by reference into the Parent Reports (including any related notes and schedules) fairly presents in all material respects the results of operations, cash flows or changes in unitholders' equity, as the case may be, of the Parent and its subsidiaries for the periods set forth therein, in each case in accordance with GAAP, except, in the case of unaudited statements, for year-end audit adjustments and as otherwise may be noted therein. There are no obligations or liabilities of any nature, whether accrued, absolute, contingent or otherwise, of the Parent or any of its subsidiaries, other than those liabilities and obligations (i) that are disclosed or otherwise reflected or reserved for in the financial statements and the notes thereto included in the Parent Reports (the "**Parent Financial Statements**"), provided that such liabilities are reasonably apparent on the face of the Parent Financial Statements, (ii) that are not required under GAAP to be disclosed, reflected or reserved for in the Parent Financial Statements, (iii) that have been incurred in the ordinary course of business since March 31, 2012, (iv) related to expenses associated with the transactions contemplated by this Agreement, or (v) that have not had and would not reasonably be expected to have a Material Adverse Effect.

(c) Based on the evaluation of Parent's controls and procedures conducted in connection with the preparation and filing of the Parent Reports, the Seller has no knowledge of (i) any significant deficiencies or material weaknesses in the design or operation of the internal control over financial reporting that are likely to adversely affect the Parent's ability to record, process, summarize and report financial data, or (ii) any fraud, whether or not material, that involves management or other employees who have a role in the Parent's internal control over financial reporting.

(d) Without limiting the generality of the foregoing provisions of this Section 4.7, the Balance Sheet of the Purchased Business dated as of the Effective Date and attached hereto as Exhibit G (the "**Effective Date Balance Sheet**") fairly presents in all material respects the financial position of the Purchased Business as of the Effective Date. The cash collateral assets securing the Letters of Credit retained by the Seller pursuant to Section 2.2(l) are not included as current assets on the Effective Date Balance Sheet.

4.8 Receivables, Payables and Inventories

(a) The Asset Sellers' Accounts Receivable (collectively, the "**Purchased Accounts Receivable**") reflect valid transactions in the ordinary course of business;

(b) None of the Purchased Accounts Receivable is or was subject to any counterclaim or set off (excluding royalty adjustments) that would adversely affect the Purchased Business;

(c) To the Seller's knowledge, the Purchased Accounts Receivable are collectible in the ordinary course of business using normal collection practices, less the amount of applicable reserves for doubtful accounts and allowances set forth on the Effective Date Balance Sheet;

(d) All of the Accounts Payable included in the Assumed Liabilities arose in bona fide, arms-length transactions in the ordinary course of business; and

(e) The Asset Sellers have good and marketable title to their Inventories, free and clear of all Encumbrances other than Permitted Encumbrances. All such Inventories, net of obsolescence reserves, are in good and merchantable condition in all material respects and are suitable and usable for the purposes for which they are intended.

4.9 Intellectual Property

Except as has been disclosed in writing by the Seller to the Buyer in a writing that references this Section 4.9:

(a) an Asset Seller owns or possesses sufficient legal rights to all Intellectual Property necessary to conduct the Purchased Business as now conducted and as presently proposed to be conducted, without any infringement of the rights of any other Person, all of which is included in the Purchased Assets (the "**Transferred Intellectual Property**");

(b) except as set forth on Schedule 4.9, there are no outstanding options, licenses or contracts relating to any material Transferred Intellectual Property, nor is an Asset Seller bound by or a party to any contract of any kind with respect to any material Transferred Intellectual Property other than such licenses or contracts arising from the purchase of "off the shelf" or standard products;

(c) all licenses of Transferred Intellectual Property are in full force and effect in accordance with their terms, and neither an Asset Seller nor the counterparty thereto is in material breach thereof; and

(d) there is no action, suit, proceeding or investigation filed or pending or, to the knowledge of the Seller, threatened against an Asset Seller that questions the validity of any Transferred Intellectual Property or that alleges an Asset Seller has violated the Intellectual Property of another Person which if successful would have a Material Adverse Effect on the Purchased Business.

4.10 Environmental Matters

Each of the Asset Sellers (a) is in compliance with Environmental Law, and (b) has obtained and is in compliance with all Environmental Permits required for the occupation of its facilities and the operation of the Purchased Business, except where failure to comply with Environmental Laws, or to obtain or comply with Environmental Permits, would not reasonably

be expected to have, individually or in the aggregate, a Material Adverse Effect. None of the Asset Sellers has received any written communication, whether from a Governmental Authority, employee or otherwise, alleging that it is not in such compliance. No Environmental Claims are pending with respect to the Purchased Business, and to the Seller's knowledge, no Environmental Claims have been threatened against the Purchased Business in writing.

4.11 Labour and Employee Benefits Matters

(a) The Seller has provided the Buyer with a complete and current copy of the plan document of each Assumed Employee Plan or, if such plan document does not exist, an accurate written summary of such Assumed Employee Plan and, as applicable and they relate to any Assumed Employee Plan: (i) any trust agreements; (ii) the most recent financial and accounting statement and report; (iii) the most recent actuarial report; (iv) the most recent annual information returns or other returns filed with any Governmental Authority; (v) insurance policies; (vi) administration or investment agreements; and (vii) the most recent employee booklet with respect to each Assumed Employee Plan.

(b) There is not currently pending or, to the knowledge of the Seller, any threatened strike, material arbitration, material labour dispute or material grievance under any collective labour agreement related to the Purchased Business, or any material slowdown, lockout or work stoppage against or affecting an Asset Seller.

(c) All amounts for unpaid vacation pay, wages, salaries, paid time off, reimbursable employee expenses, commissions or bonuses have been adequately accrued for all Assumed Employees. Since the Effective Date, the Seller has incurred no material liability for termination or severance pay to employees of the Business.

(d) Section 11 of the Data Room contains true and complete copies of all collective labour agreements of the Asset Sellers that pertain to the employees of the Purchased Business, which have been provided to the Buyer. To the knowledge of the Seller, there are no current attempts to organize, certify or establish any labour union or employee association with respect to the employees of the Purchased Business.

(e) No Assumed Employee Plan provides benefits, including death or medical benefits (whether or not insured) beyond retirement or other termination of service other than (i) coverage mandated solely by Applicable Law, (ii) death benefits or retirement benefits under any pension plan, or (iii) benefits the full costs of which are borne by participants and not by the applicable Asset Seller, the employer or sponsor;

(f) Each of the Asset Sellers is in material compliance with all Applicable Laws respecting employment and employment practices, including all laws respecting terms and conditions of employment, health and safety, wages and hours, worker classifications, child labour, immigration, employment discrimination, disability rights or benefits, equal opportunity, plant closures and layoffs, affirmative action, workers' compensation, labour relations, employee leave issues and unemployment insurance. None of the Asset Sellers has received any written communication, whether from a Governmental Authority, employee or otherwise, alleging that it is not in such material compliance.

(g) With respect to each Assumed Employee Plan: (i) if it covers employees in the United States and is intended to qualify under Section 401(a), 401(k) or 403(a) of the Code, such plan and the related trust has received a favourable determination letter from the United States Internal Revenue Service that has not been revoked and there is no basis for the revocation of such letter; (ii) it is and has been established, funded and administered in compliance in all material respects with its terms, Applicable Law and any collective labour agreements, as applicable, and none of the Asset Sellers have received any notice from any Person or Governmental Authority questioning or challenging such compliance; (iii) there is no investigation by a Governmental Authority nor any pending or, to the knowledge of the Seller, threatened claims in writing against, by or on behalf of any Assumed Employee Plan or the assets, fiduciaries or administrators thereof (other than routine claims for benefits); and to the knowledge of the Seller no fact exists which could reasonably be expected to give rise to any such investigation or claim; and (iv) all required employee and employer contributions, premiums and expenses, to or in respect of, such Assumed Employee Plans have been timely paid in full in accordance with their terms and Applicable Laws or, to the extent not yet due, have been adequately accrued.

(h) No amendments or improvements have been made to any Assumed Employee Plan and no commitments to amend or improve any Assumed Employee Plan have been made or promised by the Asset Sellers, nor has any intention to do so been communicated to any employee of the Seller since December 31, 2011 (other than as set forth in the definition of “KERP”).

4.12 Compliance with Laws; Permits

None of the Asset Sellers has received written notice from any Governmental Authority that it is in violation in any material respect of any Applicable Law in respect of the conduct of the Purchased Business or the ownership of its assets and properties. The Asset Sellers have not received written notice that any material Permits currently held are not in good standing and full force and effect.

4.13 Litigation

Except as disclosed in Section 10 of the Data Room, there is no action, suit, proceeding or investigation filed or pending or, to the knowledge of the Seller, threatened against an Asset Seller that would reasonably be expected to result, either individually or in the aggregate, in any Material Adverse Effect. No Asset Seller is a party or subject to an Order that has not been completely satisfied.

4.14 Insurance

Section 14 of the Data Room contains a complete and accurate list and description of all primary, excess and umbrella policies, bonds and other forms of insurance currently owned or held by or on behalf of and/or providing insurance coverage related to the Purchased Business. All such policies are in full force and effect, and with respect to such policies, all premiums currently payable or previously due have been paid, and no notice of cancellation or termination has been received with respect to any such policy.

4.15 Huntsville, Alabama Real Property

(a) Cinram, Inc. is the sole tenant under that certain Amended and Restated Lease Agreement dated as of September 1, 1987, by and between The Industrial Development Board of the City of Huntsville (the “**IDB**”), as lessor, and Laservideo, Inc., as lessee, as amended (the “**IDB Lease**”). The Seller has delivered to the Buyer a true and complete copy of the IDB Lease.

(b) The IDB Lease is in full force and effect. Neither Cinram, Inc. nor the IDB is in breach or default under the IDB Lease, nor has Cinram, Inc. received any written notice alleging any breach or default, and no event has occurred or circumstance exists which, with the delivery of notice, the passage of time, or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under the IDB Lease. Cinram, Inc. has not subleased, licensed, collaterally assigned or otherwise granted to any Person the right to use or occupy any portion of the Huntsville Facility except pursuant to the Facility Lease Agreement and Facility Lease Sublease Agreement disclosed in Section 4 of the Data Room that will be terminated pursuant to Section 11.2(a)(vi).

(c) The Bonds (as defined in the IDB Lease), including all principal and interest, have been paid in full and all fees, charges and disbursements of the Trustee (as defined in the IDB Lease) have been paid by Cinram, Inc. to the Trustee and by the Trustee to the holders of the Bonds. The option to purchase the Huntsville Facility (the “**Option**”), as set forth in Section 11.2 of the IDB Lease, remains in full force and effect.

(d) As of June 1, 2012, the total purchase price (the “**Huntsville Facility Purchase Price**”) payable to the IDB pursuant to the exercise of the Option is \$843,390, which increases at the rate of \$3,333.33 per month (\$40,000 per year), from and after June 1, 2012. Pursuant to Section 5 of that certain Partial Assignment of Lease and Equity in Project dated as of March 26, 1999, by and between Disc Manufacturing, Inc., as assignor, Cinram, Inc., as assignee, and the IDB (the “**Partial Assignment**”), Cinram, Inc. has the option to reduce the Huntsville Facility Purchase Price to \$55,000 plus \$1,000 for each 12 month period that elapses after April 1, 1991 (the “**Reduced Purchase Price**”) if Cinram, Inc. pays the Board the Purchase Price Modification Payment (as defined in the Partial Assignment). On the date hereof the Purchase Price Modification Payment is \$746,000, which increases by \$39,000 for each 12-month period that elapses after February 1, 2012. Unless the IDB Lease is amended as set forth in Section 4.15(e), the total amount that would be required to be paid to the IDB in connection with the exercise of the Option and the purchase of the Huntsville Facility at the Closing would be either (i) the amount of the Huntsville Purchase Price, or (ii) the sum of the amount of the Purchase Price Modification Payment plus the Reduced Purchase Price.

(e) The IDB has approved an amendment to the IDB Lease pursuant to which the Huntsville Facility Purchase Price would be fixed at \$55,000 (without any requirement to make a Purchase Price Modification Payment), provided that a lease amendment fee in the amount of \$366,000 is paid. The Seller shall pay the \$366,000 lease amendment fee at the direction of the Buyer prior to the Closing, so that at the Closing, the Option exercise price shall be fixed at \$55,000. Further, if the Buyer so requests in writing not less than thirty-five (35) days prior to the Closing Date, the Seller shall cause the Option to be exercised by Cinram, Inc. so that at the

Closing fee title to the Huntsville Facility shall transfer to Buyer or its nominee. The Option exercise price will be borne by the Buyer at the Closing. Without limiting the generality of the foregoing, at the timely request of the Buyer, Cinram, Inc. will notify the IDB in writing not less than thirty (30) days prior to the Closing Date that the Option is being exercised and that the purchase of the Huntsville Facility pursuant to the exercise of the Option will occur concurrently with the Closing.

(f) Except as disclosed by the Seller to the Buyer in a separate writing referencing this section, there are no outstanding options, rights of first offer or rights of first refusal to purchase or lease the Huntsville Facility or any portion thereof or interest therein, except for the rights to purchase pursuant to that certain Warranty Deed, dated May 5, 1975, by and between Madison County, Alabama, as grantor, and the IDB, as grantee, recorded in Deed Book 507, Page 643, et seq., in the Office of the Judge of Probate, Madison County, Alabama (the “**Madison Purchase Right**”), which by its terms expired on May 5, 1985. Prior to the Closing Cinram, Inc. will obtain either a recordable instrument from Madison County terminating the Madison Purchase Right or affirmative coverage from the title company insuring Purchaser’s interest free and clear of the Madison Purchase Right.

4.16 Competition Act

The Asset Sellers and their Affiliates do not have assets in Canada that exceed \$300 million, or gross revenues from sales in, from or into Canada, that exceed \$300 million, all as determined in accordance with Part IX of the *Competition Act* (Canada) and the Notifiable Transactions Regulations thereunder.

4.17 ICA

For purposes of the ICA and the regulations thereunder:

- (a) the Seller is a non-Canadian within the meaning of the ICA;
- (b) the relevant financial statements for the Asset Sellers, 1362806 Ontario Limited and Cooperatie Cinram Netherlands UA for the purposes of determining the applicable value of the assets of the Asset Sellers, 1362806 Ontario Limited and of Cooperatie Cinram Netherlands UA are set out in the financial statements attached hereto as Exhibit H (collectively, the “**ICA Financial Statements**”);
- (c) the asset value of the intercompany investment in Cooperatie Cinram Netherlands UA in the Seller’s December 31, 2011 balance sheet forming part of the ICA Financial Statements is \$1,097,041.28, and the asset value of the intercompany investment in Cooperatie Cinram Netherlands UA in 1362806 Ontario Limited’s December 31, 2011 balance sheet forming part of the ICA Financial Statements is \$33,712,075; and
- (d) Cooperatie Cinram Netherlands UA does not carry on a Canadian business or control, directly or indirectly, an entity carrying a Canadian business or an entity in Canada.

4.18 Hart Scott Rodino Antitrust Improvement Act

The non-United States assets owned by the Seller and the Additional Sellers did not generate sales in or into the United States of \$68.2 million or more during the most recent fiscal year of the Seller and the Additional Sellers.

4.19 European Business

The Seller hereby makes the representations and warranties set forth in Exhibit I (the “**European Representations**”), and acknowledges that the Buyer is relying on the European Representations in connection with its purchase of the Purchased Assets.

4.20 Additional Sellers

The Additional Sellers will and do hereby provide the representations set forth in this Article 4, *mutatis mutandis*.

ARTICLE 5. – REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows and acknowledges that the Seller is relying upon the following representations and warranties in connection with its sale of the Purchased Assets:

5.1 Corporate Power

The Buyer is a corporation existing under the laws of the State of Delaware and has all necessary corporate power, authority and capacity to enter into this Agreement and make the Offer and the agreements contemplated hereunder and thereunder and to carry out its obligations hereunder and thereunder.

5.2 Due Authorization and Enforceability of Obligations

The execution and delivery of this Agreement and the Offer and the consummation of the transactions contemplated by this Agreement and the Offer have been duly authorized by all necessary corporate action of the Buyer. This Agreement and the Offer constitute valid and binding obligations of the Buyer enforceable against it in accordance with their terms, subject to Court Approval, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

5.3 Approvals and Consents

Except for the Court Approval, the Regulatory Approvals and any consents that may be required in connection with the assignment of a Purchased Asset and the transactions contemplated by the Offer, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution,

delivery or performance of this Agreement or the Offer by the Buyer and each of the agreements to be executed and delivered by the Buyer or the purchaser of any of the Purchased Assets hereunder or the completion of the transaction contemplated by the Offer, the absence of which would materially impair the ability of the Buyer and the Seller to complete the transactions contemplated by this Agreement.

5.4 Financing

The Buyer has, and on the Closing Date, will have, sufficient funds to consummate the transactions contemplated by this Agreement and the Offer, including payment of the Purchase Price and assumption of the Assumed Liabilities and the payment of the European Purchase Price.

5.5 GST Registration

Prior to Closing, the Buyer (or the entity acquiring the Canadian Purchased Assets, if not the Buyer) will be registered for the purposes of the GST Legislation and will provide its registration number to the Seller.

5.6 Competition

The Buyer and its Affiliates do not have assets in Canada that exceed \$100 million in aggregate value, or gross revenues from sales in, from or into Canada, that exceed \$100 million, all as determined in accordance with Part IX of the Competition Act (Canada) and the Notifiable Transactions Regulations thereunder.

ARTICLE 6. – ASSETS

6.1 As is, Where Is

The Buyer is an informed and sophisticated purchaser, and has engaged expert advisors, experienced in the evaluation and purchase of property and assets such as the Purchased Assets as contemplated hereunder and the European Business as contemplated by the Offer. The Buyer has undertaken such investigations and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement. THE BUYER ACKNOWLEDGES AND AGREES THAT THE PURCHASED BUSINESS, THE PURCHASED ASSETS AND THE EUROPEAN BUSINESS ARE SOLD “**AS IS, WHERE IS**”, WITH ALL FAULTS, WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, IN FACT OR BY LAW WITH RESPECT TO THE PURCHASED BUSINESS, THE PURCHASED ASSETS OR THE EUROPEAN BUSINESS EXCEPT AS SET FORTH HEREIN OR IN THE OFFER, AND WITHOUT ANY RECOURSE TO THE SELLER OR ANY OF ITS DIRECTORS, OFFICERS, SHAREHOLDERS, REPRESENTATIVES OR ADVISORS, OTHER THAN FOR FRAUD OR AS OTHERWISE EXPRESSLY PROVIDED HEREIN OR IN THE OFFER. THE BUYER AGREES TO ACCEPT THE PURCHASED BUSINESS, THE PURCHASED ASSETS, THE ASSUMED LIABILITIES AND THE EUROPEAN BUSINESS IN THE CONDITION, STATE AND

LOCATION THEY ARE IN ON THE CLOSING DATE BASED ON ITS OWN INSPECTION, EXAMINATION AND DETERMINATION WITH RESPECT TO ALL MATTERS AND WITHOUT RELIANCE UPON ANY EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF ANY NATURE MADE BY OR ON BEHALF OF OR IMPUTED TO THE SELLER, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT. Unless specifically stated in this Agreement, no representation, warranty, term or condition, understanding or collateral agreement, whether statutory (including under the *Sale of Goods Act* (Ontario)), express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, is being given by the Seller in this Agreement or in any instrument furnished in connection with this Agreement, as to description, fitness for purpose, merchantability, quantity, condition, quality, value, suitability, durability, assignability or marketability thereof, or in respect of any other matter or thing whatsoever. Without limiting the generality of the foregoing, the Buyer acknowledges that the Seller does not make any representation or warranty with respect to: (a) any projections, estimates or budgets delivered to or made available to the Buyer of future revenues, future results of operations (or any component thereof), future collection of Accounts Receivable, future cash flows or future financial condition (or any component thereof) of the Purchased Business or the European Business or the future business operations of the Purchased Business or the European Business; or (b) any other information or documents made available to the Buyer or its counsel, accountants or advisors with respect to the Business, except as expressly set forth in this Agreement.

6.2 Diligence

The Buyer acknowledges and agrees that: (a) it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets, the Assumed Liabilities and the European Business prior to the execution of this Agreement; (b) it has relied solely upon this Agreement and its own independent review, investigation and/or inspection of any documents and/or the Purchased Assets, the Assumed Liabilities and/or the European Business; (c) it is not relying upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Purchased Assets, Assumed Liabilities or the European Business, except as expressly stated in this Agreement; and (d) the obligations of the Buyer under this Agreement are not conditional upon any additional due diligence.

ARTICLE 7. – CONDITIONS

7.1 Conditions for the Benefit of the Buyer and the Seller

The obligation of the Buyer and of the Seller to complete the purchase of the Purchased Assets and the Assumed Liabilities pursuant to this Agreement is subject to the satisfaction of, or compliance with, on or prior to the Closing Date, each of the following conditions:

(a) no provision of any Applicable Law and no judgment, injunction, order or decree that prohibit the consummation of the purchase and sale of the Purchased Assets pursuant to this Agreement shall be in effect;

(b) the Canadian Court and the Bankruptcy Court, as applicable, shall have granted the Court Orders and the Court Orders shall be in full force and effect; and

(c) all Regulatory Approvals shall have been obtained, or the applicable waiting times, if any, shall have expired.

7.2 Conditions for the Benefit of the Buyer

The obligation of the Buyer to complete the purchase of the Purchased Assets and the Assumed Liabilities pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Buyer of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Buyer):

(a) the representations and warranties of the Seller set forth in this Agreement shall be true and correct in all respects at Closing with the same force and effect as if made at and as of such time, except: (i) that to the extent such representations and warranties expressly speak as of an earlier date (e.g. speaking “as at the date hereof”), such representations and warranties shall be true and correct in all respects as of such specified date; and (ii) for any inaccuracies, as at Closing that would not, individually or in the aggregate, result in a Material Adverse Effect;

(b) the covenants contained in this Agreement to be performed by the Seller at or prior to Closing shall have been performed in all material respects as at Closing;

(c) the Purchased Assets shall be assigned and transferred to the Buyer free and clear of all Encumbrances, other than Permitted Encumbrances, pursuant to the Court Orders, requisite consents or a legal, equitable, statutory or court-based proceeding, action or process;

(d) the Buyer shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.2(a) and 7.2(b), signed for and on behalf of the Seller without personal liability by an executive officer of the Seller, in each case in form and substance reasonably satisfactory to the Buyer;

(e) the Seller shall have satisfied its obligations set forth in Section 11.2(a) in all material respects;

(f) the Material Contracts referenced in clauses (a) and (b) of the definition of that term which are designated by the Buyer for assumption and assignment pursuant to Section 9.2 shall have been assigned or transferred to the Buyer or its nominees, or replaced by new contracts with, or otherwise dealt with in a manner acceptable to, the Buyer;

(g) the consents of the Material Customers shall have been obtained, including consents to such reasonable amendments to the Assumed Contracts with the Material Customers as may be communicated by the Buyer to the Seller;

(h) consents of the European Material Customers satisfactory to the Buyer shall have been obtained, including consents to such reasonable amendments to the contracts with the European Material Customers as may be communicated by the Buyer to the Seller; and

(i) there shall not have occurred any changes, effects or circumstance constituting, or which would be reasonably likely to result in, a Material Adverse Effect.

7.3 Conditions for the Benefit of the Seller

The obligation of the Seller to complete the sale of the Purchased Assets and the Assumed Liabilities pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable, by the Seller of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Seller):

(a) the representations and warranties of the Buyer set forth in this Agreement shall be true and correct in all material respects at Closing with the same force and effect as if made at and as of such time, except that to the extent such representations and warranties expressly speak as of an earlier date, such representations and warranties shall be true and correct in all respects as of such specified date;

(b) the covenants contained in this Agreement to be performed by the Buyer at or prior to Closing shall have been performed in all material respects as at Closing;

(c) the Seller shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.3(a) and 7.3(b), signed for and on behalf of the Buyer without personal liability by an executive officer of the Buyer, in form and substance reasonably satisfactory to the Seller; and

(d) the Buyer shall have satisfied its obligations set forth in Section 11.2(b) in all material respects.

ARTICLE 8. – ADDITIONAL AGREEMENTS OF THE PARTIES

8.1 Access to Information

Subject to the terms of the Confidentiality Agreement, until the Closing, the Seller shall give to the Buyer's personnel engaged in this transaction and its accountants, legal advisers, consultants and other representatives during normal business hours reasonable access to its premises and to all of the books and records relating to the Purchased Business, the Purchased Assets, the Assumed Liabilities and the European Business, and to the Seller's personnel, and shall furnish them with all such information relating to the Purchased Business, the Purchased Assets, the Assumed Liabilities and the European Business as the Buyer may reasonably request in connection with the transactions contemplated by this Agreement. Notwithstanding anything in this Section 8.1 to the contrary, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not materially disrupt the conduct of the Business.

8.2 Conduct of Business Until Closing

Except: (a) as expressly provided in this Agreement; (b) with the prior written consent of the Buyer (not to be unreasonably withheld or delayed); (c) as necessary or advisable in

connection with the CCAA Proceedings and/or Chapter 15 Proceedings; or (d) as otherwise provided in the existing Court Orders or any further order of the Canadian Court or Bankruptcy Court in connection with the CCAA Proceedings or Chapter 15 Proceedings, prior to the Closing, to the extent reasonably practicable having regard to the CCAA Proceedings and Chapter 15 Proceedings, the Seller shall, and shall cause the Additional Sellers to:

(a) operate the Purchased Business only in the ordinary course in all material respects, consistent with past practice, except to the extent otherwise required by Applicable Law and the Seller's contractual obligations (and in such cases, the Seller shall consult with and so advise the Buyer with respect to the actions taken);

(b) use commercially reasonable efforts to preserve the business organization of the Purchased Business, including the services of its officers and employees, and its business relationships and goodwill with customers, suppliers and others having business dealings with it;

(c) after consultation with the Buyer, but subject to Section 2.4 and Section 3.2, pay and discharge the debts authorized by the Canadian Court in connection with the CCAA Proceedings and the Bankruptcy Court in connection with the Chapter 15 Proceedings, including (i) payments on any debtor-in-possession financing facility which has been approved by the Buyer and used for the ongoing operation of the Business, it being the intent of the parties that such facility will be repaid in full by the Asset Sellers immediately prior to the Closing, and (ii) payments of amounts owing to critical suppliers and licensors for goods and services supplied both before and after the CCAA Proceedings and Chapter 15 Proceedings, including under any Assumed Contracts;

(d) not transfer, lease, license, sell or otherwise dispose of any of the Purchased Assets, other than inventory or obsolete assets in the ordinary course of the Business, consistent with past practice;

(e) not enter into any contracts that would constitute a Material Contract without the consent of the Buyer;

(f) not enter into any contracts with any Affiliates of the Parent;

(g) not enter into, adopt, amend or terminate any contract relating to the compensation or severance of any employee of the Purchased Business, except in the ordinary course of business after consultation with the Buyer;

(h) not make any material change to its accounting (including Tax accounting) methods, principles or practices, except as may be required by GAAP;

(i) not declare or pay any dividends or distributions;

(j) not issue or sell any capital stock or other equity interests or options, warrants, calls, subscriptions or other rights to purchase any capital stock or other equity interests of the Seller; or

(k) agree in writing to take any of the actions described in sub-clauses (a) through (i) above.

Notwithstanding the foregoing, it is acknowledged and agreed that the Seller may arrange and pay the premium for tail directors and officers' insurance for its directors, officers and trustees.

8.3 Approvals and Consents

(a) To the extent required by Applicable Law, each of the Parties agrees to use commercially reasonable efforts to prepare and file as promptly as practicable and, in any event, within ten (10) days from the execution of this Agreement, all necessary documents, registrations, statements, petitions, filings and applications for any Regulatory Approvals, and shall request expedited processing if available. All filing fees payable in respect of any such filing shall be paid by the Buyer.

(b) For the purposes of the Regulatory Approvals, the Buyer and the Seller agree to:

(i) cooperate with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party;

(ii) promptly notify each other of any communication (whether written or oral) received by such Party from, or given by such Party to, any Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby;

(iii) give each other reasonable notice of all meetings and telephone calls with any Governmental Authority and give a reasonable opportunity to participate in them (except to the extent that a Governmental Authority expressly requests that either party should not be present at the meeting or part or parts of the meeting); and

(iv) provide each other with drafts of all written communications intended to be sent to any Governmental Authority, including in connection with any proceeding by a private party, give each other a reasonable opportunity to comment on them, not send such communications without the prior approval of the other (such approval not to be unreasonably withheld or delayed) and provide each other with final copies of all such communications (except that in relation to all disclosures under this subclause (iv), business secrets and other confidential material may be redacted so long as each party acts reasonably in identifying such material for redaction).

The foregoing obligations in this Section 8.3(b) shall be subject to any attorney-client, work product or other privilege, and each of the Parties shall coordinate and cooperate fully with the other Party in exchanging such information and providing such assistance as such other Parties may reasonably request in connection with the foregoing.

(c) If any objections are asserted with respect to the transactions contemplated hereby under any Applicable Law or if any suit is instituted by any Governmental Authority or any private party challenging any of the transactions contemplated hereby as violative of any Applicable Law or if a filing pursuant to this Section 8.3(c) is reasonably likely to be rejected or conditioned by a Governmental Authority, each of the Parties shall use commercially reasonable efforts to resolve such objections or challenge as such Governmental Authority or private party may have to such transactions, including to vacate, lift, reverse or overturn any action, whether temporary, preliminary or permanent, so as to permit consummation of the transactions contemplated by this Agreement.

(d) In addition, each Party shall use its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to such Party's obligations hereunder as set forth in Article 7 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things reasonably necessary, proper or advisable under all Applicable Law to consummate the transactions contemplated by this Agreement, including using its commercially reasonable efforts to obtain all consents, approvals or authorizations required in connection with the assignment of the Personal Property Leases, Real Property Leases and the Assumed Contracts to the Buyer.

(e) For greater certainty, nothing in this Section 8.3 shall require the Buyer to offer, commit or undertake any commitments or obligations or accept any terms or conditions that would individually or in the aggregate require material expenditures or investments by the Buyer, materially restrict the Buyer's ability to operate or re-structure the Purchased Business or require any employment commitments that materially exceed the Buyer's obligations as set out in Section 8.7.

8.4 Access of the Seller and the Buyer to Records

(a) The Seller shall, for a period of six years from the Closing Date, have access to, and the right to copy, at its expense, for *bona fide* business purposes and for purposes of the CCAA Proceedings and Chapter 15 Proceedings, and during usual business hours, upon reasonable prior notice to the Buyer, all books and records relating to the Purchased Business, the Purchased Assets and the Assumed Liabilities which are transferred and conveyed to the Buyer pursuant to this Agreement. The Buyer shall retain and preserve all such books and records for such six year period.

(b) From and after the Closing, the Asset Sellers shall retain all books and records of the Assets Sellers and the Buyer shall have access to, and the right to copy, at its expense, for *bona fide* business purposes, and during usual business hours, upon reasonable prior notice to the applicable Asset Seller, all books and records of the Asset Sellers. The Asset Sellers shall retain and preserve all such books and records for a period six years following the Closing.

8.5 Further Assurances

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this

Agreement and shall use commercially reasonable efforts and take all such steps as may be reasonably within its power to fulfill the conditions and to implement to their full extent the provisions of this Agreement, provided that in no event shall the Seller be obligated to take any action that is likely to result in a Material Adverse Effect, nor shall either Party be obligated to make a payment or deliver anything of value to a third party in order to obtain a consent, other than filing with and payment of filing fees to Governmental Authorities in connection with the Regulatory Approvals as provided in Section 8.3(a).

8.6 Tax Matters

(a) The Buyer and the Seller agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.

(b) For purposes of any income Tax return related to the transactions contemplated in this Agreement, the Buyer and, to the extent applicable, the Seller, agree to report the transactions contemplated in this Agreement in a manner consistent with the Purchase Price allocation determined in accordance with Section 3.3, and the Buyer and the Seller shall not voluntarily take any action inconsistent therewith in any such Tax return, refund claim, litigation or otherwise, unless required by applicable Tax laws. The Buyer and the Seller shall each be responsible for the preparation of their own statements required to be filed under the *Income Tax Act* (Canada) and the Code and other similar forms in accordance with applicable Tax laws.

(c) All amounts payable by the Buyer to the Seller pursuant to this Agreement are exclusive of any GST, or any other federal, provincial, state or local or foreign value-added, sale, use, consumption, multi-staged, ad valorem, personal property, customs, excise, stamp, transfer, land or real property transfer, or similar Taxes, duties, or charges, or any recording or filing fees or similar charges (collectively, "**Transfer Taxes**"). Transfer Taxes are the responsibility of the Buyer, including with respect to the Huntsville Facility if the Option is exercised. The Buyer and the Seller agree to cooperate to determine the amount of Transfer Taxes payable in connection with the transactions contemplated under this Agreement.

(d) At the request of the Buyer, the Seller shall, together with the Buyer, jointly make the election provided for in paragraph 167(1)(b) of the GST Legislation to have subsection 167(1.1) of the GST Legislation apply in respect of the sale of the Purchased Assets under this Agreement. If the Buyer requests the Seller to make such election, the Buyer shall:

(i) file the election within the time prescribed by subsection 167(1.1) of the GST Legislation; and

(ii) at all times indemnify and hold harmless the Seller and its directors, officers and employees, against and in respect of any and all amounts assessed by the Minister of National Revenue (Canada) (including all reasonable legal and professional fees incurred by the

Seller or its directors, officers and/or employees, as a consequence of or in relation to any such assessment) as a consequence of the Minister determining, for any reason, that the election is unavailable, inapplicable, invalid or not properly made.

(e) The Seller and the Buyer will jointly execute, and each of them will file promptly following the Closing Date, an election under Section 22 of the *Income Tax Act* (Canada), and any corresponding provisions of any applicable provincial income Tax legislation with respect to any debts referred to in Section 22 and any corresponding provisions of any applicable provincial income Tax legislation. For the purposes of such elections, the Buyer, acting reasonably and in consultation with the Seller, will designate the portion of the Purchase Price allocable to the debts in respect of which such elections are made. For greater certainty, the Seller and the Buyer agree to prepare and file their respective Tax returns in a manner consistent with such election(s).

(f) The Seller and the Buyer will jointly execute an election in the prescribed manner and within the prescribed time limits, to have the rules in subsection 20(24) of the *Income Tax Act* (Canada) apply to the obligations of the Seller in respect of undertakings which arise from the operation of the Purchased Business and to which paragraphs 12(1)(a) and 12(1)(e) of the *Income Tax Act* (Canada) apply. The Buyer and the Seller acknowledge that the Seller is transferring assets to the Buyer which have a value equal to the amount elected under subsection 20(24) of the *Income Tax Act* (Canada) as consideration for the assumption by the Buyer of such obligations of the Seller.

(g) The Buyer hereby waives compliance by the Seller with the *Bulk Sales Act* (Ontario), with section 6 of the *Retail Sales Tax Act* (Ontario) and with any similar provision contained in any other Applicable Law.

(h) To the extent permitted under subsection 221(2) of the GST Legislation and any equivalent or corresponding provision under any applicable provincial or territorial legislation, the Buyer shall self-assess and remit directly to the appropriate Governmental Authority any goods and services tax and harmonized sales tax imposed under the GST Legislation and any similar value added or multi-staged tax imposed by any applicable provincial or territorial legislation payable in connection with the transfer of any of the Real Property. The Buyer shall make and file a return(s) in accordance with the requirements of subsection 228(4) of the GST Legislation and any equivalent or corresponding provision under any applicable provincial or territorial legislation.

(i) The Seller and its Affiliates shall prepare and file, and pay the Taxes shown as due on any Tax returns in respect of the Purchased Business or the Purchased Assets, for all periods ending on or before the Closing Date, to the extent such Taxes would otherwise be or become an Encumbrance on the Purchased Assets or be imposed by the taxing authority on the Buyer as the purchaser of the Purchased Business or on the Purchased Assets. Further, (i) the Asset Sellers shall retain liability for all Taxes in respect of income, gross receipts or profits of the Asset Sellers or the Purchased Business (and, for clarity, not for other Taxes, including Transfer Taxes or Real Property Taxes) that relate to a period prior to the Closing Date, regardless of when asserted, and shall address such Taxes in the CCAA Proceedings and the Chapter 15 Proceedings, and (ii) the Buyer shall not assume or otherwise be liable for any Taxes

in respect of income, gross receipts or profits of the Asset Sellers or the Purchased Business that relate to a period prior to the Closing Date.

(j) The Buyer shall be responsible for all Taxes of or with respect to the Purchased Business or the Purchased Assets for all periods beginning after the Closing Date and shall be responsible for preparing and filing all Tax returns in connection therewith.

8.7 Employee Matters

(a) Prior to but conditional on Closing and with effect on the Closing Date, the Buyer shall offer employment to all employees of the Seller and the other Asset Sellers who are engaged primarily in the Purchased Business, other than those employees who the Buyer designates in writing to the Seller prior to the Closing. Promptly following the execution of this Agreement, the Seller will provide the Buyer with such information concerning the employees and their compensation as the Buyer may reasonably request in order to make its determinations. Offers of employment by the Buyer shall be on terms substantially similar in the aggregate as those in effect immediately prior to Closing. The employees of the Seller and the other Asset Sellers who are engaged primarily in the Purchased Business, who are offered employment by the Buyer and who accept the Buyer's offer of employment, shall be referred to in this Agreement as "**Assumed Employees**".

(b) The Buyer shall assume and be responsible for all liabilities and obligations with respect to the Assumed Employees that first arise following the Closing Date, including any required notice of termination, termination or severance pay (in each case whether required under Applicable Law or under contract), employment insurance, workplace safety and insurance/workers' compensation, salary or wages and other compensation, benefits offered by the Buyer, payments required by Applicable Law, KERP obligations and claims under Assumed Employee Plans. The Buyer shall indemnify and hold the Asset Sellers harmless from and against any and all damages which the Seller or other Asset Seller may suffer or incur in connection with such assumed liabilities and obligations.

(c) Subject to the further provisions of this Section 8.7(c), the Seller may pay and discharge all liabilities and obligations with respect to any employees up to and including the Closing Date, without deduction or setoff to the Purchase Price. The Asset Sellers shall be responsible for all liabilities and obligations with respect to any employees up to and including the Closing Date and all liabilities and obligations with respect to any employees who are not Assumed Employees, including, in both cases, liabilities and obligations related to any notice of termination, termination or severance pay (in each case whether required under Applicable Law or under contract), employment insurance, workplace safety and insurance/workers' compensation, salary or wages and other compensation, benefits offered by the Seller and the other Asset Sellers, payments required by Applicable Law and claims under Employee Plans, except for (i) obligations described in Sections 2.3(a), (b) and (c) with respect to employees in the ordinary course of business from the Effective Date to the Closing Date, excluding self insured medical claims and self insured Pennsylvania worker's compensation claims based on occurrences prior to the Filing Date, and (ii) payments and entitlements under the Assumed Employee Plans after the Closing Date, each of which shall be the obligation of the Buyer. For

greater certainty, the Seller retains all self insured medical obligations to employees and all self insured Pennsylvania worker's compensation claims, regardless of when asserted, if the claims are based on occurrences prior to the Filing Date, and agrees to deal with such claims in the CCAA Proceedings and the Chapter 15 Proceedings.

(d) Effective as of the Closing Date, the Seller and the other Asset Sellers assign to the Buyer, and the Buyer assumes, the Assumed Employee Plans and all of the Seller's and other Asset Sellers' rights, obligations and liabilities under and in relation to the Assumed Employee Plans and shall be assigned and receive all assets of the Assumed Employee Plans. The Seller and the other Asset Sellers and the Buyer agree to cooperate to take all reasonable actions to affect such assignment and to obtain any required Governmental Authorizations in respect of such assignment.

(e) To the extent that service is relevant for purposes of eligibility and vesting (and, in order to calculate the amount of any vacation, sick days, severance, layoff, and pension benefit accruals) under any Assumed Employee Plan, other than as would result in duplication of benefits, each Assumed Employee shall be credited for service earned prior to the Closing Date with the Seller or its Affiliates in addition to service earned with the Buyer on and after the Closing Date.

(f) All provisions contained in this Agreement with respect to the Assumed Employees, the Assumed Employee Plans or compensation of Assumed Employees are included for the sole benefit of the Parties. Nothing contained herein shall (i) confer upon any former, current or future employee of the Seller or the Buyer or any legal representative or beneficiary thereof any rights or remedies, including any right to employment or continued employment, of any nature, for any specified period, (ii) cause the employment status of any former, present or future employee of the Buyer to be other than terminable at will or in accordance with Applicable Law, (iii) confer any third party beneficiary rights upon any Assumed Employee or any dependent or beneficiary thereof or any heirs or assigns thereof, (iv) obligate the Buyer to maintain the Assumed Employee Plans for any period of time or offer benefits of any nature to Assumed Employees following the Closing Date, or (v) limit or restrict the ability of the Buyer to make changes to Assumed Employee compensation or benefits after the Closing Date.

(g) Pursuant to Treasury Regulations Section 1.409A-1(h)(4), the Seller's and other Asset Sellers' termination of the employment of United States employees of the Purchased Business who become Assumed Employees shall not constitute a "**separation from service**" within the meaning of Section 409A of the Code and the Treasury Regulations thereunder, including Treasury Regulations Section 1.409A-1(h).

(h) It is acknowledged and agreed that, subject to Section 2.4 and Section 3.2, the Seller and the other Asset Sellers may prior to Closing pay to their employees the amount due (i) in the ordinary course consistent with past practice (except for post-Filing Date payments of severance), and (ii) under the KERP (including payments due on June 30, 2012, payments relating to completion of the transactions contemplated hereby and payments relating to participants' termination prior to or at Closing).

(i) The Asset Sellers shall, after consultation with the Buyer, be entitled to terminate the employment of their employees as they deem appropriate and to deal with any claim arising from such termination under the CCAA Proceedings or Chapter 15 Proceedings, as applicable; provided that if any such termination results in an Assumed Liability under this Agreement, the Asset Sellers shall obtain the Buyer's approval in advance of any such termination.

8.8 Deal Protection

(a) Except as expressly provided in this Section 8.8, the Seller shall not, directly or indirectly, through any Person, and shall cause its Affiliates not to:

(i) solicit, assist, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing information) any inquiries or proposals, whether publicly or otherwise, regarding an Acquisition Proposal, provided that, for greater certainty, the Seller may advise any Person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the Board of Trustees has so determined;

(ii) enter into, continue or participate in any discussions or negotiations with any Person regarding an Acquisition Proposal; or

(iii) accept or enter or propose publicly to accept or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 8.8(c)(ii)(1)).

(b) The Seller shall promptly notify the Buyer of any Acquisition Proposal or inquiry (in each case written or oral) that is reasonably expected to lead to an Acquisition Proposal, in each case received after the date hereof, of which any of its directors, officers or financial advisors are or become aware.

(c) Notwithstanding Sections 8.8(a) and 8.8(b) and any other provision of this Agreement, if at any time following the date of this Agreement the Board of Trustees receives a written Acquisition Proposal that was not solicited after entering into this Agreement in breach of Section 8.8(a), the Board of Trustees may (directly or through its advisors or representatives):

(i) contact the person making such Acquisition Proposal and its Representatives to clarify the terms and conditions of such Acquisition Proposal and the likelihood of consummation so as to determine whether such proposal is, or could reasonably be expected to lead to, a Superior Proposal; and

(ii) if, in the opinion of the Board of Trustees, acting in good faith and after receiving advice from its outside financial advisor and outside legal counsel, the Acquisition Proposal (disregarding, for the purposes of any such determination, any term of such Acquisition Proposal that provides for a due diligence investigation and/or a financing condition) is, or could reasonably be expected to lead to, a Superior Proposal, the Seller may:

(1) furnish information with respect to the Seller and its subsidiaries to the person making such Acquisition Proposal and its representatives (pursuant to a customary form of confidentiality agreement); and/or

(2) consider such Acquisition Proposal and/or, participate and/or engage in discussions with the person making such Acquisition Proposal and its representatives;

provided that the Buyer is promptly provided with a list and copies of all information provided to such person not previously provided to the Buyer and is promptly provided with access to the information that was provided to such person.

(d) The Seller shall ensure that its officers and directors and those of its subsidiaries and any financial or other advisors or representatives retained by it are aware of the provisions of this Section 8.8, and it shall be responsible for any breach of this Section 8.8 by any such Person or its advisors or representatives.

(e) If the Seller terminates this Agreement pursuant to Section 10.1(c)(iii) or the Buyer terminates this Agreement under Sections 10.1(d)(iii) or 10.1(d)(v), concurrently with such notice of termination the Seller shall pay to the Buyer a fee in the amount of \$2,250,000 (the “**Break Fee**”) as liquidated damages and not as a penalty, and the Buyer shall be returned the Deposit from the escrow, and such fee and the return of such Deposit shall be the exclusive remedy of the Buyer on account of such termination.

(f) Nothing in this Section 8.8 or otherwise in this Agreement shall require the Buyer to participate in any auction or similar process with respect to the purchase of the Purchased Assets and the Purchased Business and the transactions contemplated by this Agreement.

8.9 Notices of Material Breach

If at any time: (a) the Buyer becomes aware of any material breach by the Seller of any representation, warranty, covenant or agreement contained herein and such breach is capable of being cured by the Seller; or (b) the Seller becomes aware of any material breach by the Buyer of any representation, warranty, covenant or agreement contained herein and such breach is capable of being cured by the Buyer, the Party becoming aware of such breach shall promptly notify the other Party in writing of such breach.

8.10 Release

Effective as of the Closing Date, the Buyer forever releases and discharges the Seller and its Affiliates and its and their respective present and former shareholders, officers, directors, employees, auditors, advisors, legal counsel and agents (each, a “**Released Party**”), from any and all demands, claims, liabilities, actions, causes of action, counterclaims, suits debts, sums of money, accounts, indebtedness, liability or obligation of whatever nature based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Closing relating to, arising out of or in connection with, the Purchased Assets or the Purchased Business, including, for greater certainty, any and all claims, demands,

complaints, actions, losses, liabilities, judgments, settlements, damages, penalties, consequential damages, exemplary damages, fines, liens, remediation, abatement, costs and expenses of investigation, remediation or cleanup in defense of or resulting from any claim, action or suit, demand or administrative proceeding or any requirement of any Governmental Authority, whether known or unknown, and whether in law or in equity, whether direct or consequential, compensatory, exemplary, liquidated or unliquidated, which the Buyer or its respective legal representatives, successors, assigns, heirs, executors or administrators has, shall have or may ever have against any Released Party with respect to any environmental condition, investigation or remediation with respect to the Real Property (owned or leased) of any Released Party. Notwithstanding the generality of the foregoing, the foregoing release shall not release any Released Party from its obligations under this Agreement, nor shall it expand, contract or otherwise affect in any way the Assumed Liabilities assumed at the Closing by the Buyer or the Excluded Liabilities retained by the Seller.

8.11 Title Policies and Documents

(a) To the extent not previously provided, as soon as reasonably practicable after execution of this Agreement, the Seller and/or the Asset Sellers shall provide the Buyer with (i) a complete legal description and tax parcel numbers for each parcel of Owned Real Property and the Huntsville Facility, (ii) for each parcel of Owned Real Property and the Huntsville Facility, a copy of any title policy, title commitment or any certificate of title that the Seller and/or the Asset Sellers possess, evidencing title to each parcel of Owned Real Property and the Huntsville Facility as of the date of the applicable certificate, commitment or policy, and (iii) complete and legible copies of all instruments and documents that the Seller and/or the Asset Sellers possess affecting title to the Owned Real Property and the Huntsville Facility.

(b) Promptly thereafter and based on the legal descriptions and/or tax parcel numbers provided, the Seller shall cause the Title Company to issue, at the expense of the Buyer, one or more Title Commitments for the issuance of an extended coverage owner's policy or policies of title insurance in the amount determined under Section 8.11(c), insuring as of the Closing Date the Buyer's fee simple title to the Owned Real Property and, following the exercise of the Option, the Huntsville Facility (each, a "**Title Insurance Policy**"). The Seller shall cause the Title Company to deliver to the Buyer duplicate copies of the Title Commitments and Schedule B items thereto and all other documents referenced therein. In addition, within two Business Days after receipt of a written request from the Buyer, the Seller and/or the Asset Sellers will execute and deliver authorizations that may be sent by the Buyer to Governmental Authorities that authorize such Governmental Authorities to reveal to the Buyer all information, if any, in any files such Governmental Authorities have on the Owned Real Property and the Huntsville Facility, or any part thereof, provided such authorizations do not authorize or request inspections with respect to the Owned Real Property and the Huntsville Facility, in each case to the extent such authorizations are required of the Seller and/or the Asset Sellers. The Seller shall be responsible for the costs of discharging any and all financial encumbrances, including all deeds of trusts, mortgages and mechanics and materialmen's liens, on the Owned Real Property and the Huntsville Facility, including the cost to record releases or discharges, unless any of the foregoing is a Permitted Encumbrance. The Seller and the Asset Sellers agree, at their cost, to

execute all customary affidavits, in reasonable form, and other reasonable documents requested by the Title Company in order to obtain each Title Insurance Policy.

(c) The value of the Owned Real Property and the Huntsville Facility for Transfer Tax, documentary stamps and other relevant purposes will equal the value of each parcel as reasonably agreed upon by the Parties.

8.12 Title Review/Permitted Encumbrances

The Buyer shall notify the Seller in writing of any Unpermitted Encumbrance. The Seller shall have ten (10) days after notice of any Unpermitted Encumbrance is delivered by the Buyer within which the Seller shall deliver notice to the Buyer in writing as to whether the Seller elects to cure, or insure around any such matter; provided, however, that the Seller shall be required to cure any monetary Unpermitted Encumbrance (i.e., an exception which can be deleted as an exception upon the delivery of sufficient funds to the Title Company) at or prior to Closing. Except with respect to a monetary Unpermitted Encumbrance, failure to notify the Buyer in writing within such period of its election to cure or insure around shall be deemed the Seller's election not to cure or insure around. The Buyer shall have ten (10) days following receipt of the Seller's notice or deemed notice electing not to cure or insure around in which to (a) elect to waive its objection to any Unpermitted Encumbrance that the Seller does not elect to cure or insure around, (b) remove the Owned Real Property or Huntsville Facility subject to the Unpermitted Encumbrance from the Purchased Assets, which shall result in a mutually-agreeable reduction of the Purchase Price, or (c) terminate this Agreement in accordance with Article 10, but only if the existence of the Unpermitted Encumbrance and the removal of the Owned Real Property pursuant to clause (b) would result in a Material Adverse Effect if the rights, benefits or privileges under such title exception(s) are asserted or enforced. If the Buyer fails to notify the Seller in writing of the Buyer's election within such ten- (10-) day period, the Buyer shall be deemed to have elected to proceed in accordance with clause (a) of the preceding sentence.

8.13 Surveys.

To the extent not previously provided, as soon as reasonably practicable after execution of this Agreement, the Asset Sellers shall deliver to the Buyer any surveys that the Asset Sellers possess of the Owned Real Property and the Huntsville Facility, or any part thereof.

8.14 Prorations and Charges.

All Taxes and assessments relating to the Owned Real Property and the Huntsville Facility for any tax year prior to the real estate tax year in which the Closing occurs shall be paid in full by the Seller or the applicable Asset Seller on or before the Closing Date or an amount sufficient to fully discharge the same shall be deposited in escrow with the Title Company for payment to the relevant Tax authority. The Seller shall pay the premium for each Title Insurance Policy and the escrow fees at or prior to the Closing, without a reduction of the Purchase Price therefor. All other costs associated with the Closing of the transactions contemplated by this Agreement shall be paid in accordance with common escrow practices in the county in which the Owned Real Property or the Huntsville Facility is located.

8.15 Casualty Losses

Notwithstanding any provision in this Agreement to the contrary, if, before the Closing, all or any material portion of the Purchased Assets is (a) condemned or taken by eminent domain, or (b) a material portion is damaged or destroyed by fire or other casualty, the Seller shall notify the Buyer promptly in writing of such fact, and, at the Buyer's sole discretion, (i) the Buyer may elect to terminate this Agreement, or (ii) the Buyer may elect to consummate the transactions contemplated by this Agreement without regard to such event, in which case (A) in the event of condemnation or taking, the Seller shall assign or pay, as the case may be, any proceeds thereof to the Buyer at the Closing, or (B) in the event of fire or other casualty, the Seller shall, at its option, either restore such damage or assign the insurance proceeds therefrom to the Buyer at Closing.

8.16 Letters of Credit

The Buyer will arrange for the replacement of the Letters of Credit within two (2) months following the Closing Date. If any Letter of Credit is drawn after the Closing Date and before being replaced, the Buyer shall be liable to the issuer of such Letter of Credit for the amount so drawn. The Buyer will cause to be paid to the Seller any cash collateral received in connection with the replacement of the Letters of Credit. The Buyer will provide to the issuer of each Letter of Credit not less than five (5) Business Days prior to the Closing "know your customer" and other similar information regarding the Buyer as may be reasonably requested by each issuer of a Letter of Credit to comply with applicable law or customary procedures of the applicable issuer.

8.17 European Business Closing

The closing of the acquisition of the European Business by the Buyer and/or its nominees pursuant to the Offer shall occur no sooner than December 17, 2012.

ARTICLE 9. – COURT ORDERS; DESIGNATION RIGHTS

9.1 Court Orders

(a) As promptly as practicable after execution of this Agreement the Seller shall: (i) bring an application for the issuance of the Initial CCAA Order with the Canadian Court; (ii) file a motion for the issuance of the Approval and Vesting Order; (iii) file a motion for entry of the Provisional Relief Order and the CCAA Recognition Order with the Bankruptcy Court; (iv) file a motion for entry of the Sale Recognition Order; and (v) serve such parties as the CCAA, the Canadian Court, the Bankruptcy Code, the Bankruptcy Court, and the Buyer may require for applications and motions seeking issuance or entry of each of the Court Orders. In connection with the foregoing, the Buyer shall, in consultation with the Seller, determine which liabilities are to be compromised or extinguished under the Court Orders.

(b) The Buyer shall cooperate with the Seller acting reasonably, as may be necessary, in obtaining the Court Orders prior to any applicable dates set forth in Section 10.1.

(c) Notice of the application and motions seeking the issuance and entry of the Court Orders shall be served by the Seller on all Persons required to receive notice under applicable laws and the requirements of the CCAA, the Canadian Court, the Bankruptcy Code, the Bankruptcy Court and any other Person determined necessary by the Seller or the Buyer.

(d) In the event leave to appeal is sought, an appeal is taken or a stay pending appeal is requested with respect to any of the Court Orders, the Seller shall promptly notify the Buyer of such leave to appeal, appeal or stay request and shall promptly provide to the Buyer a copy of the related notice(s) or Order(s). The Seller shall also provide the Buyer with copies of any motion or application filed in connection with any leave to appeal or appeal from such Orders within two (2) Business Days after receipt thereof by the Seller.

(e) From and after the date hereof, the Seller shall not take any action that is intended to result in, or fail to take any action the intent of which failure to act would result in, the reversal, voiding, modification or staying of any of the Court Orders.

(f) From and after the date hereof, the Seller shall provide such prior notice as may be reasonable under the circumstances before filing any materials with the Canadian Court or the Bankruptcy Court that relate, in whole or in part, to this Agreement or the Buyer and shall consult in good faith with the Buyer regarding the content of such materials prior to any such filing.

9.2 Designation Rights

(a) The Approval and Vesting Order and Sale Recognition Order, or other orders obtained by from the Canadian Court and the Bankruptcy Court, shall provide for the assumption by the Seller, and the assignment to the Buyer, pursuant to Section 11.3 of the CCAA and Section 365 of the Bankruptcy Code, as applicable, of those Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans designated by the Buyer for assumption and assignment on the terms and conditions set forth in the remainder of this Section 9.2.

(b) On or before July 6, 2012, the Seller shall provide notice to the counterparties (except any Material Customers with respect to which consent is required pursuant to Section 7.2(g)) to executory leases and other contracts related to the Purchased Assets (without regard to whether the Buyer has designated such for assumption and assignment) that such executory leases and contracts may be assumed and assigned to the Buyer. Any notice provided to such contracting parties shall be in a form acceptable to the Buyer, acting reasonably. The Buyer shall, by July 15, 2012 (the “**Initial Designation Date**”), identify the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, in each case including the name and address of the counterparty, that the Buyer has determined up to that point that it intends to have assumed and assigned to the Buyer on the Closing Date by providing a list thereof to the Seller. The Buyer shall be allowed to designate any additional Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, as to which notice was given to the applicable counterparty pursuant to this Section 9.2(b), for assumption and assignment, or remove any Assumed Contracts, Real Property Leases, Personal Property

Leases and Assumed Employee Plans from the designation for assumption and assignment at the Closing at any time before or at the Closing.

(c) The Seller will deliver to the Buyer as soon as practicable a schedule containing a reasonable estimate of the amounts that will be required to remedy all Monetary Defaults with respect to any contract identified to the Seller by the Buyer. The Seller shall reasonably cooperate with and provide additional information to the Buyer identifying as promptly as reasonably practicable all Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that may be subject to assumption and assignment or rejection pursuant to Section 11.3 of the CCAA and Section 365 of the Bankruptcy Code, as applicable.

(d) Prior to the Closing Date, the Seller shall not permit any executory lease or other contract related to the Purchased Assets to be rejected pursuant to Section 11.3 of the CCAA or Section 365 of the Bankruptcy Code, as applicable, without the prior written consent of Buyer. From and after the Closing Date, the Buyer may, in its sole discretion, designate any Assumed Contracts, Real Property Leases, Personal Property Leases or Assumed Employee Plans not assigned to the Buyer on the Closing Date (each, an “**Open Contract**”) for assumption and assignment to the Buyer; provided, that the Asset Sellers may, on not fewer than ten (10) Business Days’ prior written notice to the Buyer designating the Applicable Open Contract(s) (each such notice, a “**Rejection Notice**”), cause to be rejected any Open Contract set forth in the Rejection Notice, subject to the right of the Buyer, upon receipt of the Rejection Notice and prior to the rejection of the applicable Open Contract, to either (i) designate such Open Contract for assumption and assignment in accordance with the procedures set forth in Section 9.2(j), with such changes therein as are required by the Canadian Court or the Bankruptcy Court, as applicable, or (ii) agree in writing to reimburse the applicable Asset Seller for the out of pocket expenses incurred under such Open Contract from and after the date of the Rejection Notice until the date on which the Buyer provides the Asset Seller with notice of the Buyer’s decision as to whether to assume such Open Contract or permit its rejection, in which case the applicable Asset Seller shall refrain from rejecting such Open Contract until the date it receives notification of such decision by the Buyer. The Asset Sellers shall act reasonably and in good faith in providing any Rejection Notices, including with respect to the quantity of Open Contracts set forth therein, and shall cooperate with the Buyer in determining whether or not to assume any Open Contract. The Buyer shall endeavor in good faith to complete the assumption and assignment or rejection process for all Open Contracts by September 15, 2012.

(e) In the event that the Buyer shall determine in accordance with this Section 9.2 to reject or refuse assignment of any Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans, the Buyer shall have no obligations with respect thereto, including any obligation to cure any defaults thereunder.

(f) With respect to each of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans designated by the Buyer for assumption and assignment, subject to Court Approval (or such other order of the Canadian Court and Bankruptcy Court and/or the consent of the applicable counterparties to the extent necessary to effect the assignment thereof), the Seller shall assume and assign to Buyer and Buyer shall

assume all designated Assumed Contracts, Real Property Leases, Personal Property Leases or Assumed Employee Plans.

(g) The Seller shall use its commercially reasonable efforts to establish the amount necessary to cure all Monetary Defaults under all Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment. To the extent that any counterparty objects to the proposed cure amount or to the assumption or assignment of any such agreement on any other grounds (each, an “**Objecting Counterparty**”), the Seller shall reasonably cooperate with the Buyer to negotiate with such Objecting Counterparty, including attending meetings and conferences with such Objecting Counterparty and its representatives as the Buyer reasonably requests and providing the Buyer with reasonable access to the books and records of the Seller to defend the proposed assignment and assumption and cure amount. Under no circumstances shall the Seller, without the prior written consent of the Buyer, (i) compromise or commence any action with respect to a negotiated cure amount required to be made under the CCAA and Bankruptcy Code to effectuate the assumption or assignment, (ii) agree to any other amendments, supplements, or modifications of, or waivers with respect to, any of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment, or (iii) take any action (or fail to take any action) to reject, repudiate or disclaim any of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that the Buyer has designated for assumption and assignment.

(h) Any of the Assumed Contracts, Real Property Leases, Personal Property Leases and Assumed Employee Plans that are not assumed by Buyer on the terms set forth in this Section 9.2 shall be an Excluded Asset.

(i) The Olyphant Facility is owned by Cinram Manufacturing LLC and is an Excluded Asset, while all of the machinery, equipment, Inventories, Accounts Receivable, Prepaid Expenses, Assumed Contracts, Permits, Intellectual Property and other assets owned or used or held for use by Cinram Manufacturing LLC in connection with the Olyphant Facility are Purchased Assets, subject in the case of the Assumed Contracts to the rejection rights set forth in this Section 9.2, including this Section 9.2(i). Following the Closing Date, the Buyer will operate the Olyphant Facility, using the Purchased Assets relating thereto, pursuant to the terms of the Transition Services Agreement. Notwithstanding the prior provisions of this Section 9.2, the Seller shall take all reasonable steps within the CCAA Proceedings and the Chapter 15 Proceedings to allow the Buyer to assume any contract identified by the Buyer relating to the Olyphant Facility for assumption and assignment (each, an “**Olyphant Contract**”) in accordance with the procedures set forth in Section 9.2(j), with such changes therein as are required by the Canadian Court or the Bankruptcy Court, as applicable.

(j) Within three (3) Business Days of receipt of the Buyer’s notification of the designation of an Open Contract or an Olyphant Contract for assumption and assignment, the Seller shall provide notice of the designation to the counterparty to such designated Open Contract or Olyphant Contract and the proposed amount that will be required to remedy a Monetary Default that may be necessary for the assumption and assignment of the same in a

form acceptable to the Buyer and approved by the Canadian Court or the Bankruptcy Court in a Court Order.

ARTICLE 10. – TERMINATION

10.1 Termination

This Agreement may be terminated at any time prior to Closing, subject to any approvals required from the Canadian Court or the Bankruptcy Court in connection with the CCAA Proceedings or the Chapter 15 Proceedings, as follows:

- (a) by mutual written consent of the Seller and the Buyer;
- (b) by either party, upon written notice to the other, if:
 - (i) the Closing has not occurred on or before September 15, 2012 or such later date agreed to by both the Seller and the Buyer in writing (the “**Sunset Date**”), provided that such right shall not be available to any Party whose breach hereof has been the principal cause of, or has directly resulted in, the event or condition purportedly giving rise to the right to terminate this Agreement pursuant to this clause;
 - (ii) any condition set forth in Section 7.1 is not satisfied, or such condition is incapable of being satisfied, by the Sunset Date, unless the Party seeking termination is in material breach of its obligations under this Agreement;
 - (iii) a Governmental Authority issues an Order prohibiting the transactions contemplated hereby, which Order shall have become final and non-appealable; or
 - (iv) the CCAA Proceedings or Chapter 15 Proceedings are dismissed and such dismissal does not expressly contemplate and provide for consummation of the transactions provided for in this Agreement;
- (c) by the Seller, upon written notice to the Buyer, if:
 - (i) the CCAA Proceedings or Chapter 15 Proceedings are terminated or dismissed, unless such termination or dismissal was advocated by the Seller in breach of this Agreement;
 - (ii) any condition set forth in Section 7.3 is not satisfied, or such condition is incapable of being satisfied, by the Sunset Date, unless the Seller is in material breach of its obligations under this Agreement;
 - (iii) such termination is for the purpose of entering into a binding written agreement with respect to a Superior Proposal (other than a confidentiality agreement permitted by Section 8.8(c)), subject to compliance with Section 8.8; or

(iv) the Seller has determined to reject the Offer due to a failure of the condition precedent to the consummation of the acquisition of the European Business set forth in Section 6(f) of the Offer; and

(d) by the Buyer, upon written notice to the Seller:

(i) if any condition set forth in Section 7.2 is not satisfied, or such condition is incapable of being satisfied, by the Sunset Date, unless the Buyer is in material breach of its obligations under the Agreement;

(ii) as provided in Section 8.12 and Section 8.15;

(iii) if the Seller withdraws or seeks authority to withdraw the Approval and Vesting Order or the Sale Recognition Order;

(iv) if there are any Uncaptured Accruals with respect to which the Seller has not agreed that there will be a reduction of the Purchase Price on a dollar-for-dollar basis; or

(v) if the Seller sells, transfers or otherwise disposes, directly or indirectly, of any material portion of the Purchased Assets, except in connection with the CCAA Proceedings and/or the Chapter 15 Proceedings, and except with the consent of the Buyer.

10.2 Effect of Termination

If this Agreement is terminated by the Seller under Section 10.1(b)(ii) or Section 10.1(c)(ii) based on a material breach being committed by the Buyer and the Buyer is unable to timely cure such breach, the Seller shall be entitled to the full amount of the Deposit and all interest accrued thereon as liquidated damages and not as a penalty and as its sole and exclusive remedy against the Buyer. If this Agreement is terminated by the Buyer under Section 10.1(d)(iii) or Section 10.1(d)(v), or if this Agreement is terminated by the Buyer under Section 10.1(b)(ii) or Section 10.1(d)(i) based on a material breach being committed by the Seller and the Seller is unable to timely cure such breach (excluding, for clarity, the non-fulfillment of a condition dependent on the action or inaction of a third party, including the Canadian Court, the Bankruptcy Court, applicable regulatory authorities and/or Material Customers or counterparties to Material Contracts, where the Seller is not in material breach of its covenants hereunder or where the failure of the condition to be fulfilled is not a result of any material breach by the Seller of its covenants hereunder), then the Seller shall pay to the Buyer the Break Fee, as liquidated damages and not as a penalty, as the Buyer's sole and exclusive remedy against the Seller.

ARTICLE 11. – CLOSING

11.1 Location and Time of the Closing; Effective Time

The Closing shall take place on the Closing Date at the Toronto, Ontario offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, or at such other location as may be agreed upon by the Parties hereto. Notwithstanding the foregoing, the

transfer of the Owned Real Property, including the Huntsville Facility if the Buyer requires the exercise of the Option, in connection with the Closing shall take place through a traditional real estate escrow with a title company mutually selected by the Parties (the “**Title Company**”). While legal title to the Purchased Assets and the Purchased Business will transfer to the Buyer on the Closing Date, the transactions contemplated by this Agreement shall be effective as of the Effective Date. The Buyer shall be entitled to the benefit of all revenues and profits of the Purchased Business as of the Effective Date, and shall bear the responsibility of all expenses and losses of the Purchased Business as of the Effective Date.

11.2 Closing Deliveries

- (a) At the Closing, the Seller shall deliver to the Buyer:
- Section 7.2;
- (i) the documents required to be delivered by the Seller pursuant to
 - (ii) a receipt for the Purchase Price for the Purchased Business;
 - (iii) certified copies of each of the Court Orders;
 - (iv) all certificates, deeds, bills of sale, endorsements, assignments and other instruments of transfer and conveyance as may be required to transfer the Purchased Assets to the Buyer, each in a form reasonably satisfactory to the Buyer;
 - (v) (A) certificates of recent date as to the good standing of the Seller and the Additional Sellers from their jurisdictions of organization, as applicable, and (B) to the extent obtainable, certificates as to the payment of all applicable Taxes by the Seller and the Additional Sellers, executed by the appropriate Governmental Authorities where they are organized and conduct business;
 - (vi) evidence reasonably satisfactory to the Buyer of the termination of (A) the Madison Purchase Right, (B) the other agreements identified by the Buyer to the Seller prior to the date hereof in a writing that references this section;
 - (vii) if the Buyer requires that the Option be exercised, evidence reasonably satisfactory to the Buyer that the Option was duly exercised so that the Buyer or its nominee acquires fee title to the Huntsville Facility at the Closing;
 - (viii) a counterpart to the Escrow Agreement and the Transition Services Agreement;
 - (ix) an affidavit in customary form from each Asset Seller that owns Real Property with respect to compliance with the Foreign Investment in Real Property Act (Code Section 1445, as amended, and the regulations issued thereunder);
 - (x) a purchase certificate issued by the Workplace Safety and Insurance Board; and

(xi) any other documents reasonably requested by the Buyer in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

(b) At the Closing, the Buyer shall deliver to the Seller:

(i) an instrument of assumption of liabilities with respect to the Assumed Liabilities in a form satisfactory to the Seller, acting reasonably;

(ii) a duly executed election pursuant to GST Legislation and any certificates, elections or other documents required to be delivered pursuant to Section 8.6(d);

(iii) the documents required to be delivered by the Buyer pursuant to Section 7.3;

(iv) the Purchase Price for the Purchased Business, by wire transfer of immediately available funds to an account designated by the Seller prior to Closing;

(v) if the Buyer requires that the Option be exercised, all documents required to exercise the Option so that the Buyer or its nominee acquires fee title to the Huntsville Facility at the Closing;

(vi) a counterpart to the Escrow Agreement and the Transition Services Agreement;

(vii) an agreement between the Buyer and each issuer of the Letters of Credit wherein the Buyer assumes the reimbursement obligations in respect thereof as contemplated by Section 8.16; and

(viii) any other documents reasonably requested by the Seller in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

ARTICLE 12. – GENERAL MATTERS

12.1 Dissolution of Seller; Name Changes

(a) The Buyer acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of any of the Seller or any of its Affiliates to dissolve, wind up or otherwise cease operations in any manner or at any time subsequent to the Closing Date as they may determine in their sole discretion, subject to their satisfaction of their obligations under this Agreement.

(b) Promptly following the Closing, the Seller and its North American Affiliates shall cause their corporate names to be changed to names that do not include the word “Cinram”, if they have not done so prior to the Closing; provided, however, that the name of Cinram Wireless LLC shall not be required to be changed until the termination of its key customer contract,

following which its name shall promptly be changed to a name that does not include the word "Cinram".

12.2 Confidentiality

Without limiting the provisions of the Confidentiality Agreement, until the transaction contemplated by this Agreement is completed, the Buyer shall not, except as contemplated below, directly or indirectly, use for its own purposes or communicate to any other Person any Confidential Information relating to the Seller or to the Purchased Assets or the Business (including with respect to employees, customers and suppliers) which become known to the Buyer, its accountants, legal advisers or representatives as a result of the Seller making the same available in connection with the transactions contemplated hereby. The foregoing shall not prevent the Buyer from disclosing or making available to its accountants, professional advisers and bankers and other lenders, whether current or prospective, any such Confidential Information for use solely in connection with completing the transactions contemplated hereby.

12.3 Public Notices

No press release or other announcement concerning the transactions contemplated hereby shall be made by the Seller or by the Buyer without the prior consent of the other Party (such consent not to be unreasonably withheld) provided, however, that subject to the last sentence of this Section 12.3, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including disclosure required in connection with the CCAA Proceedings or the Chapter 15 Proceedings) or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed or by any insolvency or other court or securities commission or other similar Governmental Authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure. Notwithstanding the foregoing: (a) this Agreement may be filed by the Seller with the Canadian Court and/or the Bankruptcy Court; and (b) the transactions contemplated in this Agreement may be disclosed by the Seller to the Canadian Court and/or the Bankruptcy Court, subject to redacting confidential or sensitive information as permitted by Applicable Law and rules. The Parties further agree that:

(a) the Monitor and/or Foreign Representative may prepare and file reports and other documents with the Canadian Court and/or the Bankruptcy Court, as applicable, containing references to the transactions contemplated by this Agreement and the terms of such transactions; and

(b) the Seller and its professional advisors may prepare and file such reports and other documents with the Canadian Court and/or the Bankruptcy Court containing references to the transactions contemplated by this Agreement and the terms of such transactions as may reasonably be necessary to complete the transactions contemplated by this Agreement or to comply with their obligations to the Canadian Court and the Bankruptcy Court.

Wherever possible, the Buyer shall be afforded an opportunity to review and comment on such materials prior to their filing. The Parties shall issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to by them.

12.4 Survival

The representations and warranties of the Seller in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby (the “**Seller’s Representations**”) are set forth solely for the purpose of Section 7.2(a) and none of them shall survive the Closing. Except as provided in Section 10.2, the Seller shall not have any liability, whether before or after the Closing, for any breach of the Seller’s Representations, and the Buyer acknowledges that its exclusive remedy for any such breach shall be termination of this Agreement prior to the Closing (but only if permitted by Section 10.1) and the fees set forth in Section 10.2.

12.5 Expenses

Except as otherwise specifically provided herein, the Seller and the Buyer shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby.

12.6 Non-Recourse

No past, present or future director, officer, manager, member, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the respective Parties hereto, in such capacity, shall have any liability for any obligations or liabilities of the Buyer or the Seller, as applicable, under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

12.7 Assignment; Binding Effect

No Party may assign its rights or benefits under this Agreement without the consent of the other Party hereto; provided that the Buyer may without the consent of the Seller nominate one or more Canadian entities to take title to the Canadian Purchased Assets at the Closing, and one or more United States entities to take title to the United States Purchased Assets at the Closing. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person or entity not a Party to this Agreement. A nominee of the Buyer pursuant to this Section 12.7 shall be subject to the last sentence of Section 9 of the Offer on the same basis as the Buyer.

12.8 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (a) the date of personal delivery; (b) the

date of transmission by facsimile, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (c) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (d) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

(a) If to the Buyer at:

Cinram Acquisition, Inc.
 2525 East Camelback Road, Suite 850
 Phoenix, Arizona 85016
 Attention: Jahm Najafi
 Telephone: (602) 476-0600
 Facsimile: (602) 476-0625

with copies (which shall not in itself constitute notice) to:

Ballard Spahr LLP
 One East Washington Street, Suite 2300
 Phoenix, Arizona 85016
 Attention: Karen McConnell
 Telephone: (602) 798-5403
 Facsimile: (602) 798-5595

Davies Ward Phillips & Vineberg LLP
 44th Floor
 1 First Canadian Place
 Toronto, Ontario M5X 1B1
 Attention: Richard Elliott
 Telephone: (416) 863-5506
 Facsimile: (416) 863-0871

(b) If to the Seller at:

Cinram International Inc.
 2255 Markham Road,
 Scarborough, ON M1B 2W3
 Attention: Steve Brown
 Telephone: 416-298-8190
 Facsimile: 416-332-2403

with copies (which shall not in itself constitute notice) to:

Goodmans LLP
 333 Bay Street, Suite 3400
 Toronto, ON, M5H 2S7
 Attention: Robert Chadwick/ Neill May/
 Melaney Wagner
 Telephone: (416) 979-2211
 Facsimile: (416) 979-1234

And to: Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Attention: Douglas P. Bartner/
Jill K. Frizzley
Telephone: (212) 848-4000
Facsimile: (646) 848-8174

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

12.9 Counterparts; Facsimile Signatures

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. The signature of any of the Parties hereto may be evidenced by a facsimile, scanned email or internet transmission copy of this Agreement bearing such signature.


[The remainder of this page left intentionally blank]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

SELLER:

CINRAM INTERNATIONAL INC.

Per:



Name:

John H. Bell
Title: Chief Financial Officer

BUYER:

CINRAM ACQUISITION, INC.

Per:

Name:

Title:

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

SELLER:

CINRAM INTERNATIONAL INC.

Per:

Name:

Title:

BUYER:

CINRAM ACQUISITION, INC.

Per:



Name:

Title:

Tina S. R. Model
Authorized Representative

EXHIBIT A

Offer for European Business

Attached

June 22, 2012

Cinram International Inc. and
1362806 Ontario Limited
2255 Markham Road
Scarborough, ON M1B 2W3
Attention: Steve Brown

Dear Sirs:

Pursuant to that certain Purchase Agreement, as of even date herewith (the “**North American Purchase Agreement**”), between Cinram International, Inc. (the “**Seller**”) and Cinram Acquisition, Inc. (the “**North American Buyer**”), the North American Buyer has agreed to acquire substantially all of the North American operations of the Cinram group of companies pursuant to the terms and conditions set forth therein.

We are pleased to submit this irrevocable binding offer (the “**Offer**”) to acquire the European operations of the Cinram group of companies (the “**Transaction**”) through the purchase of all of the issued and outstanding equity interests and voting rights of Coöperatie Cinram Netherlands UA (the “**Purchased Company**”) and, indirectly, each of its direct and indirect subsidiaries (other than Cinram Iberia SL) (collectively with the Purchased Company, the “**Cinram European Entities**”), substantially on the terms and conditions set forth herein and in the form of purchase agreement for the Cinram European Entities attached hereto as Exhibit A (with such changes thereto as the parties may mutually agree upon, the “**European Purchase Agreement**”). Set forth as Exhibit B is the corporate organizational chart of the Cinram European Entities, together with a detailed description of their capital stock and the ownership of such capital stock.

1. Buyer and Seller. The purchaser of the Purchased Company will be an affiliate of the North American Buyer (the “**European Buyer**”) to be designated by written notice to the Seller and to 1362806 Ontario Limited (together, the “**Sellers**”). The parties shall use commercially reasonable efforts to accommodate any written request by the North American Buyer to have one or more of its other affiliates purchase certain of the Cinram European Entities, it being acknowledged and agreed that the Sellers shall have no obligation to accommodate such request if, due to regulatory or corporate requirements, the accommodation thereof would result in undue delay or increased conditionality of the closing of the Transaction (the “**Closing**”). To the extent such requests are made and accommodated, the relevant affiliates will also be parties to the European Purchase Agreement and the terms “**European Buyer**” will also include such affiliates. The Sellers own all of the capital stock and voting rights of the Purchased Company. Notwithstanding the identity of the European Buyer, subject to the terms of

the Offer and the performance by the Sellers of their obligations hereunder, the North American Buyer guarantees in favor of the Sellers the payment and performance of all obligations of the European Buyer under the European Purchase Agreement.

2. Purchase Price. The purchase price for the Purchased Company will be determined in accordance with this Section 2.

The aggregate purchase price for the businesses and assets to be purchased pursuant to the North American Purchase Agreement and for the Purchased Company (i.e., the Cinram European Entities) shall be \$82,500,000, subject to adjustment as provided in Section 3.2 of the North American Purchase Agreement (the “**Aggregate Purchase Price**”). The purchase price for the Purchased Company (the “**European Purchase Price**”) will be the Aggregate Purchase Price less the amount paid by the North American Buyer for the purchase of the businesses and assets purchased pursuant to the North American Purchase Agreement, as agreed upon by the North American Seller and the North American Buyer (the “**NA Purchase Price**”). The European Purchase Price will be decreased, on a dollar-for-dollar basis, for (a) any distribution or other transfer of cash or other assets from the Cinram European Entities to the Sellers or any of their affiliates (other than the Cinram European Entities) after April 30, 2012, (b) any Seller Expenses (as defined below), (c) the Tax Accruals (as defined below), if any and (d) the Excess FX Gain Adjustment, if any, provided that the European Purchase Price will not be reduced for (i) any distribution or other transfer of cash or other assets pursuant to clause (a) to the extent such cash or other assets are included in the Purchased Assets (as defined in the North American Purchase Agreement) acquired by the North American Buyer at the closing of the transactions contemplated by the North American Purchase Agreement (the “**NA Closing**”) and (ii) any of the matters described in clause (b) or (c) to the extent any such matter results in a reduction of the NA Purchase Price.

“**Seller Expenses**” means all liabilities of any Cinram European Entity incurred and relating to (A) the period after April 30, 2012 in connection with the Seller’s strategic process and the transactions contemplated by the North American Purchase Agreement or by this Offer to the professional advisors of the Cinram European Entities and the Sellers and their lenders, including their respective legal counsel, accountants, tax advisors, financial advisors, restructuring advisors, labor advisors and other advisors, and (B) any premiums for the tail directors and officers’ insurance policy paid by, or incurred for the account of, any Cinram European Entity, but excluding obligations under the KERP (as such term is defined in the North American Purchase Agreement) and any excise taxes exigible on such Seller Expenses.

“**Tax Accruals**” means (i) all income taxes (and other taxes payable in respect of income, gross receipts or profits collectively referred to as “**income taxes**”) incurred, accrued, paid or payable by any Cinram European Entity resulting from the amendment, modification, cancellation, termination, repayment or discharge of any loans, receivables or payables between (x) one or more Cinram European Entities or (y) one or more Cinram European Entities, on the one hand, and a Seller and/or any affiliate of a Seller

(other than Cinram European Entities), on the other hand (the “**Intercompany Loans**”), other than an aggregate of \$65,000, and (ii) all income taxes incurred, accrued, paid or payable by any Cinram European Entity, or related to income, profits or earnings of any Cinram European Entity, for the period prior to April 30, 2012 (or paid prior to such date), except to the extent reflected on the Effective Date Balance Sheet. The parties will discuss in good faith and agree upon the Tax Accruals prior to the Offer Acceptance (as defined below).

The parties agree and acknowledge that Cinram Iberia SL is to be excluded from the Transaction, either through a distribution of the interests therein to the Seller pre-Closing or payment of the net proceeds (net of taxes and out-of-pocket costs and expenses related thereto) of the on-going liquidation of Cinram Iberia SL and the proposed disposition of its assets and properties to the Sellers (the “**Spanish Disposition**”). The parties will discuss in good faith and agree upon the necessary and appropriate means for the Sellers to receive the net proceeds of the Spanish Disposition, and to the extent necessary, make such changes to this letter or the European Purchase Agreement to reflect their agreement.

3. Works Council Consultation. This Offer cannot be accepted by the Sellers until the Sellers and/or the relevant Cinram European Entities have completed the works councils consultation process in France with respect to the Transaction (the “**Consultation Processes**”) in accordance with applicable laws and regulations, which shall be completed upon the earlier of (i) the delivery by the works councils of their *avis*, as contemplated by French law or (ii) the failure by the works councils to deliver their *avis* by the date on which they are ordered to deliver such *avis* by a court of competent jurisdiction. The Sellers will keep the North American Buyer informed of each step of the Consultation Processes and of any oral or written information requested by or provided to the works councils, and the North American Buyer and the European Buyer will provide the Sellers and the relevant Cinram European Entities all reasonable support and cooperation in order to assist them with the Consultation Processes.

During the Consultation Processes, if the works councils make any recommendations relating to the terms of the Transaction, the North American Buyer, the European Buyer and the Sellers will discuss in good faith (without any obligation for either the North American Buyer, the European Buyer or the Seller to agree to any changes) any measures that may be taken to accommodate the works councils’ recommendations and to resolve any outstanding issues in this respect. The North American Buyer, the European Buyer and the Sellers agree and acknowledge that any recommendations made by the works councils during the Consultation Processes will neither prevent the Seller from accepting the Offer upon the completion of the Consultation Processes nor impose any obligation on the North American Buyer or the European Buyer with respect thereto.

4. Offer Acceptance. We acknowledge that the Sellers shall not be obliged to sell the Purchased Company or other Cinram European Entities until they shall have

accepted the Offer in accordance with the terms hereof (the “**Offer Acceptance**”) following the completion of the Consultation Processes and the receipt of the *avis* of the works councils or the failure of the works council to deliver such *avis* by the date on which they are ordered to deliver such *avis* by a court of competent jurisdiction. Acceptance of the Offer by the Sellers shall be effected by written notice to the North American Buyer which makes reference to this Offer. Upon the Offer Acceptance, the parties will execute and deliver the European Purchase Agreement.

5. Conduct of Business. The Seller will cause the Cinram European Entities to conduct their businesses in, and only in, the ordinary course of business, consistent with past practice, use their reasonable efforts to preserve intact their businesses, assets and relationships with customers, suppliers and others having business dealings with them, and will consult with the North American Buyer and the European Buyer before entering into or effecting any material transaction or any transaction that is not in the ordinary course of business consistent with past practice, except in each case, for the Agreed-Upon Transactions (as defined below). In particular, except for the Agreed-Upon Transactions and as otherwise expressly consented to by the European Buyer, the Seller will cause the Cinram European Entities not to issue any shares of capital stock or other securities (including any securities exchangeable or convertible into capital stock of the Cinram European Entities), declare, pay or make any dividend or distribution on any shares, incur any additional indebtedness for borrowed money, outside of the ordinary course of business make or commit to any material capital expenditures, or make any cash payments of any nature (cash or otherwise) to the Seller or their affiliates (other than ordinary compensation to officers or employees of the Cinram European Entities). No bonuses will be paid other than in the ordinary course of business and in line with previous bonus level payments (it being acknowledged and agreed that payments under KERP will continue to be made as and to the extent permitted by the North American Purchase Agreement).

“**Agreed-Upon Transactions**” means (i) the Spanish Disposition, (ii) the on-going bankruptcy proceedings of Cinram Optical Discs SAS, (iii) the cancellation, termination, repayment or discharge of the Intercompany Loans pursuant to the following paragraph, and (iv) the payment of the European Dividends (as defined below).

At the request of the North American Buyer, the Sellers will, and will use their best efforts to cause the Cinram European Entities and the Sellers’ other affiliates to, take such actions as may be appropriate as necessary to (A) cancel, terminate, repay or discharge all Intercompany Loans other than the Excluded Intercompany Loans prior to the Closing, (B) pay such dividends or other distributions by the Cinram European Companies as may be requested by the North American Buyer in writing (the “**European Dividends**”) immediately prior to the Closing, and (C) make such amendments and modifications to the terms of the Excluded Intercompany Loans (other than cancellation, termination, repayment or discharge thereof) as may be requested by the North American Buyer prior to the NA Closing (the “**Excluded Intercompany Loan Amendments**”), and (D) trigger the foreign exchange gain on the Excluded Intercompany Loan from

Cinram International, Inc. (or a Canadian affiliate thereof) to Cinram Holdings GmbH (the “**FX Gain**”) and offset such FX Gain with operational losses prior to Closing, it being understood that (i) to the extent such FX Gain is not entirely offset by such losses, the European Purchase Price shall be reduced by the amount representing the taxes payable on the difference between the aggregate FX Gain and the amount of FX Gain actually offset prior to Closing (the “**Excess FX Gain Adjustment**”), and (ii) the Sellers shall have the right to undertake the actions set forth in this clause (D) without the request of the North American Buyer, provided that (1) any request by the North American Buyer with respect to the matters in clauses (A), (B), (C) and (D) shall be made in sufficient time prior to the Closing in order for the implementation of the requests not to result in a delay of the Closing and (2) nothing herein shall require more than one dividend or other distribution by the Purchased Company, and all proceeds of all other European Dividends, if any, shall be used to finance such dividend or other distribution by the Purchased Company. For purposes of the foregoing sentence, “**Excluded Intercompany Loans**” means the following three Intercompany Loans: (i) the Intercompany Loan from Cinram GmbH to Cinram Europe B.V. in the principal amount of €80,000,000, (ii) the Intercompany Loan from Cinram International, Inc. (or a Canadian affiliate thereof) to Cinram Holdings GmbH in the principal amount of \$84,000,000, and (iii) the Intercompany Loan from Cinram Holdings GmbH to Cinram GmbH in the principal amount of €80,000,000. The Seller or its affiliates shall keep informed, and consult with, the North American Buyer with respect to all developments involving the Agreed-Upon Transactions and, notwithstanding anything to the contrary in the preceding sentence, shall not take or be required to take any action, or allow any action to be taken, with respect to the Agreed-Upon Transactions that (x) would reasonably be expected to increase the costs to, or impact on the business, affairs or prospects of, the Sellers and/or the Cinram European Entities or (y) would contravene applicable solvency limitations or otherwise breach applicable laws or regulations or fiduciary duties of the directors of the Cinram European Entities.

6. Closing. The Closing will be subject to:

(a) The completion of the NA Closing in accordance with the North American Purchase Agreement;

(b) Upon the request of the North American Buyer in accordance with the third paragraph of Section 5 (and subject to the limitations therein), the cancellation, termination, repayment or discharge of all Intercompany Loans prior to the Closing;

(c) Upon the request of the North American Buyer in accordance with the third paragraph of Section 5 (and subject to the limitations therein), the payment of the European Dividends prior to the Closing;

(d) As of the Closing, the cancellation or termination of all debt obligations and guarantees of the Cinram European Entities under the Credit

Agreement and the release of all security interests in assets or properties the Cinram European Entities related to such debt obligations or guarantees under the Credit Agreement, in each case at no additional cost to any Cinram European Entity;

(e) As of the Closing, no provision of any applicable law and no judgment, injunction, order or decree that prohibits the consummation of the Transaction shall be in effect;

(f) If the North American Buyer shall request any Excluded Intercompany Loan Amendment in accordance with paragraph 5 above, such Excluded Intercompany Loan Amendment shall not result in a reduction to the European Purchase Price in accordance with paragraph 2 hereof in excess of \$1,000,000, unless the Sellers shall have consented in their sole discretion to a reduction to the European Purchase Price in excess of \$1,000,000 resulting from such Excluded Intercompany Loan Amendment; and .

(g) The covenants contained in this Offer to be performed by the Seller at or prior to the execution of the European Purchase Agreement and as of the Closing shall have been performed in all material respects, excluding non-compliance that is a result of action or inaction by the North American Buyer or its affiliates ((a)-(g) collectively, the “**Conditions Precedent**”).

As used herein “**Credit Agreement**” means, collectively, the amended and restated credit agreement dated as of April 11, 20011 and the Second Lien Credit Agreement dated as of April 11, 2011, in each case among affiliates of the Seller, the guarantors from time to time party thereto, certain institutional lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent for the lenders thereunder, as amended, and related security documents.

Closing shall occur on the date on which the last Condition Precedent is satisfied or waived, provided that the Buyer shall have the right to extend the Closing to a date not later than December 17, 2012 regardless whether the Conditions Precedent are satisfied or waived before such date.

7. Exclusivity. We have and will incur considerable expense in connection with this Offer. To induce us to proceed with this transaction, you agree that no Cinram company will, directly or indirectly, contact any party or hold any discussions with any party regarding a sale of its European business. Accordingly, the Seller agrees, for so long as this Offer has not been rescinded or terminated in accordance with its terms, neither the Seller nor any of its affiliates, agents or representatives may, directly or indirectly, (i) solicit or encourage any inquiries or proposals for, or enter into any discussions with respect to, the acquisition by any person (other than the European Buyer and its representatives) of any shares of the Cinram European Entities or any significant portion of the assets and properties of the Cinram European Entities, or (ii) furnish or

cause to be furnished any non-public information concerning the Cinram European Entities or their assets and properties to any person (other than the European Buyer and its representatives), other as required by applicable laws and regulations and in each case after prior notice to and consultation with the North American Buyer, except in each case with respect to the Agreed-Upon Transactions. The Sellers and each of their agents, representatives will promptly notify the European Buyer of any inquiry or proposal received by such person with respect to the acquisition by any other person of any capital stock or any significant portion of the assets and properties of the Cinram European Entities.

8. Termination; Rescission. This Offer may be rescinded, at which time it shall no longer have any force or effect, at any time prior to the execution of the European Purchase Agreement: (a) by mutual written agreement of the Seller and the North American Buyer; or (b) by the Seller by written notice to the North American Buyer or by the North American Buyer upon written notice to the Seller if the North American Purchase Agreement is terminated.

9. Remedies. The North American Buyer acknowledges and agrees that the Sellers would not have an adequate remedy at law and may be irreparably harmed in the event that any of the provisions of this binding Offer letter were not performed by the North American Buyer in accordance with their specific terms or were otherwise breached by the North American Buyer. Accordingly, the North American Buyer acknowledges and agrees that the Sellers shall be entitled to injunctive relief to prevent breaches of this binding Offer letter and to specific performance of the terms and conditions of this binding Offer letter in addition to any other remedy to which the Seller may be entitled at law or in equity. The prevailing party in any such litigation shall be entitled to payment of its legal fees and disbursements, court costs and other expenses of enforcing, defending or otherwise protecting its interest hereunder. Following the NA Closing and prior to the Closing, the North American Buyer may not assign or transfer all or substantially all of the assets and properties acquired by it pursuant to the North American Purchase Agreement, unless its assignee or transferee agrees to guarantee the obligations of the North American Buyer hereunder in form and substance reasonably satisfactory to the Sellers.

10. Governing Law; Venue. This Offer letter shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to the conflict of laws rules thereof to the extent that the application of the laws of another jurisdiction would be required thereby; except that the provisions of Section 3, and the resolution of any disputes relating to the parties' obligations with respect to the French works council consultation process referred to herein, shall be governed by and construed in accordance with the laws of the Republic of France. The parties agree to submit to the exclusive jurisdiction of the courts of Ontario and agree to waive, to the fullest extent permissible by law, any objection to the laying of venue of any suit, action or proceeding arising out of this Offer letter in any such court.

11. Counterparts. This Offer letter may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

12. Key Contact; Offer Exercise. Please refer all inquiries with regard to this Offer to: Cinram Acquisition, Inc., 2525 East Camelback Road, Suite 850, Phoenix, Arizona 85016, attn: Jahm Najafi, tel: +1 602 476 0600, fax: +1 602 476 0625. The Offer Acceptance must take place through the delivery of a written acceptance notice to the address and person indicated in this Section 12 prior to the rescission of this Offer pursuant to Section 8.

Please indicate your receipt of this letter agreement by executing a counterpart hereof in the space provided below. This letter agreement shall expire at 23:59, Eastern Standard Time, on the date hereof if its receipt is not signed by you in the space indicated below, and returned to the undersigned, prior to such time. Please do not hesitate to call me with your comments or questions.

Sincerely,

Cinram Acquisition, Inc.

By: _____
Name:
Title:

Accepted and Agreed:

Cinram International Inc.

By: _____
Name:
Title:

1362806 Ontario Limited

By: _____
Name:
Title:

Exhibit A
to
European Offer Letter

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SHARE PURCHASE AGREEMENT

CINRAM INTERNATIONAL, INC.

And

1362806 ONTARIO LIMITED

As the “Sellers”

And

[●]

As the “Buyer”¹

Made as of [●], 2012

¹ Appropriate changes to be made to have more than one “Buyer” and “Seller” if some of the European companies will be acquired by other Buyer affiliates (instead of through the Dutch co-op), subject to the terms of the offer letter.

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is made as of [●], 2012,

BETWEEN:

Cinram International, Inc., a corporation organized under the laws of the *Canada Business Corporations Act* (“**Cinram International**”)

– and –

1362806 Ontario Limited, a limited liability company organized under the laws of [●] (“**Ontario Limited**” and together with Cinram International, the “**Sellers**”)

– and –

[●], a [●] organized under the laws of (the “**Buyer**”)²

RECITALS:

A. Cinram International, directly and through its subsidiaries, has (1) manufactured pre-recorded multimedia products and provides related logistics services in North America and Europe, (2) owned and operated a digital media production studio, and (3) offered fully hosted business intelligence and analytics solutions through its Vision proprietary software platform (collectively, the “**Business**”).

B. Cinram International, together with Moelis & Company, conducted an investment and sale process for the Business.

C. Following such process, Cinram International entered into an Asset Purchase Agreement, dated [●], 2012 (as the same may have been or may be amended, supplemented or restated from time to time, the “**North American Purchase Agreement**”), with Cinram Acquisition, Inc., a Delaware corporation (the “**North American Buyer**”), pursuant to which Cinram International and certain other entities named therein as “Asset Sellers” (collectively, the “**North American Sellers**”) agreed to sell to the North American Buyer, and the North American Buyer agreed to purchase from the North American Sellers, substantially all of the North American Sellers’ property and assets used in connection with the Business carried on by the North American Sellers in North America (collectively, the “**Purchased North America Business**”).

D. Coöperatie Cinram Netherlands UA, a [●] organized and existing under the laws of The Netherlands (the “**Purchased Company**”), indirectly through its direct and indirect Subsidiaries (other than Cinram Iberia SL, collectively, and together with the Purchased Company, the “**Cinram European Entities**”), owns, holds and operates the Business in Europe

² Appropriate changes to be made to have more than one “Buyer” and “Seller” if some of the European companies will be acquired by other Buyer affiliates (instead of the Dutch co-op), subject to the terms of the offer letter.

(the “**Purchased European Business**”). The Sellers, own and hold, beneficially and of record, all of the issued and outstanding equity interests and voting rights of the Purchase Company (the “**Shares**”), with Cinram International owning and holding 99.95% of the Shares and Ontario Limited owning and holding the remaining 0.05% of the Shares.

E. Concurrently with the execution of the North American Purchase Agreement, the North American Buyer made an offer (the “**Offer**”) pursuant to a letter dated [•], 2012 (as the same may have been or may be amended, supplemented or restated from time to time) the “**European Offer Letter**”) to the Sellers to acquire the Purchased European Business pursuant to and in accordance with the form of share purchase agreement attached to the European Offer Letter through the purchase of all of the Shares.

F. In accordance with the European Offer Letter, the North American Buyer has designated the Buyer, a [wholly-owned] subsidiary of the North American Buyer, as the entity that will purchase all of the Shares.³

G. As contemplated by the European Offer Letter, Sellers have concluded the works council consultation process required by French law and regulations for the direct or indirect acquisition of the Cinram European Entities that are organized and existing under the laws of France, in that they have received the *avis* of such works councils for such acquisition/the the works council has failed to deliver its/their *avis* by the date on which they are ordered to deliver such *avis* by a court of competent jurisdiction.

H. On [●], 2012 the North American Buyer and the North American Sellers completed the acquisition of the Purchased North America Business pursuant to the North American Purchase Agreement.

I. The Sellers have accepted the Offer in accordance with the European Offer Letter and, therefore, as contemplated by the European Offer Letter, the Sellers and the Buyer desire to enter into this Agreement for the sale by the Sellers of the Shares to Buyer, and the purchase by the Buyer of the Shares from the Sellers, on the terms and conditions set forth in the purchase of the Shares by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and in the Offer and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Definitions

In this Agreement,

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

³ Appropriate changes to be made to have more than one “Buyer” if some of the Cinram European Entities will be acquired by other Buyer affiliates, subject to the terms of the offer letter.

For purposes of this definition, the term “**control**” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise;

“**Agreement**” means this share purchase agreement and all attached Exhibits and Schedules, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and all attached Exhibits and Schedules and unless otherwise indicated, references to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules in this Agreement;

“**Applicable Law**” means any domestic or foreign statute, law (including the common law and the law of equity), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or license of or concerning a Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement, the Sellers, the Cinram European Entities, the Buyer, or the Purchased European Business;

“**Business**” has the meaning given to such term in Recital A;

“**Business Day**” means any day other than a Saturday or Sunday or a statutory holiday in Toronto, Ontario and in New York, New York;

“**Buyer**” has the meaning given to such term in the preamble to this Agreement;

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

“**CCAA Proceedings**” means the proceedings commenced under the CCAA by the Seller pursuant to CCAA Initial Order (as defined in the North American Purchase Agreement);

“**Chapter 15 Proceedings**” means the proceedings commenced under Chapter 15 of Title 11 of the United States Code (as amended from time to time) by Cinram International and certain of its affiliates;

“**Cinram European Entities**” has the meaning given to such term in Recital D, and includes all the Persons listed in Exhibit A, except for Cinram Iberia SL;

“**Cinram International**” has the meaning given to such term in the preamble to this Agreement;

“**Closing**” means the completion of the purchase and sale of the Shares pursuant to this Agreement;

“**Closing Date**” means the date of the Closing;

“**Confidentiality Agreement**” means the confidentiality and non-disclosure agreement executed by the North American Buyer in favour of Cinram International dated April 3, 2012;

“**Court Approval**” has the meaning given to such terms in the North American Purchase Agreement;

“**Credit Agreement**” means, collectively, the Amended and Restated Credit Agreement dated as of April 11, 20011 and the Second Lien Credit Agreement dated as of April 11, 2011, in each case among affiliates of the Seller, the guarantors from time to time party thereto, certain institutional lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent for the lenders thereunder, as amended.

“**Encumbrance**” means, with respect to any property or asset, any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind other than licenses of Intellectual Property;

“**European Offer Letter**” has the meaning given to such term in Recital E;

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation-making entity:

(a) having jurisdiction over either Seller, the Buyer, any Cinram European Entity or the Purchased European Business on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or

(b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or Taxing authority or power;

“**including**” and “**includes**” shall be interpreted on an inclusive basis and shall be deemed to be followed by the words “**without limitation**”;

“**Indebtedness**” means, with respect to any Person, without duplication, (i) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person upon which interest charges are customarily paid (other than trade payables incurred in the ordinary course of business consistent with past practice), (iv) all obligations of such Person under conditional sale or other title retention agreements relating to any property purchased by such Person, (v) all obligations of such Person incurred or assumed as the deferred purchase price of property or services (excluding obligations of such Person to creditors for raw materials, inventory, services and supplies incurred in the ordinary course of business consistent with past practice), (vi) all lease obligations of such Person capitalized on the books and records of such Person, (vii) all obligations of others secured by an Encumbrance on property or assets owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (viii) all obligations of such Person under interest rate, currency or commodity derivatives or hedging transactions, (ix) all letters of credit or performance bonds issued for the account of such Person (excluding (A) letters of credit issued for the benefit of suppliers to support accounts payable to suppliers incurred in the ordinary course of business consistent with past practice, (B) standby letters of credit relating to workers’ compensation insurance and (C) surety bonds and customs bonds) and (x) all guaranties

and arrangements having the economic effect of a guaranty by such Person of any Indebtedness of any other Person.

“**NA Closing Date**” has the meaning given to the term “Closing Date” in the North American Purchase Agreement;

“**North American Buyer**” has the meaning given to such term in Recital C;

“**North American Purchase Agreement**” has the meaning given to such term in Recital C;

“**North American Sellers**” has the meaning given to such term in Recital C;

“**Offer**” has the meaning given to such term in Recital E;

“**Offer Date**” means the date of the European Offer Letter (i.e., [●], 2012);

“**Ontario Limited**” has the meaning given to such term in the preamble to this Agreement;

“**Organizational Documents**” means the articles of incorporation, certificate of incorporation, charter, by-laws, *statuts*, articles of formation, certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement and all other similar documents, instruments or certificates executed, adopted or filed in connection with the creation, formation or organization of a Person, including any amendments thereto.

“**Parties**” means the Seller and the Buyer collectively, and “**Party**” means either the Seller or the Buyer;

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

“**Purchase Price**” has the meaning given to such term in Section [●];

“**Purchased Company**” has the meaning to such term in Recital D;

“**Purchased European Business**” has the meaning given to such term in Recital D;

“**Purchased North American Business**” has the meaning given to such term in Recital D;

“**Sellers**” has the meaning given to such term in the preamble to this Agreement;

“**Share Purchase Price**” has the meaning given to the term “European Purchase Price” in the European Offer Letter;

“Shares” has the meaning given to such term in Recital D;

“Tax” and “Taxes” includes taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and other government pension plan premiums or contributions.

1.2 Exhibits and Schedules

The following Exhibit and Schedule form part of this Agreement:

Exhibit A:	Cinram European Entities
Schedule A:	Indebtedness

1.3 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended, or to any restated or successor legislation of comparable effect.

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.

1.6 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in United States dollars (US\$).

1.7 Knowledge

Where any representation or warranty contained in this Agreement is qualified by reference to the knowledge of the Seller it will be deemed to refer to the actual knowledge after due inquiry of Steve Brown, John Bell, Neil Ballantine, Howard Berman and David Ashton, without personal liability on the part of any of them.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.9 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties, provided that the Confidentiality Agreement shall remain in full force and effect, and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.10 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.11 Governing Law; Jurisdiction and Venue

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the courts of Ontario for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 7.7 shall be deemed effective service of process on such Party.

Notwithstanding the foregoing, any and all documents or orders that may be filed, made or entered in the CCAA Proceedings or Chapter 15 Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the CCAA or the Bankruptcy Code, as applicable, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the Canadian Court or the Bankruptcy Court, as applicable, for the resolution of any such disputes,

regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 7.7 shall be deemed effective service of process on such Party.

ARTICLE 2 – PURCHASE AND SALE

2.1 Agreement to Purchase and Sell the Shares

Upon and subject to the terms and conditions of this Agreement, at the Closing the Seller shall sell the Shares to the Buyer, and the Buyer shall purchase the Shares from the Seller, for the Share Purchase Price.

2.2 Payment of Purchase Price

The Share Purchase Price shall be paid (net of any Taxes required by Applicable Law to be deducted or withheld from such payment) by the Buyer to the Sellers in full in cash at the Closing by wire transfer of immediately available funds to the following bank account which has been designated jointly by the Sellers: *[to be specified prior to execution of agreement]*

ARTICLE 3 – REPRESENTATIONS AND WARRANTIES BY THE SELLER

The Sellers, jointly and severally, represent and warrant to the Buyer as follows, and acknowledge that the Buyer is relying upon the following representations and warranties in connection with its purchase of the Shares and the transactions contemplated hereby:

3.1 Entity Power

Each Seller is duly organized under the *Canada Business Corporations Act* and, subject to Court Approval being obtained, has all necessary corporate power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder and to carry out its obligations hereunder and thereunder. Each Seller has the requisite power and authority to own the Shares.

3.2 Due Authorization and Enforceability of Obligations

Each Seller has all necessary power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder, and to carry out its obligations hereunder and thereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action (corporate or otherwise) of each Seller. This Agreement constitutes a valid and binding obligation of each Seller enforceable against it in accordance with its terms, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

3.3 Approvals and Consents

No authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Sellers and each of the agreements to be executed and delivered by the Sellers or the purchase of the Shares hereunder, excluding consents of contractual counterparties the absence of which would individually or in the aggregate materially impair the ability of the Buyer to complete the transactions contemplated by this Agreement or materially impair the ability of the Buyer to own the Shares and the Cinram European Entities, and to operate the Purchased European Business after the Closing in substantially the same manner as it is operated as of the date of the European Offer Letter.

3.4 Non-Contravention

Neither the execution and delivery of this Agreement or any other agreement or document to which a Seller is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by either Seller with any provisions hereof or thereof will conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the Organizational Documents of either Seller or any Cinram European Entity, or any Applicable Law.

The Sellers have performed, in all material respects, each of the covenants in the European Offer Letter required to be performed by either or both of the Sellers or their Affiliates on or prior to the execution of this Agreement.

3.5 Purchased Company; Cinram European Entities

(a) The capitalization of the Purchased Company consists of [*to be described*]. The Sellers own the Shares, beneficially and of record, free and clear of any Encumbrance other than Encumbrances to be released on Closing. Upon delivery of and payment for the Shares at the Closing in accordance with Section 6.2(a)(i), Buyer will acquire good and valid title to all of the Shares, free and clear of any Encumbrance.

(b) All of the outstanding shares of capital stock of and other voting or equity interests in each Cinram European Entity have been duly authorized and validly issued, fully paid and nonassessable and are owned beneficially and of record by the Purchased Company or a Cinram European Entity as set forth in Exhibit A, free and clear of any Encumbrances other than tax liens in respect of obligations reflected on the Effective Date Balance Sheet or arising after May 1, 2012 and Encumbrances in respect of the Credit Agreement to be released on Closing. Except as set forth in Exhibit A, there are no outstanding (i) shares of capital stock of or other voting or equity interests in any Cinram European Entity, (ii) securities of any Cinram European Entity convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Cinram European Entity or (iii) options or other rights or agreements, commitments or understandings of any kind to acquire from any Cinram European Entity, or other obligation of Sellers, or any Cinram European Entity to issue, transfer or sell, any shares of capital stock of or other voting or equity interests in any Cinram European Entity or securities convertible into or exercisable or exchangeable for shares of capital stock of or other

voting or equity interests in any Cinram European Entity (the items in clauses (i), (ii) and (iii) being referred to collectively as the “**European Securities**”). There are no outstanding obligations of any Cinram European Entity to repurchase, redeem or otherwise acquire any European Securities.

3.6 Outstanding Indebtedness

Upon the occurrence of the Closing, after giving effect to the release of the Credit Agreement, the Cinram European Entities shall have outstanding no Indebtedness other than (i) Indebtedness among the Cinram European Entities to the extent not discharged in accordance with the European Offer Letter, and (ii) Indebtedness described on Schedule A.

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers as follows and acknowledges that the Seller is relying upon the following representations and warranties in connection with its sale of the Shares:

4.1 Corporate Power

The Buyer is a [●] existing under the laws of [●] and has all necessary company power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder and to carry out its obligations hereunder and thereunder.

4.2 Due Authorization and Enforceability of Obligations

The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action of the Buyer. This Agreement constitutes a valid and binding obligation of the Buyer enforceable against it in accordance with its terms except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally; and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

4.3 Approvals and Consents

Except for any consents that may be required in connection with consummation of the transactions contemplated by this Agreement, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Buyer and each of the agreements to be executed and delivered by the Buyer or the purchase the Shares hereunder, the absence of which would materially impair the ability of the Buyer and the Seller to complete the transactions contemplated by this Agreement. No provision of any Applicable Law and no judgment, injunction, order or decree that prohibit the consummation of the purchase and sale of the Shares pursuant to this Agreement is in effect.

ARTICLE 5– ADDITIONAL AGREEMENTS OF THE PARTIES

5.1 Access of the Seller and the Buyer to Records

(a) The Sellers shall, for a period of six years from the Closing Date, have access to, and the right to copy, at its expense, for *bona fide* business purposes and for purposes of the CCAA Proceedings and Chapter 15 Proceedings, and during usual business hours, upon reasonable prior notice to the Buyer, all books and records relating to the Purchased European Business. The Buyer shall retain and preserve all such books and records for such six year period.

(b) From and after the Closing, the Sellers shall retain all its books and records and the Buyer shall have access to, and the right to copy, at its expense, for *bona fide* business purposes, and during usual business hours, upon reasonable prior notice to the Seller, all books and records of the Sellers. The Sellers shall retain and preserve all such books and records for a period six years following the Closing.

5.2 Further Assurances

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement, provided that in no event shall the Sellers be obligated to take any action that is likely to result in a material adverse effect on the Purchased European Business or the Cinram European Entities, nor shall either Party be obligated to make a payment or deliver anything of value to a third party in order to obtain a consent.

5.3 Release

Effective as of the Closing Date, the Buyer forever releases and discharges the Seller and its Affiliates and its and their respective present and former shareholders, officers, directors, employees, auditors, advisors, legal counsel and agents (each, a “**Released Party**”), from any and all demands, claims, liabilities, actions, causes of action, counterclaims, suits debts, sums of money, accounts, indebtedness, liability or obligation of whatever nature based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Closing relating to, arising out of or in connection with, the Purchased European Business, including, for greater certainty, any and all claims, demands, complaints, actions, losses, liabilities, judgments, settlements, damages, penalties, consequential damages, exemplary damages, fines, liens, remediation, abatement, costs and expenses of investigation, remediation or cleanup in defense of or resulting from any claim, action or suit, demand or administrative proceeding or any requirement of any Governmental Authority, whether known or unknown, and whether in law or in equity, whether direct or consequential, compensatory, exemplary, liquidated or unliquidated, which the Buyer or its respective legal representatives, successors, assigns, heirs, executors or administrators has, shall have or may ever have against any Released Party with respect to any environmental condition, investigation or remediation with respect to

the real property (owned or leased) of any Released Party. Notwithstanding the generality of the foregoing, the foregoing release shall not release any Released Party from its obligations under this Agreement.

5.4 Tax Matters

Buyer and Sellers shall (and shall cause their respective Affiliates to) (a) provide the other party and its Affiliates with such assistance as may be reasonably requested in connection with the preparation of any tax return or any audit or other examination by any taxing authority or any judicial or administrative proceeding relating to Taxes and (b) retain (and provide the other party and its Affiliates with reasonable access to) all records or information which may be relevant to such tax return, audit, examination or proceeding, provided that the foregoing shall be done in a manner so as not to interfere unreasonably with the conduct of the business of the parties.

ARTICLE 6 – CLOSING

6.1 Closing

The Closing shall take place at [●], or at such other location as may be agreed upon by the Parties hereto, immediately after (and in any event no later than the Business Day immediately following) the satisfaction or waiver of the conditions set forth in Section 7.3 (other than those conditions that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of those conditions at such time).

6.2 Closing Deliveries

- (a) At the Closing, the Sellers shall deliver to the Buyer:
 - (i) a receipt for the Purchase Price;
 - (ii) a duly signed deed of transfer of membership interests between the Sellers, the Buyer and the Purchased Company and/or such other documents as Buyer shall reasonably request to transfer beneficial and record ownership of the Shares to the Buyer under Dutch law;
 - (iii) a certificate signed for and on behalf of Cinram International without personal liability by an executive officer in form and substance reasonably satisfactory to the Buyer:
 - (A) transmitting true and correct copies of either (1) the *avis* of the French workers councils with respect to the transaction contemplated hereby or (2) the order of a court of competent jurisdiction requiring the French workers councils to deliver their *avis*, and certifying that the *avis* was not delivered on the date required by such court;
 - (B) certifying that the representations and warranties of the Seller set forth in this Agreement are true and correct in all material respects as of the

Closing Date, except that to the extent such representations and warranties speak as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date;

(C) certifying that the covenants contained in this Agreement and the European Offer Letter to be performed by the Seller at or prior to the execution of this Agreement and the Closing have been performed in all material respects as at the Closing Date; and

(D) certifying that all Indebtedness of the Cinram European Entities under the Credit Agreement has been cancelled or terminated and all Encumbrances in assets or properties of the Cinram European Entities in respect of such Indebtedness have been released and discharged.

(iv) any other documents reasonably requested by the Buyer in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

(b) At the Closing, the Buyer shall deliver to the Sellers:

(i) the Purchase Price, in accordance with Section 2.2;

(ii) a certificate signed for and on behalf of the Buyer without personal liability by an executive officer of the Buyer, in form and substance reasonably satisfactory to the Seller:

(A) certifying that the representations and warranties of the Buyer set forth in this Agreement are true and correct in all material respects as of the Closing Date; and

(B) certifying that the covenants contained in this Agreement and the European Offer Letter to be performed by the Buyer at or prior to the Closing Date have been performed in all material respects as of the Closing Date; and

(iii) any other documents reasonably requested by the Seller in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

6.3 Closing Requirements

(a) The obligation of the Buyer and the Sellers to complete the Closing and consummate the transactions contemplated by this Agreement is subject to the satisfaction of, on or prior to the Closing, of each of the following conditions:

(i) the NA Closing shall have occurred pursuant to and in accordance with the North American Purchase Agreement; and

(ii) no provision of any Applicable Law and no judgment, injunction, order or decree that prohibit the consummation of the purchase and sale of the Purchased Assets pursuant to this Agreement shall be in effect.

(b) The obligation of the Buyer to complete the purchase of the Shares pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Buyer of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Buyer):

(i) the representations and warranties of the Sellers set forth in this Agreement shall have been true and correct in all material respects as of the Closing Date, except that to the extent such representations and warranties expressly speak as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date;

(ii) the covenants contained in this Agreement and the European Offer Letter to be performed by the Sellers at or prior to Closing shall have been performed in all material respects as at Closing; and

(iii) all Indebtedness of the Cinram European Entities under the Credit Facility shall have been cancelled or terminated and all Encumbrances in assets or properties of the Cinram European Entities in respect of such Indebtedness shall have been released or discharged.

(c) The obligation of the Sellers to complete the sale of the Shares pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable, by the Sellers of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Sellers):

(i) the representations and warranties of the Buyer set forth in this Agreement shall have been true and correct in all material respects at Closing with the same force and effect as if made at and as of such time, except that to the extent such representations and warranties expressly speak as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date; and

(ii) the covenants contained in this Agreement to be performed by the Buyer at or prior to Closing shall have been performed in all material respects as at Closing.

ARTICLE 7 – GENERAL MATTERS

7.1 Dissolution of Seller; Name Changes

(a) The Buyer acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of any of the Sellers or their Affiliates to dissolve, wind up or otherwise cease operations in any manner or at any time subsequent to the Closing Date as they may determine in their sole discretion, subject to their satisfaction of their obligations under this Agreement.

(b) Promptly following the Closing, Sellers and their Affiliates shall cause their corporate names to be changed to names that do not include the word “Cinram”, if they have not done so prior to the Closing.

7.2 Public Notices

No press release or other announcement concerning the transactions contemplated hereby shall be made by the Sellers or by the Buyer without the prior consent of the other Party (such consent not to be unreasonably withheld) provided, however, that subject to the last sentence of this Section 7.2, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including disclosure required in connection with the CCAA Proceedings or the Chapter 15 Proceedings) or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed or by any insolvency or other court or securities commission or other similar Governmental Authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure. Notwithstanding the foregoing: (i) this Agreement may be filed by the Sellers with the Canadian Court and/or the Bankruptcy Court (as such terms are defined in the North American Purchase Agreement); and (ii) the transactions contemplated in this Agreement may be disclosed by the Sellers to the Canadian Court and/or the Bankruptcy Court, subject to redacting confidential or sensitive information as permitted by Applicable Law and rules. The Parties further agree that:

(a) the Monitor and/or Foreign Representative (as such terms are defined in the North American Purchase Agreement) may prepare and file reports and other documents with the Canadian Court and/or the Bankruptcy Court, as applicable, containing references to the transactions contemplated by this Agreement and the terms of such transactions; and

(b) the Sellers and their professional advisors may prepare and file such reports and other documents with the Canadian Court and/or the Bankruptcy Court containing references to the transactions contemplated by this Agreement and the terms of such transactions as may reasonably be necessary to complete the transactions contemplated by this Agreement or to comply with their obligations to the Canadian Court and the Bankruptcy Court.

Wherever possible, the Buyer shall be afforded an opportunity to review and comment on such materials prior to their filing. The Parties shall issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to by them.

7.3 Survival

The representations and warranties of the Sellers in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby (the “**Sellers’ Representations**”) are set forth solely for the purpose of Article 6 and none of them shall survive the Closing. The Sellers shall not have any liability, whether before or after the Closing, for any breach of the Sellers’ Representations.

7.4 Expenses

Except as otherwise specifically provided herein, the Sellers and the Buyer shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby.

7.5 Non-Recourse

No past, present or future director, officer, manager, member, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the respective Parties hereto, in such capacity, shall have any liability for any obligations or liabilities of the Buyer or the Seller, as applicable, under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

7.6 Assignment; Binding Effect

No Party may assign its rights or benefits under this Agreement without the consent of the other Party hereto. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person or entity not a Party to this Agreement.

7.7 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (a) the date of personal delivery; (b) the date of transmission by facsimile, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (c) two days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (d) five days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

- | | |
|-------------------------|---|
| (a) If to the Buyer at: | Cinram Acquisition, Inc.
2525 East Camelback Road, Suite 850
Phoenix, Arizona 85016
Attention: Jahm Najafi
Telephone: +1 602 476 0600
Facsimile: +1 602 476 0625 |
|-------------------------|---|

with copies (which shall not in themselves constitute notice) to:

Ballard Spahr LLP
One East Washington Street, Suite 2300
Phoenix, Arizona 85016
Attention: Karen McConnell
Telephone: +1 602 798 5403
Facsimile: +1 602 798 5595

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, Ontario M5X 1B1
Attention: Richard Elliott
Telephone: +1 416 863 5506
Facsimile: +1 416 863 0871

and to:

Debevoise & Plimpton LLP
Tower 42
Old Broad Street
London EC2N 1HQ
United Kingdom
Attention: E. Raman Bet-Mansour
Telephone: + 44 (0) 20 7786 5500
Facsimile: + 44 (0) 20 7588 4180

(b) If to the Sellers at:

Cinram International Inc.
2255 Markham Road,
Scarborough, ON M1B 2W3
Attention: Steve Brown
Telephone: +1 416 298 8190
Facsimile:

with copies (which shall not in themselves constitute notice) to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, ON, M5H 2S7
Attention: Robert Chadwick/ Neill May/
Melaney Wagner
Telephone: +1 416 979 2211
Facsimile: +1 416 979 1234

and to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Attention: Douglas P. Bartner/
Jill K. Frizzley
Telephone: +1 212 848 4000
Facsimile: +1 646 848 8174

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

7.8 Counterparts; Facsimile Signatures

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. The signature of any of the Parties hereto may be evidenced by a facsimile, scanned email or internet transmission copy of this Agreement bearing such signature.

[The remainder of this page left intentionally blank]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

SELLERS:

CINRAM INTERNATIONAL INC.

Per: _____
Name:
Title:

1362806 ONTARIO LIMITED

Per: _____
Name:
Title:

BUYER:

[●]

Per: _____
Name:
Title:

Error! Unknown document property name.

Exhibit A to Share Purchase Agreement

Cinram European Entities

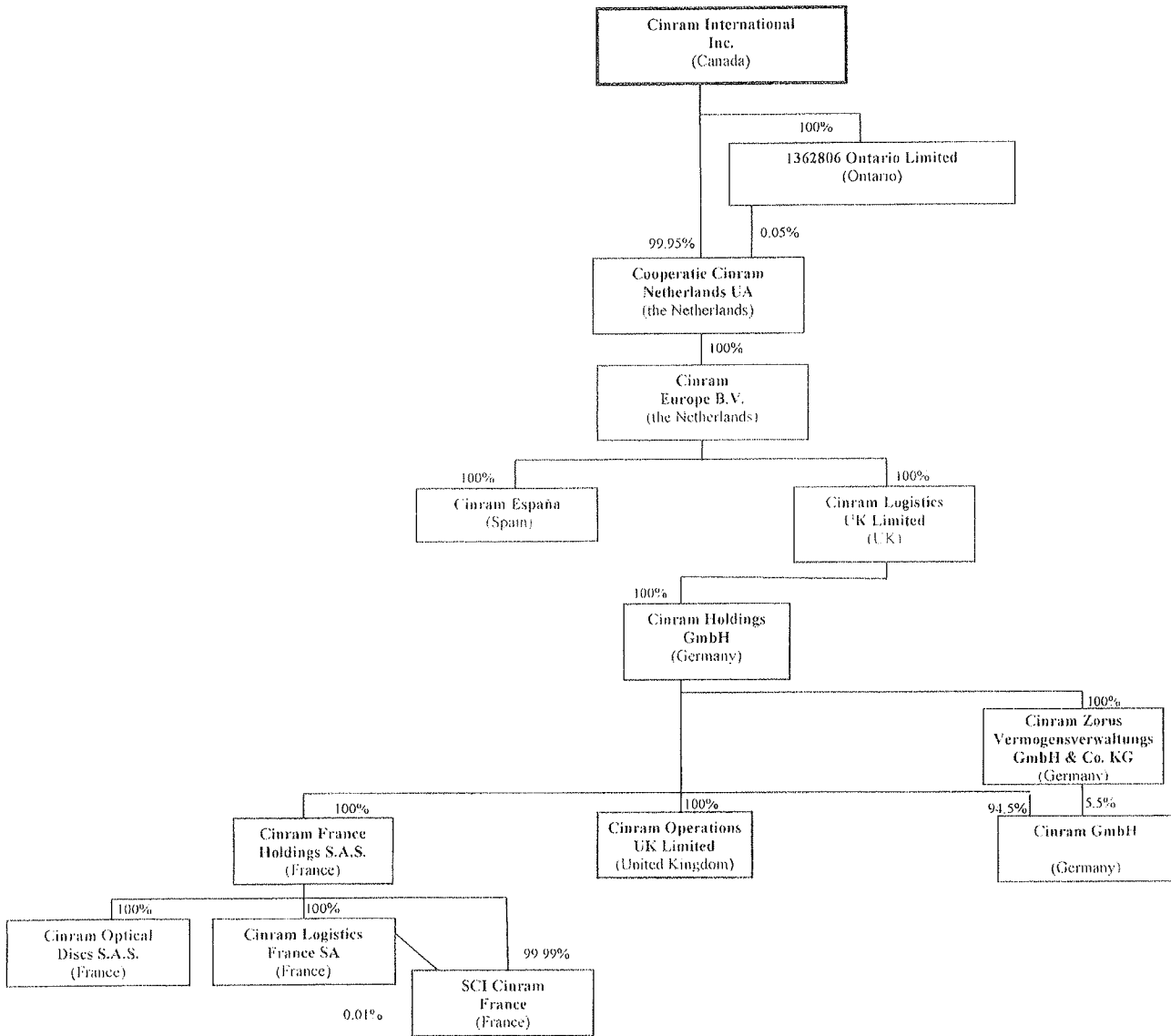
Ownership Information

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
Coöperatie Cinram Netherlands UA	A: 23,412,019 shares I&O: 23,412,019 shares	The Netherlands	N/A	99.95% by Cinram International Inc. 0.05% by 1362806 Ontario Limited
Cinram Europe B.V.	A: 5,000,000 shares I&O: 1,917,823 shares	The Netherlands	100%	100% by Coöperatie Cinram Netherlands UA
Cinram Logistics UK Limited	A: 1,100,000 shares I&O: 1,100,000 shares	United Kingdom	100%	100% by Cinram Europe B.V.
Cinram España	Dormant	Spain	100%	100% by Cinram Europe B.V.
Cinram Holdings GmbH	A: 1 share I&O: 1 share (value of single share is €26,000)	Germany	100%	100% by Cinram Logistics UK Limited
Cinram Operations UK Limited	A: 10,000,000 shares I&O: 10,000,000 shares	United Kingdom	100%	100% by Cinram Holdings GmbH
Cinram Zorus Vermögensverwaltungs GmbH & Co. KG	100% owned by Cinram Holdings GmbH, as limited partner	Germany	100%	100% by Cinram Holdings GmbH
Cinram GmbH	A: 2 shares I&O: 2 shares (value of single share of Cinram Holdings GmbH is €6,777,260) (value of single share of	Germany	100%	94.5% by Cinram Holdings GmbH 5.5% by Cinram Zorus Vermögensverwaltungs GmbH & Co. KG

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
	Zorus is €400,000			
Cinram Holdings France S.A.S.	A: 920,842 I&O: 920,842	France	100%	100% by Cinram Holdings GmbH
Cinram Logistics France SA	A: 217,706 I&O: 217,706	France	100%	100% by Cinram Holdings France S.A.S.
Cinram Optical Discs S.A.S.	A: 686,760 I&O: 686,760	France	100%	100% by Cinram Holdings France S.A.S.
SCI Cinram France	A: 10,000 I&O: 10,000	France	100%	99.99% by Cinram Holdings France S.A.S. 0.01% by Cinram Logistics France SA

Cinram European Entities

Organizational Chart



Schedule A to Share Purchase AgreementIndebtedness

Cinram Operations UK Limited

- Singulus finance lease -- 3 Bluline II BD 50 lines
 - Singulus Order Acknowledgement #9202-2102487.01

Cinram GmbH

- Singulus finance agreement - 2 Bluline II BD 50 lines
 - Order reference #4500388659 – order reference #'s 107251 and 107252
- Singulus Purchase Contract - #6201-2101109.010
 - 1 Spaceline DVD line
- Singulus Purchase Contract - #6201-2101110.010
 - 2 Spaceline DVD lines
- Singulus Purchase Contract - #6201-2101107.010
 - 3 Spaceline DVD lines
- Singulus Purchase Contract - #6201-2101108.010
 - 4 Spaceline DVD lines

Cinram Logistics France SA

- Finamur/Slibail lease purchase – Champenard property

Exhibit B to European Offer Letter

Cinram European Entities

Ownership Information

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
Coöperatie Cinram Netherlands UA	A: 23,412,019 shares I&O: 23,412,019 shares	The Netherlands	N/A	99.95% by Cinram International Inc. 0.05% by 1362806 Ontario Limited
Cinram Europe B.V.	A: 5,000,000 shares I&O: 1,917,823 shares	The Netherlands	100%	100% by Coöperatie Cinram Netherlands UA
Cinram Logistics UK Limited	A: 1,100,000 shares I&O: 1,100,000 shares	United Kingdom	100%	100% by Cinram Europe B.V.
Cinram España	Dormant	Spain	100%	100% by Cinram Europe B.V.
Cinram Holdings GmbH	A: 1 share I&O: 1 share (value of single share is €26,000)	Germany	100%	100% by Cinram Logistics UK Limited
Cinram Operations UK Limited	A: 10,000,000 shares I&O: 10,000,000 shares	United Kingdom	100%	100% by Cinram Holdings GmbH
Cinram Zorus Vermögensverwaltungs GmbH & Co. KG	100% owned by Cinram Holdings GmbH, as limited partner	Germany	100%	100% by Cinram Holdings GmbH
Cinram GmbH	A: 2 shares I&O: 2 shares (value of single share of Cinram Holdings GmbH is €6,777,260) (value of single share of	Germany	100%	94.5% by Cinram Holdings GmbH 5.5% by Cinram Zorus Vermögensverwaltungs GmbH & Co. KG

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
	Zorus is €400,000			
Cinram Holdings France S.A.S.	A: 920,842 I&O: 920,842	France	100%	100% by Cinram Holdings GmbH
Cinram Logistics France SA	A: 217,706 I&O: 217,706	France	100%	100% by Cinram Holdings France S.A.S.
Cinram Optical Discs S.A.S.	A: 686,760 I&O: 686,760	France	100%	100% by Cinram Holdings France S.A.S.
SCI Cinram France	A: 10,000 I&O: 10,000	France	100%	99.99% by Cinram Holdings France S.A.S. 0.01% by Cinram Logistics France SA

Cinram European Entities

Organizational Chart

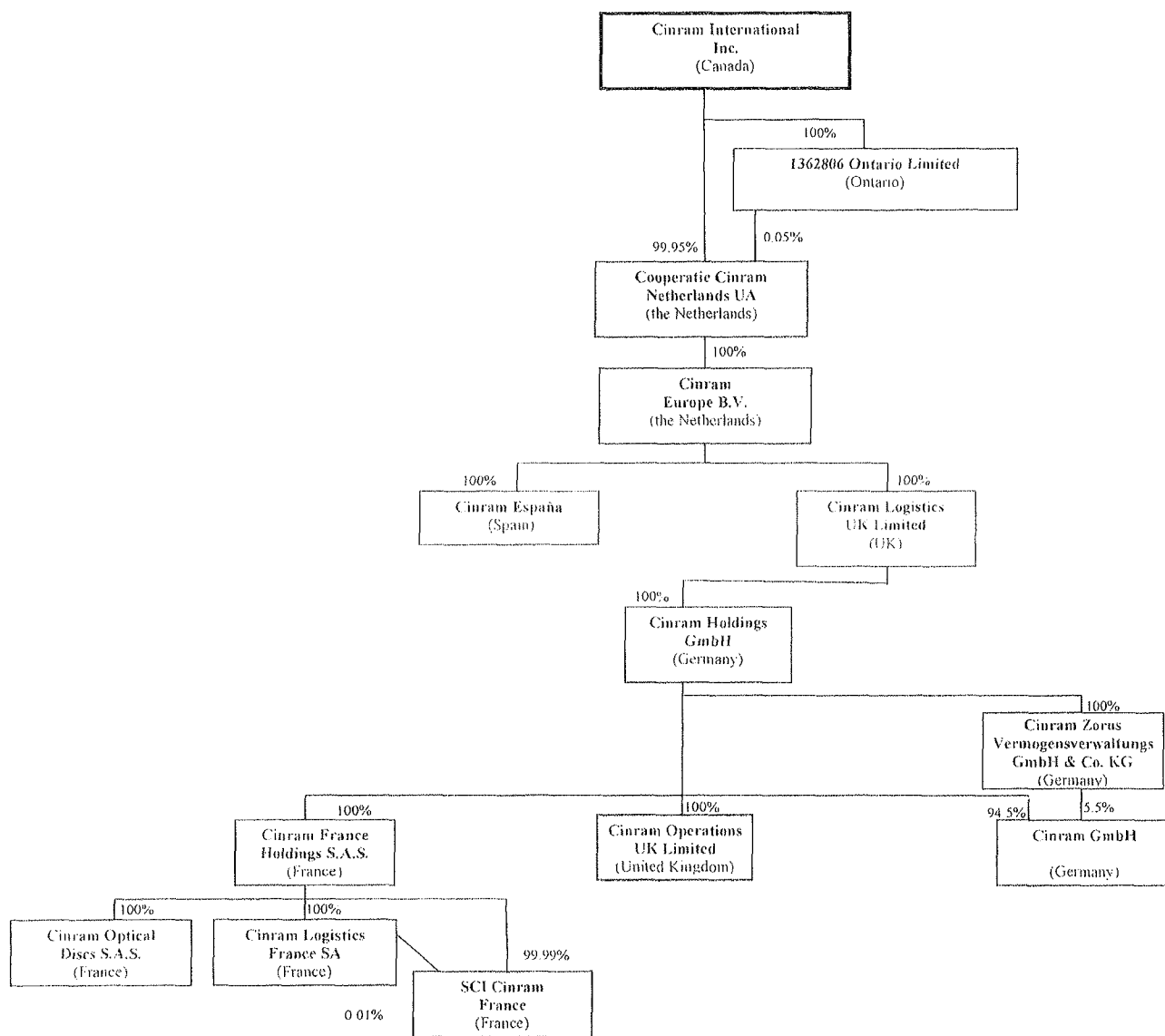


EXHIBIT B

Approval and Vesting Order

Attached

ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST

THE HONOURABLE ●) ●, THE ●
)
 JUSTICE ●) DAY OF ●, 20●

*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 COMPANIES LISTED IN SCHEDULE "A"

Applicants

APPROVAL AND VESTING ORDER

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

- (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram Fund and its direct and indirect subsidiaries (collectively, "Cinram") in North America contemplated by an asset purchase agreement (the "Asset Purchase Agreement") between CII and Cinram Acquisition, Inc. (the "Purchaser") dated June 22, 2012, and appended to the affidavit of Mark Hootnick sworn June ●, 2012 (the "Hootnick Affidavit") as Exhibit "A";
- (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA (the "Purchased Shares") pursuant to the binding purchase offer dated June 22, 2012 (the "Purchase Offer") provided by the Purchaser to CII and 1362806 Ontario Limited

(together with CII, the “**Share Sellers**”) appended to the Hootnick Affidavit as Exhibit “**B**”;

- (iii) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Purchase Offer;
- (iv) authorizing CII, Cinram Inc., Cinram Retail Services LLC, One K Studios LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the “**Asset Sellers**”, together with the Share Sellers, the “**Sellers**”) to complete the transactions contemplated by the Asset Purchase Agreement (the “**Asset Sale Transaction**”);
- (v) authorizing the Share Sellers to complete the transactions contemplated by the Purchase Offer (the “**Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Sale Transaction**”), including, without limitation, entering into a share purchase agreement in the form attached as Exhibit A to the Purchase Offer (the “**Share Purchase Agreement**”) upon due exercise of the Purchase Offer; and
- (vi) upon delivery of Monitor’s Certificates (as defined below) by the Monitor (as defined below) to the Purchaser, vesting all of the Asset Sellers’ right, title and interest in and to the Purchased Assets (as defined in the Asset Purchase Agreement) and the Share Sellers’ right, title and interest in and to the Purchased Shares in the Purchaser or its nominees, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Approval and Vesting Order,

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

ON READING the affidavit of John Bell sworn June ●, 2012, (the “**Bell Affidavit**”), the Hootnick Affidavit, the Report of FTI Consulting Canada Inc., as Court-appointed Monitor of the Applicants (the “**Monitor**”) dated June ●, 2012 (the “**Monitor’s Report**”), and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the Administrative Agent under the Credit Agreements (as defined in the Bell Affidavit) and the DIP Agent under the DIP Credit Agreement (each as defined in the Bell Affidavit), [**NAMES OF OTHER PARTIES APPEARING**], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [**NAME**] sworn [**DATE**], filed:

DRAFT: 1 - June 22, 2012 at 5:32 PM

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

2. THIS COURT ORDERS AND DECLARES that the Asset Sale Transaction is hereby approved, and the execution of the Asset Purchase Agreement by CII is hereby authorized and approved, with such minor amendments as CII may deem necessary with the approval of the Monitor. The Asset Sellers are 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 Asset Sale Transaction and for the conveyance of (i) the Canadian Purchased Assets (as defined in the Asset Purchase Agreement) to ●, a Canadian entity nominated by the Purchaser to take title to the Canadian Purchased Assets in accordance with the Asset Purchase Agreement (the “**Canadian Nominee**”) and (ii) the United States Purchased Assets (as defined in the Asset Purchase Agreement) to ●, a United States entity nominated by the Purchaser to take title to the United States Purchased Assets in accordance with the Asset Purchase Agreement (the “**U.S. Nominee**”, together with the Canadian Nominee, the “**Nominees**”).

3. THIS COURT ORDERS AND DECLARES that the Share Sale Transaction is hereby approved, and the Share Sellers are hereby authorized to execute the Purchase Offer, with such minor amendments as the Share Sellers may deem necessary with the approval of the Monitor. The Share Sellers are hereby authorized and directed to take such additional steps and execute such additional documents, including, without limitation, the Share Purchase Agreement, as may be necessary or desirable for the completion of the Share Sale Transaction and for the conveyance of the Purchased Shares to the Purchaser [**or the Canadian Nominee**].

4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor’s certificate to the Purchaser substantially in the form attached as Schedule “B” hereto (the “**Monitor’s Asset Sale Transaction Certificate**”), (i) all of the Asset Sellers’ right, title and interest in and to the Canadian Purchased Assets shall vest absolutely in the Canadian Nominee, and (ii) all of the Asset Sellers’ right, title and interest in and to the United States Purchased Assets shall vest absolutely in the U.S. Nominee, 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 [NAME] dated [DATE]; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) or any other personal property registry system; and (iii) those Claims listed on Schedule “D” hereto (all of which are collectively referred to as the “**Encumbrances**”, which Claims and Encumbrances shall not include the Permitted Encumbrances (as defined in the Asset Purchase Agreement), which Permitted Encumbrances include the encumbrances, easements and restrictive covenants listed on Schedule “E”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. THIS COURT ORDERS that with respect to the U.S. Applicants (as defined in the Bell Affidavit) only, 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 Purchased Assets that are located within the territorial jurisdiction of the United States, free and clear of and from any Claims and Encumbrances.

6. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor’s certificate to the Purchaser substantially in the form attached as Schedule “F” hereto (the “**Monitor’s Share Sale Transaction Certificate**”, together with the Monitor’s Asset Sale Transaction Certificate, the “**Monitor’s Certificates**”), all of the Share Sellers’ right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser [**or the Canadian Nominee**], free and clear of and from any and all Claims and Encumbrances, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares.

7. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of Toronto of the Approval and Vesting Order and the Monitor’s Asset Sale Transaction Certificate, the Land Registrar is hereby directed to enter the Purchaser [**or the Canadian Nominee**] as the owner of the real property identified in Schedule “C” hereto (the

“Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule “D” hereto.

8. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall be paid to the Monitor and shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’s Asset Sale Transaction Certificate all Claims and Encumbrances relating to the Purchased Assets shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares shall be paid to the Monitor and shall stand in the place and stead of the Purchased Shares, and that from and after the delivery of the Monitor’s Share Sale Transaction Certificate all Claims and Encumbrances relating to the Purchased Shares shall attach to the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the Purchased Shares immediately prior to the sale, as if the Purchased Shares had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

10. THIS COURT ORDERS that the Monitor may rely on written notice from the Sellers and the Purchaser regarding fulfillment of conditions to closing under the Asset Purchase Agreement, the Purchase Offer and the Share Purchase Agreement and shall incur no liability with respect to delivery of the Monitor’s Asset Sale Transaction Certificate and the Monitor’s Share Sale Transaction Certificate.

11. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor’s Asset Sale Transaction Certificate and a copy of the Monitor’s Share Sale Transaction Certificate, forthwith after delivery thereof.

12. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Sellers are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the

Sellers' records pertaining to the Sellers' past and current employees, including personal information of those employees listed on Schedule 8.7(a) to the Asset Purchase Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Sellers.

13. 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 Cinram 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 Purchased Assets and the Purchased Shares in the Nominees 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.

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

15. THIS COURT ORDERS that Schedules 2.1(i), 4.3 and 4.6 to the Asset Purchase Agreement and Schedule I.3 to Exhibit I to the Asset Purchase Agreement be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

16. 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.

SCHEDULE "A"**Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

Cinram (U.S.) Holding's Inc.

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

Schedule "B" – Form of Monitor's Asset Sale Transaction Certificate

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

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

Applicants

MONITOR'S ASSET SALE TRANSACTION CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated [DATE OF ORDER], 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 [DATE] (the "**Approval and Vesting Order**"), the Court approved the asset purchase agreement made as of June 22, 2012 (the "**Asset Purchase Agreement**") between Cinram International Inc. ("**CII**") and Cinram Acquisition, Inc. (the "**Purchaser**") and provided for the vesting in (i) the Canadian Nominee of the Asset Sellers' right, title and interest in and to the Canadian Purchased Assets; and (ii) the U.S. Nominee of the Asset Sellers' right, title and interest in and to the United States Purchased Assets, which vesting is to be effective with respect to the Canadian Purchased Assets and the United States Purchased Assets 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 Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Asset Purchase Agreement have been satisfied

or waived by CII and the Purchaser; and (iii) the Asset Sale Transaction has been completed to the satisfaction of the Monitor.

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

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and CII has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Asset Purchase Agreement;
2. The conditions to Closing as set out in Article 7 of the Asset Purchase Agreement have been satisfied or waived by CII and the Purchaser; and
3. The Asset Sale Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on [DATE].

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

Per: _____

Name:

Title

DRAFT: 1 - June 22, 2012 at 5:32 PM

Schedule "C" – Real Property**2255 Markham Road, Toronto, Ontario**Firstly:

PIN 06079-0067 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 64R6927 and Part 1 on Plan 64R7116, confirmed by 64B1990, subject to SC574898, Toronto, City of Toronto

Secondly:

PIN 06079-0280 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 66R23795, subject to an easement over Part 3 on Plan 66R23795 as in SC574898, City of Toronto

Schedule "D" – Claims to be deleted and expunged from title to Real Property

1. Charge in favour of JPMorgan Chase Bank, N.A. registered on May 8, 2006 as Instrument No. AT1131509;
2. Charge in favour of JPMorgan Chase Bank, N.A. registered on December 7, 2010 as Instrument No. AT2570745;
3. Charge in favour of JPMorgan Chase Bank, N.A. registered on April 11, 2011 as Instrument No. AT2663576;
4. Notice in favour of JPMorgan Chase Bank, N.A. registered on April 11, 2011 as Instrument No. AT2663577;
5. Charge in favour of JPMorgan Chase Bank, N.A. registered on January 16, 2012 as Instrument No. AT2920218; and
6. Charge in favour of JPMorgan Chase Bank, N.A. registered on January 16, 2012 as Instrument No. AT2920219.

**Schedule "E" – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Those matters referred to in Subsection 44(1) of the Land Titles Act, except paragraph 11 and 14, provincial succession duties and escheats or forfeiture to the Crown;
2. The rights of any person who would, but for the Land Titles Act, be entitled to the land or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
3. Any lease to which subsection 70(2) of the Registry Act applies;
4. Transfer Easement registered on September 13, 1978 as Instrument No. SC574898;
5. Boundaries Act Plan registered on August 27, 1982 as Instrument No. 64BA1990;
6. Agreement registered on May 2, 1986 as Instrument No. TB318366;
7. Agreement registered on October 15, 1987 as Instrument No. TB454937;
8. Agreement registered on June 15, 1989 as Instrument No. TB611216;
9. Application (General) registered on September 19, 2003 as Instrument No. AT281551;
10. Notice registered on November 3, 2005 as Instrument No. AT970042; and
11. Notice registered on July 24, 2006 as Instrument No. AT1205222.

Schedule "F" – Form of Monitor's Share Sale Transaction Certificate

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

Applicants

MONITOR'S SHARE SALE TRANSACTION CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the "**Court**") dated [DATE OF ORDER], 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 [DATE] (the "**Approval and Vesting Order**"), the Court approved the purchase offer made as of June 22, 2012 (the "**Purchase Offer**") by Cinram Acquisition, Inc. (the "**Purchaser**") to Cinram International Inc. ("**CII**"), 1362806 Ontario Limited (together with CII, the "**Share Sellers**") and provided for the vesting in the Purchaser [or the Canadian Nominee] the Share Sellers' right, title and interest in and to the Purchased Shares, which vesting is to be effective with respect to the Purchased Shares 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 Purchased Shares; (ii) that the conditions to Closing as set out in Section 6 of the Purchase Offer and Article 6 of the Share Purchase Agreement have

been satisfied or waived by the Share Sellers and the Purchaser; and (iii) the Share Sale Transaction has been completed to the satisfaction of the Monitor.

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

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Share Sellers have received the Purchase Price for the Purchased Shares payable on the Closing Date pursuant to the Purchase Offer;
2. The conditions to Closing as set out in Section 6 of the Purchase Offer and Article 6 of the Share Purchase Agreement have been satisfied or waived by the Share Sellers and the Purchaser; and
3. The Share Sale Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on [DATE].

**FTI Consulting Canada Inc., in its
capacity as Monitor of the CCAA Parties,
and not in its personal 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: _____

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

APPROVAL AND VESTING ORDER

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

Robert J. Chadwick LSUC#: 35165K
Melaney J. Wagner LSUC#: 44063B
Caroline Descours LSUC#: 58251A

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

1, 2012 at 5:32 PM

16089693

EXHIBIT C

CCAA Initial Order

Attached

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	MONDAY, THE 25 TH
)	
JUSTICE)	DAY OF JUNE, 2012

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

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

Applicants

INITIAL ORDER

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

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

DRAFT: 1- June 22, 2012 at 4:55 PM

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

SERVICE

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

CAPITALIZED TERMS

2. THIS COURT ORDERS that unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Bell Affidavit.

APPLICATION

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

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

SUPPORT AGREEMENT

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

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE CCAA PARTIES OR THE PROPERTY

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

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

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH RIGHTS

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

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

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

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

KEY EMPLOYEE RETENTION PROGRAM

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

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

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

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

31. THIS COURT ORDERS that the summary of the KERP attached as Exhibit K to the Bell Affidavit be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

INVESTMENT BANKER

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

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

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

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

PROCEEDINGS AGAINST TRUSTEES, DIRECTORS AND OFFICERS

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

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

TRUSTEES', DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIP FINANCING

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

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

51. THIS COURT ORDERS that each of Part D, E and G of Schedule 5.15, Part A.2 of Schedule 5.17, Schedule 7.06 and Schedule 7.08 to the DIP Credit Agreement be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

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

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

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

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

including, without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Charged Property.

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

56. THIS COURT ORDERS that the CCAA Parties or any one of them shall not file a Plan or Proposal in these proceedings or proceed with any other restructuring that does not provide for the indefeasible payment in full in cash of the obligations outstanding under the DIP Credit Agreement and the other Definitive Documents as a pre-condition to the implementation of any such Plan or Proposal or any other restructuring, without the prior written consent of the DIP Agent. Further, if the Support Agreement terminates in accordance with Section 7(a)(iv)(C) thereof, the stays of proceedings provided for herein shall not apply to the Pre-Petition First Lien Agent, Pre-Petition First Lien Lenders or their respective rights under or in respect of the Pre-Petition First Lien Credit Agreement and the Pre-Petition First Lien Agent and Pre-Petition First Lien Lenders may (A) set off and/or consolidate any amounts owing by the Pre-Petition First Lien Lenders to the Applicants against the obligations of the Applicants to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement and may make, demand, accelerate payment and give other notices, and (B) upon 5 days notice to the CCAA Parties and the

Monitor, exercise any and all of their rights and remedies under or pursuant to the Pre-Petition First Lien Credit Agreement or the *Personal Property Security Act* of Ontario or any other applicable jurisdiction, the *Uniform Commercial Code* of the applicable jurisdiction and/or *Mortgages Act* (Ontario) and equivalent legislation in the applicable jurisdiction, including, without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

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

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

Second – DIP Lenders' Charge;

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

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

Fifth – Consent Consideration Charge.

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

59. THIS COURT ORDERS that each of the Directors' Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge and the DIP Lenders' Charge (all as constituted and defined herein) shall constitute a charge on the Charged

Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, notwithstanding the order of perfection or attachment, except for any validly perfected security interest in favour of a “secured creditor” as defined in the CCAA existing as at the date hereof other than any validly perfected security interest in favour of the Pre-Petition First Lien Agent, Pre-Petition Second Lien Agent, Pre-Petition First Lien Lenders or Pre-Petition Second Lien Lenders; provided that the Consent Consideration Charge is subordinate to the prior payment in full of all obligations under the Pre-Petition First Lien Credit Agreement in respect of the First-Out Revolving Credit Commitments (as defined in the Pre-Petition First Lien Credit Agreement). No Charge created by this Order shall attach to or create any claim, lien, charge, security interest or encumbrance on the property of a customer of a CCAA Party or where a customer has title to such property, notwithstanding that such property may be in a CCAA Party’s possession. Nothing in this Order affects the priority of the Pre-Petition First Lien Agent, Pre-Petition Second Lien Agent, Pre-Petition First Lien Lenders and the Pre-Petition Second Lien Lenders against the rights of third parties (other than beneficiaries of the Charges) as of the date of this Order.

60. THIS COURT ORDERS that except as otherwise expressly provided for herein, or as may be approved by this Court, the CCAA Parties shall not grant any Encumbrances over any Charged Property that rank in priority to, or *pari passu* with, any of the Directors’ Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge or the DIP Lenders’ Charge, unless the CCAA Parties also obtain the prior written consent of the Monitor, the DIP Lenders and the beneficiaries of the Directors’ Charge, the Administration Charge, the KERP Charge and the Consent Consideration Charge, or further Order of this Court.

61. THIS COURT ORDERS that the Directors’ Charge, the Administration Charge, the KERP Charge, the Consent Consideration Charge, the DIP Credit Agreement, the Definitive Documents and the DIP Lenders’ Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender thereunder shall not

otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the CCAA Parties, and notwithstanding any provision to the contrary in any Agreement:

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

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

FOREIGN PROCEEDINGS

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

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

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

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

SERVICE AND NOTICE

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

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

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

GENERAL

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

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

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

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

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

SCHEDULE A**Additional Applicants**

Cinram International General Partner Inc.
Cinram International ULC
1362806 Ontario Limited
Cinram (U.S.) Holding's Inc.
Cinram, Inc.
IHC Corporation
Cinram Manufacturing LLC
Cinram Distribution LLC
Cinram Wireless LLC
Cinram Retail Services, LLC
One K Studios, LLC

SCHEDULE B

Charged Real Property Description

2255 Markham Road, Toronto, OntarioFirstly:

PIN 06079-0067 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 64R6927 and Part 1 on Plan 64R7116, confirmed by 64B1990, subject to SC574898, Toronto, City of Toronto

Secondly:

PIN 06079-0280 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 66R23795, subject to an easement over Part 3 on Plan 66R23795 as in SC574898, City of Toronto

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

Applicants

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

Proceeding commenced at Toronto

INITIAL ORDER

GOODMANS LLP
Barristers & Solicitors
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Tel: (416) 979-2211
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Lawyers for the Applicants

v6082974

1, 2012 at 4:55 PM

EXHIBIT D

Sale Recognition Order

Attached

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

----- X
In re : **Chapter 15**
: :
CINRAM INTERNATIONAL INC., et al.,¹ : **Case No. 12-_____ ()**
: :
Debtors in a Foreign Proceeding. : **(Jointly Administered)**
: :
----- X **Re: Docket No. [●]**

ORDER (I) RECOGNIZING THE CANADIAN SALE ORDER, (II) AUTHORIZING AND APPROVING THE SALE FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

Upon consideration of 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, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Certain Related Relief dated June [●], 2012 (the "**Motion**") filed by Cinram International ULC (the "**Foreign Representative**"), in its capacity as the court-appointed and duly authorized foreign representative for the above-captioned debtors (collectively, the "**Debtors**") in a proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA Proceeding**") pending before the Ontario Superior Court of Justice (the "**Canadian Court**"), for entry of an order (this "**Order**"), pursuant to sections 363, 365, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code, as amended from time to time (the "**Bankruptcy Code**"), Rules 2002, 6004, and 6006 of the

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

Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 6004-1(b) of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), (a) recognizing the Approval and Vesting Order entered by the Canadian Court on June [●], 2012 (the “**Canadian Sale Order**”), (b) authorizing and approving the sale (the “**Sale**”) of substantially all of the property and assets used in connection with the business carried on by the Debtors in North America (the “**Assets**”), excluding, without limitation, the Olyphant Facility, the Excluded Assets, and such other assets identified in the APA, pursuant to the terms and conditions of that certain Asset Purchase Agreement (the “**APA**”)² between Cinram International Inc. and Cinram Acquisition, Inc. (the “**Purchaser**”), a copy of which is attached to the Motion as Exhibit B, free and clear of liens, claims, encumbrances, and other interests, (c) authorizing the assumption and assignment of the Assumed Contracts (as defined in the APA), Real Property Leases, Personal Property Leases for property located in the United States, and Assumed Employee Plans (collectively, the “**Assumed Contracts**”) to the Purchaser, and (d) granting certain relief related thereto; and upon sufficient and adequate notice of the Motion; and no other or further notice of the Motion needing to be provided; and it appearing that this Court has jurisdiction over this matter pursuant to sections 157 and 1334 of title 28 of the United States Code, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and it appearing that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest; and this Court having reviewed and considered the (a) *Declaration of*

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the APA.

John Bell in Support of (I) Verified Chapter 15 Petitions, (II) Foreign Representative's Motion for Order Granting Provisional and Final Relief in Aid of Foreign CCAA Proceeding and (III) Certain Related Relief, and (b) Declaration of Mark Hootnick in Support of 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, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief; and upon the record of the hearings on the Motion and all other pleadings and proceedings in these chapter 15 cases; and after due deliberation thereon and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND DETERMINES THAT:³

Jurisdiction, Final Order, and Statutory Predicates

A. This Court has jurisdiction over the Motion, the transactions contemplated by the APA and any other ancillary documents and agreements related thereto pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a), and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 15 cases and the Motion in this Court and this District is proper under 28 U.S.C. § 1410.

B. This Order constitutes a final and appealable order as set forth in 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h), 6006(d), or 6006(g), this Court

³ The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by this Court at the Sale Hearing and any other proceeding related to the Motion are incorporated herein to the extent not inconsistent herewith. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

finds that there is no reason for delay in the implementation of this Order, and directs entry of judgment as set forth herein.

C. The bases for the relief sought in the Motion are sections 363(b), (f) and (m), 365, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, and 6006, and Local Rule 6004-1.

D. The relief granted herein is necessary and appropriate, serves the public interest and the interests of international comity, is consistent with the public policy of the United States, is warranted pursuant to sections 1520 and 1521 of the Bankruptcy Code, and will not cause any hardship to any parties in interest that is not outweighed by the benefits of the relief granted.

E. The relief requested in the Motion, including recognition of the Canadian Sale Order and approval of the APA, consummation of the Sale to the Purchaser, and assumption and assignment of the Assumed Contracts to the Purchaser is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest in these chapter 15 cases.

F. On June [*], 2012, the Canadian Court entered the Canadian Sale Order, wherein the Canadian Court, among other things, (a) approved the APA and certain ancillary agreements thereto, (b) authorized and directed the Debtors and their Canadian affiliates to take all steps necessary to consummate the transactions contemplated by the APA, (c) vested in the Purchaser absolute, clear, and unencumbered title in and to the Assets free and clear of all liens and encumbrances relating to, accruing or arising any time prior to the Closing Date (collectively, the “**Liens**”), claims and other interests, with such Liens, claims, and interests attaching to the proceeds generated from the sale of the Assets, and (d) found that the APA is commercially reasonable and is in the best interests of the Debtors, their Canadian affiliates, and all of their stakeholders.

The Purchaser

G. The APA, each of its terms, and each of the transactions contemplated therein were negotiated, proposed and entered into by Cinram International Inc. and the Purchaser in good faith, without collusion, and from arm's-length bargaining positions. The Purchaser is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code, is purchasing the Assets in good faith, and, accordingly, is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

H. The Purchaser is not an "insider" or "affiliate" of the Foreign Representative or the Debtors as those terms are defined in the Bankruptcy Code. None of the Foreign Representative, the Debtors, nor the Purchaser has engaged in any conduct that would cause or permit the APA or the Sale to be avoided or permit any award of attorney's fees, costs, or damages under section 363(n) of the Bankruptcy Code. The Purchaser has not acted in a collusive manner with any person and the aggregate price paid by Purchaser for the Assets was not controlled by any agreement among bidders or potential bidders.

No Fraudulent Transfer

I. The consideration provided by the Purchaser pursuant to the APA: (a) is fair and reasonable; (b) is the highest and best offer for the Assets; (c) will provide a greater recovery to the Debtors' creditors than would be provided by any other available alternative; and (d) constitutes reasonably equivalent value (as those terms are defined in each of the Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, and section 548 of the Bankruptcy Code). The consideration provided by the Purchaser pursuant to the APA also constitutes fair consideration under the Bankruptcy Code and the laws of the United States, any state, territory, possession, or the District of Columbia. No other person, entity, or group of entities has offered to purchase the Assets for greater economic value to the Debtors than the

Purchaser. The Debtors' determinations that the APA constitutes the highest and best offer for the Assets were a valid, sound, and reasonable exercise of the Debtors' business judgment.

J. The Purchaser is not a mere continuation of the Debtors, and there is no continuity of enterprise between the Debtors and the Purchaser. The Purchaser is not holding itself out to the public as a continuation of the Debtors. The Purchaser is not a successor to the Debtors and the Sale does not amount to a consolidation, merger, or *de facto* merger of Purchaser and the Debtors.

Validity of Transfer

K. The Foreign Representative and Debtors, where applicable, (a) have full corporate power and authority to execute and deliver the APA and all other documents contemplated thereby, (b) have all corporate authority necessary to consummate the transactions contemplated by the APA, and (c) are authorized to take all corporate action necessary to authorize and approve the APA and the consummation of the transactions contemplated thereby. No consents or approvals, other than those expressly provided for in the APA, are required for the Debtors to consummate the Sale, the APA, or the transactions contemplated thereby.

L. The APA was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, or possession, or the District of Columbia. Neither the Debtors nor the Purchaser are fraudulently entering into the transactions contemplated by the APA.

M. The Debtors have good and marketable title to the Assets and are the lawful owners of the Assets. Subject to section 363(f) of the Bankruptcy Code, the transfer of the Assets to the Purchaser will be, as of the closing of the transactions contemplated by the APA (the "**Closing Date**"), a legal, valid, and effective transfer of the Assets, which transfer vests or will vest the Purchaser with all right, title, and interest in the Assets free and clear of (a) all

Liens, and (b) all debts arising under, relating to, or in connection with any act of the Debtors or claims (as that term is defined in section 101(5) of the Bankruptcy Code and herein), liabilities, obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests, matters, or any similar rights of any kind or nature, whether (i) arising prior to or subsequent to the commencement of this case, (ii) imposed by agreement, understanding, law, equity, or otherwise, (iii) known or unknown, (iv) secured or unsecured, or in the nature of setoff or recoupment, (v) choate or inchoate, (vi) filed or unfiled, (vii) scheduled or unscheduled, (viii) noticed or unnoticed, (ix) recorded or unrecorded, (x) perfected or unperfected, (xi) allowed or disallowed, (xii) contingent or non-contingent, (xiii) liquidated or unliquidated, (xiv) matured or unmatured, (xv) material or nonmaterial, (xvi) disputed or undisputed, (xvii) arising prior to or subsequent to the commencement of the CCAA Proceeding or these chapter 15 cases, or (xviii) imposed by agreement, understanding, law, equity, or otherwise, including claims otherwise arising under the doctrines of successor liability, in each case to the fullest extent permitted by law (collectively as described in this subclause (b), the “**Claims**”), relating to, accruing, or arising any time prior to the Closing Date, except to the extent expressly set forth in the APA.

N. On the Closing Date, this Order shall be construed, and shall constitute for any and all purposes, a full and complete general assignment, conveyance, and transfer of the Debtors’ interests in the Assets. This Order is and shall be effective as a determination that, on the Closing Date and except to the extent expressly set forth in the APA, all Liens, Claims, and other interests of any kind or nature whatsoever existing as to the Assets prior to the Closing Date shall have been unconditionally released, discharged, and terminated, in each case to the fullest extent permitted by law, and that the conveyances described herein have been effected;

provided, that such Liens, Claims, and other interests shall attach to the proceeds of the Sale in the order of their priority, with the same validity, force, and effect which they now have against the Assets.

O. This Order is and shall be binding upon and govern the acts of all persons and entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA.

P. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Assets, and upon entry of this Order, all such licenses, permits, registrations, and governmental authorizations and approvals shall be deemed to be transferred to the Purchaser as of the Closing Date.

Q. To the extent permitted by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Assets sold, transferred, or conveyed to the Purchaser on account of the filing or pendency of these chapter 15 cases or the consummation of the transactions contemplated by the APA.

Section 363(f)

R. The conditions of section 363(f) of the Bankruptcy Code have been satisfied in full and, upon entry of this Order the Debtors may sell the Assets free and clear of all Liens,

Claims, encumbrances, and interests, in each case to the fullest extent permitted by law and except as otherwise provided in the APA or the Canadian Sale Order. The Purchaser would not have entered into the APA and would not consummate the transactions contemplated thereby if the Sale and the assumption of liabilities and obligations as set forth in the APA by the Purchaser were not free and clear of Liens and Claims as provided herein.

S. Except to the extent expressly set forth in the APA, the Purchaser shall not be responsible for any Liens or Claims, including, without limitation, in respect of (a) any labor or employment agreements, (b) any mortgages, deeds of trust and security interests, (c) intercompany loans and receivables between the Debtors and any non-debtor subsidiary, (d) any pension, welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plan of any Debtors, (e) any other employee, worker's compensation, occupational disease or unemployment or temporary disability related claim, including, without limitation, claims that might otherwise arise under or pursuant to (i) the Employee Retirement Income Security Act of 1974, as amended, (ii) the Fair Labor Standards Act, (iii) Title VII of the Civil Rights Act of 1964, (iv) the Federal Rehabilitation Act of 1973, (v) the National Labor Relations Act, (vi) the Worker Adjustment and Retraining Act of 1988, (vii) the Age Discrimination and Employee Act of 1967 and the Age Discrimination in Employment Act, as amended, (viii) the Americans with Disabilities Act of 1990, (ix) the Consolidated Omnibus Budget Reconciliation Act of 1985, (x) state discrimination laws, (xi) state unemployment compensation laws or any other similar state laws, or (xii) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors, (f) Claims or Liens arising under any environmental laws with respect to any assets owned or operated by Debtors or any of their predecessors at any time prior to the Closing

Date and any of the Debtors' liabilities other than those assumed under the APA, (g) any bulk sales or similar law, (h) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and (i) any other theories of successor liability, except as expressly set forth in the APA.

T. Except to the extent expressly stated in the APA, the Purchaser shall have no liability, obligation, or responsibility under the WARN Act (29 U.S.C. §§ 210 *et seq.*), the Comprehensive Environmental Response Compensation and Liability Act, or any foreign, federal, state, or local labor, employment, or environmental law by virtue of the Purchaser's purchase of the Assets or assumption of any liabilities identified in the APA.

U. Upon entry of this Order, the Debtors may sell the Assets free and clear of all Liens and Claims against the Debtors or any of the Assets to the extent provided in the APA and this Order because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of Liens or Claims against the Debtors or any of the Assets who did not object or who withdrew their objections to the Sale or the Motion are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

V. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to act to cancel any Liens and other encumbrances of record.

W. If any person or entity which has filed statements or other documents or agreements evidencing Liens on, or interests in, all or any portion of the Assets shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of Liens, and any other documents necessary for the purpose of documenting the release of all Liens or interests which the person or entity has or may assert with respect to all or any portion of the Assets, the

Foreign Representative is hereby authorized and directed, and the Purchaser is hereby authorized, on behalf of the Debtors and each of the Debtors' creditors, to execute and file such statements, instruments, releases, and other documents on behalf of such person or entity with respect to the Assets.

Compelling Circumstances for an Immediate Sale

X. Good and sufficient reasons for approval of the APA and the Sale have been articulated. The relief requested in the Motion is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest. The Debtors have demonstrated (a) good, sufficient, and sound business purposes and justifications for approving the APA, and (b) compelling circumstances for the Sale outside of (i) the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, and (ii) a plan of reorganization, in that, among other things, the immediate consummation of the Sale to the Purchaser is necessary and appropriate to maximize the value of the Debtors' Assets and distributions to their creditors.

Y. To maximize the value of the Assets and preserve the viability of the business to which the Assets relate, it is essential that the Sale occur within the time constraints set forth in the APA. Time is of the essence in consummating the Sale.

Z. Given all of the circumstances of these chapter 15 cases and the adequacy and fair value of the consideration provided under the APA, the Sale constitutes a reasonable and sound exercise of the Debtors' business judgment and should be approved.

General Authorization of Assumption and Assignment

AA. The consummation of the Sale and the assumption and assignment of the Closing Assumed Contracts (as hereinafter defined) designated by Purchaser for assumption and assignment at Closing and the Open Contracts and the Olyphant Contracts designated by Purchaser after Closing for assumption and assignment, are legal, valid, and properly authorized

under all applicable provisions of the Bankruptcy Code, including sections 363(b), 363(f), 363(m), 365, and 105(a) thereof. Good and sufficient notice of the assumption and assignment of the Closing Assumed Contracts at Closing and the procedures for the assumption and assignment of the Open Contracts and Olyphant Contracts after Closing was provided to contract counterparties by service of (a) the Motion and (b) the notice of potential assumption and assignment of Closing Assumed Contracts. The Assumption and Assignment Procedures (as defined in the Motion) are good and sufficient under the circumstances, including in light of the CCAA Proceeding and the Canadian Sale Order.

BB. Pursuant to sections 365 and 105(a) of the Bankruptcy Code, and subject to and conditioned upon the closing of the Sale, and subject to the designation rights and procedures contained in this Order and section 9.2 of the APA, the Debtors and Foreign Representatives' assumption and assignment to the Purchaser, and the Purchaser's assumption of the Closing Assumed Contracts, the Open Contracts and the Olyphant Contracts is hereby approved.

CC. Except as otherwise set forth herein and subject to the procedures set forth herein, the Debtors are hereby authorized and directed in accordance with sections 363, 365, and 105(a) of the Bankruptcy Code to assume and assign to the Purchaser the Closing Assumed Contracts free and clear of all Claims, Liens, or other interests of any kind or nature whatsoever, without the need for any further documentation. The Debtors and the Purchaser have cured, or have provided adequate assurance that they will cure on or prior to the Closing Date as to each Closing Assumed Contract (or for each Open Contract and Olyphant Contract that becomes an Assumed Contract after the Closing Date as a result of designation by the Purchaser, have provided adequate assurance that they will promptly cure as to each Open Contract and Olyphant Contract being designated by the Purchaser for assumption and assignment and becoming an

Assumed Contract, subject to the applicable counterparty's right to object in accordance with the procedures set forth herein) all defaults existing as of or prior to assumption and assignment to the Purchaser.

Assumption and Assignment of Closing Assumed Contracts

DD. On July 6, 2012, the Debtors and the Foreign Representative, in compliance with section 9.2 of the APA, filed with this Court and served upon counterparties to all unexpired leases and executory contracts related to the Purchased Assets (without regard to whether the Purchaser had then designated such leases and executory contracts for assumption and assignment) a notice that such unexpired leases and executory contracts may be designated for assumption and assignment to the Purchaser in connection with the Closing, including cure amounts proposed to be paid to the applicable counterparty in the event that such contracts are assumed and assigned to the Purchaser in connection with the Closing. Pursuant to the terms of such notice, counterparties were provided ten Business Days to object to the assumption and assignment of their unexpired leases and executory contracts. Such notice is good, sufficient, and appropriate under the circumstances. If an objection to assumption and assignment of any executory contract or unexpired lease set forth on such notice is timely filed, a hearing on such objection shall be held before this Court as soon as reasonably practicable thereafter and, in any case, prior to the Closing Date. Any executory contract or unexpired lease set forth on such notice that is not assumed and assigned to the Purchaser in connection with the Closing shall be treated in accordance with the procedures set forth below for Open Contracts.

EE. The Purchaser shall have the right, consistent with section 9.2 of the APA, to determine which of the executory contracts and unexpired leases will be assumed and assigned to it at any time before or at Closing. Within one Business Day after the Closing, the Foreign

Representative shall file with this Court a list of all Assumed Contracts that were actually assumed and assigned to the Purchaser at the Closing (the “**Closing Assumed Contracts**”), and shall serve notice of such assumption and assignment upon all counterparties to such Closing Assumed Contracts.

Assumption and Assignment of Open Contracts

FF. Notwithstanding anything to the contrary herein, from and after the Closing Date the Purchaser shall have the right, exercisable without limitation at any time and from time to time, to notify the Seller that it is designating any Assumed Contracts, Real Property Leases Personal Property Leases, or Assumed Employee Plans not assigned to the Purchaser on the Closing Date (each, an “**Open Contract**”) for assumption and assignment to the Purchaser. Within three Business Days of their receipt of such a notice, the Debtors shall file with this Court notice of such designation and serve a notice (a “**Designation Notice**”) upon the applicable counterparty to such Open Contract of the assumption and assignment of its contract, including an updated cure amount to be paid in connection with such assumption and assignment. Such counterparties shall have seven Business Days from receipt of such Designation Notice to file an objection to such assumption and assignment with this Court. If no such objection is filed, the Debtors shall be authorized to assume and assign such Open Contract to the Purchaser and pay such cure amount in full satisfaction of all defaults under the Open Contract without any further order of this Court. The applicable date of assumption shall be the date of service of the Designation Notice. If such an objection is filed, a hearing shall be scheduled before this Court as soon as reasonably practicable thereafter. The Purchaser shall endeavor in good faith to complete the assumption and assignment or rejection process for all Open Contracts by September 15, 2012.

GG. Notwithstanding anything herein, the Debtors may, on not fewer than ten Business Days' prior written notice to the Purchaser (each such notice, a "**Rejection Notice**"), cause to be rejected any Open Contract set forth in the Rejection Notice, subject to the right of the Purchaser, upon receipt of the Rejection Notice and prior to the rejection of the applicable Open Contract, to either (a) designate such Open Contract for assumption and assignment in accordance with the procedures set forth in Section 9.2(j) of the APA and herein, as applicable, or (b) agree in writing to reimburse the applicable Debtors for the out-of-pocket expenses incurred under such Open Contract from and after the date of the Rejection Notice until the date on which the Purchaser provides the Debtors with notice of the Purchaser's decision as to whether to assume such Open Contract or permit its rejection, in which case the Debtors shall refrain from rejecting such Open Contract until the date they receive notification of such decision by the Purchaser. The Debtors shall act reasonably and in good faith in providing any Rejection Notices, including with respect to the quantity of Open Contracts set forth therein, and shall cooperate with the Purchaser in determining whether or not to assume any Open Contract.

Assumption and Assignment of Olyphant Contracts

HH. Notwithstanding anything to the contrary herein, from and after the Closing Date the Purchaser shall have the right, exercisable without limitation at any time and from time to time, to notify the Seller that it is designating any Olyphant Contract for assumption and assignment to the Purchaser. Within three Business Days of their receipt of such a notice, the Debtors shall file with this Court notice of such designation and serve a Designation Notice upon the applicable counterparty to such Olyphant Contract, including the proposed cure amount to be paid in connection with such assumption and assignment. Such counterparties shall have seven Business Days from receipt of such Designation Notice to file an objection to such assumption and assignment with this Court. If no such objection is filed, the Debtors shall be authorized to

assume and assign such Olyphant Contract to the Purchaser and pay such cure amount in full satisfaction of all defaults under the Olyphant Contract without any further order of this Court. The applicable date of assumption shall be the date of service of the Designation Notice. If such an objection is filed, a hearing shall be scheduled before this Court as soon as reasonably practicable thereafter.

Assumption and Assignment Generally

II. The Assumed Contracts, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, shall be transferred to, and remain in full force and effect for the benefit of, the Purchaser in accordance with their respective terms, notwithstanding any provision in any such Assumed Contract (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer. In addition, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability with respect to the Assumed Contracts for any breach of such Assumed Contract occurring after such assignment to, and assumption by, the Purchaser, except as provided in the APA.

JJ. No sections or provisions of any Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, that purport to provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor counterparty to the Assumed Contracts shall have any force or effect with respect to the Sale and assignments authorized by this Order. Such provisions constitute unenforceable anti-assignment provisions under section 365(f) of the Bankruptcy Code and are otherwise unenforceable under section 365(c) of the Bankruptcy Code. No assignment of any such Assumed Contract to the

Purchaser shall in any respect constitute a default under any such Assumed Contract. The non-debtor party to each Assumed Contract to be assumed and assigned at the Closing received notice as set forth in the Motion and shall be deemed to have consented to such assignment under section 365(c)(1)(B) of the Bankruptcy Code and the Purchaser shall enjoy all of the Debtors' rights and benefits under each such Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, as of the applicable date of assumption without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

KK. The failure of the Foreign Representative, Debtors, or Purchaser to enforce at any time one or more terms or conditions of any Assumed Contract, Open Contract, or Olyphant Contract shall not be a waiver of such terms or conditions or of the Foreign Representative's, Debtors', or Purchaser's rights to enforce every term and condition of such contract.

LL. Subject to the procedures set forth herein, all parties to the Assumed Contracts, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, are forever barred and enjoined from raising or asserting against the Purchaser any assignment fee, default, breach, Claim, pecuniary loss, or condition to assignment arising under or related to such contract existing as of the Closing Date or arising by reason of the Sale, these chapter 15 cases, or the CCAA Proceeding.

MM. Subject to the rights of contract counterparties to file objections as set forth herein, the Purchaser has demonstrated adequate assurance of future performance with respect to

the Assumed Contracts pursuant to sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code.

NN. In the event that the Purchaser shall determine to reject or refuse assignment of any Assumed Contracts in accordance with the procedures set forth in this Order, the Purchaser shall have no obligations with respect thereto, including any obligation to cure defaults thereunder.

Prohibition of Actions Against the Purchaser

OO. Except as otherwise specifically provided herein or in the APA and to the fullest extent permitted by law, the Purchaser shall not be liable for any Claims against the Foreign Representative or the Debtors, or any of their predecessors or affiliates, and the Purchaser shall have no successor or vicarious liabilities of any kind or character, including pursuant to any theory of antitrust, environmental, successor, or transferee liability, labor law, *de facto* merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, whether asserted or unasserted, whether legal or equitable, whether liquidated or unliquidated, including liabilities on account of warranties, intercompany loans and receivables between the Debtors and any non-debtor subsidiary, liabilities relating to or arising from any environmental laws, and any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of any of the Assets prior to the Closing Date.

PP. Upon entry of this Order, all persons and entities are forever barred, estopped, and permanently enjoined from asserting against the Purchaser, any of its successors or assigns, their property, or the Assets, such persons' or entities' Liens, Claims, or interests in and to the Assets that arose prior to the Closing Date, including the following actions: (a) commencing or continuing in any manner any action or other proceeding against the Purchaser, any of its

affiliates, its successors, assets, or properties; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Purchaser, any of its affiliates, its successors, assets, or properties; (c) creating, perfecting, or enforcing any Lien or other Claim against the Purchaser, any of its affiliates, its successors, assets, or properties; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Purchaser, any of its affiliates, or successors; (e) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the provisions of this Order, other orders of this Court or the Canadian Court, the APA, or actions contemplated or taken in respect thereof; or (f) revoking, terminating, failing, or refusing to transfer or renew any license, permit, or authorization to operate any of the Assets or conduct any of the businesses operated with the Assets.

QQ. On the Closing Date, or as soon as possible thereafter, each creditor is authorized and directed, and the Purchaser is hereby authorized, on behalf of each of the Debtors' creditors, to execute such documents and take all other actions as may be necessary to release Liens, Claims, and other interests in or on the Assets, if any, as provided for herein, as such Liens may have been recorded or may otherwise exist.

RR. Upon entry of this Order, all persons and entities shall be forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Assets to the Purchaser in accordance with the terms of the APA and this Order.

SS. The Purchaser has given substantial consideration under the APA for the benefit of the Debtors and their creditors. The consideration given by the Purchaser shall constitute valid and valuable consideration for the releases of any potential Claims and Liens pursuant to

this Order, which releases shall be deemed to have been given in favor of the Purchaser by all holders of Liens against or interests in, or Claims against the Debtors, or any of the Assets.

TT. Effective as of the Closing Date, the Purchaser and its successors and assigns shall be designated and appointed the Debtors' true and lawful attorney and attorney-in-fact, with full power of substitution, in the Debtors' name and stead, on behalf of and for the benefit of the Purchaser, its successors and assigns, for the limited purposes of demanding and receiving from any third party any and all of the Assets and to give receipts and releases for and in respect of the Assets, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Purchaser and its successors and assigns any and all proceedings at law, in equity, or otherwise, which the Purchaser and its successors and assigns may deem proper for the collection or reduction to possession of any of the Assets.

Notice of the Motions, Sale, and Sale Hearing

UU. As evidenced by the certificates of service filed with this Court: (a) proper, timely, adequate, and sufficient notice of the Motions and the Sale Hearing has been provided by the Foreign Representative; (b) such notice was good, sufficient, and appropriate under the circumstances; and (c) no other or further notice of the Motion, the proposed Sale, or the Sale Hearing is or shall be required.

VV. A reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein, including the assumption and assignment of the Assumed Contracts and any cure costs related thereto under section 365 of the Bankruptcy Code, has been afforded to all interested persons and entities.

WW. The disclosures made by the Foreign Representative concerning the Motion, the Sale Hearing, and the assumption and assignment of the Assumed Contracts were good, complete, and adequate.

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

1. The Motion is granted.
2. All objections, if any, to the Motion, the relief requested therein, or (to the extent filed prior to the date hereof) the assumption and assignment of a Closing Assumed Contract that have not been withdrawn, waived or settled as announced to this Court at the Sale Hearing, or by stipulation filed with this Court, and all reservations of rights included therein, are hereby overruled on the merits, except as expressly provided herein.
3. The Canadian Sale Order is hereby recognized and affirmed in all respects, and shall be fully enforceable pursuant to its terms.
4. The APA, all transactions contemplated therein, and all of the terms and conditions thereof are hereby approved.
5. Pursuant to sections 363 and 105 of the Bankruptcy Code, the Foreign Representative and the Debtors are authorized to enter into and perform all of their obligations under and comply with the terms of the APA and consummate the Sale, pursuant to and in accordance with the terms and conditions of the APA and this Order, and to take any and all actions necessary and appropriate to implement the Canadian Sale Order, the APA, and this Order.
6. The Debtors are authorized in accordance with sections 365 and 105(a) of the Bankruptcy Code to assume and assign the Assumed Contracts, Open Contracts, and Olyphant Contracts to the Purchaser free and clear of all Claims in accordance with the procedures set forth in this Order and section 9.2 of the APA, all of which such procedures are approved.
7. The Assumed Contracts shall be transferred to, and remain in full force and effect for the benefit of the Purchaser in accordance with their respective terms, notwithstanding any provision in any such Assumed Contract (including those of the type described in

sections 365(e)(1) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer. There shall be no rent accelerations, assignment fees, increases, or any other fees charged to the Purchaser or the Debtors as a result of the assumption or assignment of Assumed Contracts, the commencement of these chapter 15 cases, or the commencement of the CCAA Proceeding. No Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, may be terminated, or the rights of any party modified in any respect, including pursuant to any “change of control” clause, by any other party thereto, as a result of the transactions contemplated by the APA.

8. The sale of the Assets to the Purchaser shall constitute a legal, valid, and effective transfer of the Foreign Representative’s and the Debtors’ right, title, and interest in the Assets notwithstanding any requirement for approval or consent by any person or entity and shall vest the Purchaser with any and all right, title, and interest of the Foreign Representative and the Debtors in and to the Assets free and clear of all Liens, Claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code except as otherwise provided in the APA, with such Liens and Claims attaching to the proceeds generated from the sale of the Assets in the order of their priority, with the same validity, force, and effect which they now have against the Assets.

9. This Order and the APA shall be binding in all respects upon the Foreign Representative, the Debtors, all creditors and equity-holders of the Debtors, all counterparties to the Assumed Contracts, all successors and assigns of the Debtors and their affiliates and subsidiaries, and any trustees, examiners, “responsible persons,” or other fiduciaries that are or

may be appointed in these chapter 15 cases under the Bankruptcy Code. The APA shall not be subject to rejection or avoidance under any circumstances.

10. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Foreign Representative to transfer the Assets to the Purchaser in accordance with the APA and this Order.

11. The transactions contemplated by the APA are undertaken by the Purchaser in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein of the Sale shall not affect the validity of the Sale to the Purchaser, unless such authorization is duly stayed pending such appeal.

12. The terms and provisions of this Order shall be binding upon and govern the acts of any and all filing agents, filing officers, administrative agencies and units, governmental departments and units, secretaries of state, federal, state, and local officials, and other persons or entities which may be required by operation of law, the duties of their office, or contract to accept, file, register, or otherwise record or insure any title or state of title in or to the Assets.

13. The failure specifically to include any particular provision of the APA in this Order or any related agreements in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of this Court, the Foreign Representative, and the Purchaser that the APA and any related agreements are authorized and approved in their entirety, and in the case of the APA and any related agreements, with such amendments thereto as may be made by the parties in accordance with the terms and conditions of the APA and this Order.

14. The APA, and any related agreements, documents, or other instruments, may be waived, modified, amended, or supplemented by agreement of Cinram International Inc. and the

Purchaser, and in accordance with the terms thereof, without further order of the Court; *provided, however*, that any such waiver, modification, amendment, or supplement does not materially change the terms of the APA and does not have a material adverse effect on the Debtors.

15. In the event that there is a direct conflict between the terms of this Order and the APA, the terms of this Order shall govern and control.

16. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

17. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), and 6006(g), this Order shall not be stayed after the entry of this Order and shall be effective immediately upon entry, and the Foreign Representative and the Purchaser are authorized to close the Sale immediately upon entry of this Order.

18. This Court shall retain jurisdiction with respect to any and all matters, claims, rights, or disputes arising from or related to the Motions or the implementation or interpretation of this Order.

Dated: June __, 2012

THE HONORABLE [●]
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT E**Transition Services Agreement Matters**

- The Buyer providing management services to the European Business in substance and scope similar to the services presently provided by the Seller to the European Business until the earlier to occur of (a) the European Business transaction closing, and (b) twelve (12) months from the date of this Agreement
- Use by the Buyer of the Olyphant Facility for a period of up to twelve (12) months following the Closing Date, with the costs of operation and use of the facility borne by the Buyer but otherwise rent-free
- The Buyer providing management and other services to Cinram Wireless LLC in substance and scope similar to the services presently provided, subject to cost allocations consistent with past practice between the Seller and Cinram Wireless LLC but otherwise without charge, until the scheduled termination of its key customer contract

EXHIBIT F

Escrow Agreement

Attached

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (as the same may be amended or modified from time to time pursuant hereto, this “**Agreement**”) is made and entered into as of June 22, 2012, by and among, Cinram Acquisition, Inc., a Delaware corporation (“**Buyer**”), Cinram International Inc., a corporation organized under the Canada Business Corporations Act (“**Seller**”, and together with Buyer, sometimes referred to individually as “**Party**” or collectively as the “**Parties**”), and JPMorgan Chase Bank, National Association (the “**Escrow Agent**”).

WHEREAS, the Parties have entered into an Asset Purchase Agreement of even date herewith (the “**Purchase Agreement**”), pursuant to which, among other things, Buyer has agreed to purchase from Seller certain assets of Seller and its affiliates utilized in North America.

WHEREAS, pursuant to the Purchase Agreement, the Parties have agreed that Buyer will deposit in escrow certain funds and the Parties wish such deposit to be subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Appointment.** The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. **Fund.** Concurrently with the execution of this Agreement, Buyer is depositing with the Escrow Agent the sum of \$5,000,000 (the “**Escrow Deposit**”). The Escrow Agent shall hold the Escrow Deposit and, subject to the terms and conditions hereof, shall invest and reinvest the Escrow Deposit and the proceeds thereof (the “**Fund**”) as directed in Section 3.

3. **Investment of Fund.** During the term of this Agreement, the Fund shall be invested in a JPMorgan Money Market Deposit Account (“**MMDA**”) or a successor or similar investment offered by the Escrow Agent, unless otherwise instructed in writing by the Parties and as shall be acceptable to the Escrow Agent. MMDA have rates of compensation that may vary from time to time based upon market conditions. Instructions to make any other investment (“**Alternative Investment**”) must be in writing and executed by an Authorized Representative (as defined in Section 11) and shall specify the type and identity of the investments to be purchased and/or sold. The Escrow Agent is hereby authorized to execute purchases and sales of investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent or any of its affiliates may receive compensation with respect to any Alternative Investment directed hereunder including without limitation charging any applicable agency fee in connection with each transaction. The Parties recognize and agree that the Escrow Agent will not provide supervision, recommendations or advice relating to either the investment of moneys held in the Fund or the purchase, sale, retention or other disposition of any investment described herein. The Escrow Agent shall not have any liability for any loss sustained as a result of any investment in an investment made pursuant to the terms of this Agreement or as a result of any liquidation of any investment prior to its maturity or for the failure of the Parties to give the Escrow Agent instructions to invest or reinvest the Fund. The

Escrow Agent shall have the right to liquidate any investments held in order to provide funds necessary to make required payments under this Agreement.

Market values, exchange rates and other valuation information (including without limitation, market value, current value or notional value) of any Alternative Investment furnished in any report or statement may be obtained from third party sources and is furnished for the exclusive use of the Parties. Escrow Agent has no responsibility whatsoever to determine the market or other value of any Alternative Investment and makes no representation or warranty, express or implied, as to the accuracy of any such valuations or that any values necessarily reflect the proceeds that may be received on the sale of an Alternative Investment.

4. **Disposition and Termination.**

(a) The Fund shall be paid to Seller at the closing of the transactions described in the Purchase Agreement (the “**Closing**”). Buyer and Seller shall give the Escrow Agent joint written instructions, executed by an Authorized Representative of each Party, as to the date and time of the Closing.

(b) In the event that (i) Seller terminates the Purchase Agreement pursuant to Section 10(b)(ii) or Section 10.1(c)(ii) of the Purchase Agreement based on a material breach of the Purchase Agreement being committed by Buyer and Buyer being unable to timely cure such breach, Seller shall provide the Escrow Agent with a notice to pay the Fund to Seller, or (ii) the Purchase Agreement is terminated for any other reason, Buyer shall provide the Escrow Agent with a notice to pay the Fund to Buyer (the party delivering the notice being referenced herein as the “**Notifying Party**”). The Notifying Party shall provide a copy of such notice pursuant to clause (i) or (ii) of the preceding sentence (the “**Disbursement Notice**”) concurrently to Buyer or Seller, as applicable (the “**Receiving Party**”). The Receiving Party shall have the right to object to the Disbursement Notice prior to 5:00 pm. eastern standard time on the third (3rd) Business Day after Escrow Agent’s receipt of the Disbursement Notice (“**Objection Period**”) by providing written notice of such objection to the Escrow Agent and the Notifying Party, which notice must include the dollar amount and the basis of such objection (an “**Objection**”). Unless the Receiving Party timely makes an Objection during the Objection Period, then on the fifth (5th) Business Day following delivery of the Disbursement Notice to the Escrow Agent, the Escrow Agent shall pay to the party specified in the Disbursement Notice the full amount of the Fund. Payments shall be made by wire transfer of immediately available funds pursuant to the instructions set forth in the Disbursement Notice or Section 11 of this Agreement. If the Receiving Party timely files an Objection to the Disbursement Notice, then the Escrow Agent shall not distribute the Fund until and as instructed by (i) a written notice signed by both the Notifying Party and the Receiving Party, or (ii) a binding judgment of a court of competent jurisdiction which is not subject to appeal; provided, with respect to clause (ii), that the Notifying Party and the Receiving Party agree and acknowledge that such judgment must be issued or obtained in accordance with the provisions of the Purchase Agreement and the Escrow Agent shall be under no obligation to determine whether such judgment is final and is subject to further appeal and potential reversal.

(d) Upon delivery of the entirety of the Fund by the Escrow Agent pursuant to Section 4(a) or 4(b), this Agreement shall terminate, subject to the provisions of Section 8(b).

5. Escrow Agent.

(a) The Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, including without limitation the Purchase Agreement (each, an “**Underlying Agreement**”), nor shall the Escrow Agent be required to determine if any person or entity has complied with any Underlying Agreement, nor shall any additional obligations of the Escrow Agent be inferred from the terms of any Underlying Agreement, even though reference thereto may be made in this Agreement. In the event of any conflict between the terms and provisions of this Agreement, those of any Underlying Agreement, any schedule or exhibit attached to any Underlying Agreement or any other agreement among the Parties, the terms and conditions of this Agreement shall control. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any written notice, document, instruction or request furnished to it hereunder and believed by it to be genuine and to have been signed or presented by an Authorized Representative of the proper Party or Parties without inquiry and without requiring substantiating evidence of any kind. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Fund, including, without limitation, the Escrow Deposit nor shall the Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with it hereunder.

(b) The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that a final adjudication of a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of any loss to either Party. The Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents. The Escrow Agent may consult with counsel, accountants and other skilled persons to be selected and retained by it. The Escrow Agent shall not be liable for any action taken, suffered or omitted to be taken by it in accordance with, or in reliance upon, the advice or opinion of any such counsel, accountants or other skilled persons. In the event that the Escrow Agent shall be uncertain or believe there is some ambiguity as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be given a direction in writing by the Parties which eliminates such ambiguity or uncertainty to the satisfaction of Escrow Agent or by a final and non-appealable order or judgment of a court of competent jurisdiction. The Parties agree to pursue any redress or recourse in connection with any dispute without making the Escrow Agent a party to the same. Anything in this Agreement to the contrary notwithstanding, in no event shall the Escrow Agent be liable for special, incidental, punitive, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Escrow

Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

6. Succession.

(a) The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty (30) days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect. If the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) days following receipt of the notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon all of the parties hereto. Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Fund (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time of delivery Escrow Agent's obligations hereunder shall cease and terminate, subject to the provisions of Section 8(b). In accordance with Section 8(b), the Escrow Agent shall have the right to withhold an amount equal to any amount due and owing to the Escrow Agent, plus any costs and expenses the Escrow Agent shall reasonably believe may be incurred by the Escrow Agent in connection with the termination of the Agreement.

(b) Any entity into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business may be transferred, shall be the Escrow Agent under this Agreement without further act.

7. Compensation and Reimbursement. Buyer agrees (a) to pay the Escrow Agent upon execution of this Agreement and from time to time thereafter reasonable compensation for the services to be rendered hereunder, which unless otherwise agreed in writing shall be as described in Schedule 2 attached hereto, and (b) to pay or reimburse the Escrow Agent upon request for all expenses, disbursements and advances, including, without limitation reasonable attorney's fees and expenses, incurred or made by it in connection with the performance, modification and termination of this Agreement. The obligations contained in this Section 7 shall survive the termination of this Agreement and the resignation, replacement or removal of the Escrow Agent.

8. Indemnity.

(a) The Parties shall jointly and severally indemnify, defend and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, agents and employees (the "**Indemnitees**") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, litigation, investigations, costs or expenses (including, without limitation, the fees and expenses of outside counsel and experts and their staffs and all expense of document location, duplication and shipment) (collectively "**Losses**") arising out of or in connection with (i) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Indemnitee, except

in the case of any Indemnitee to the extent that such Losses are finally adjudicated by a court of competent jurisdiction to have been primarily caused by the gross negligence or willful misconduct of such Indemnitee, or (ii) its following any instructions or directions, whether joint or singular, from the Parties, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The indemnity obligations set forth in this Section 8(a) shall survive the resignation, replacement or removal of the Escrow Agent or the termination of this Agreement.

(b) The Parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in, the Fund for the payment of any claim for indemnification, fees, expenses and amounts due to the Escrow Agent or an Indemnitee. In furtherance of the foregoing, the Escrow Agent is expressly authorized and directed, but shall not be obligated, to charge against and withdraw from the Fund for its own account or for the account of an Indemnitee any amounts due to the Escrow Agent or to an Indemnitee under Sections 6(a), 7 or 8(a) of this Agreement.

9. Patriot Act Disclosure/Taxpayer Identification Numbers/Tax Reporting.

(a) Patriot Act Disclosure. Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (“**USA PATRIOT Act**”) requires the Escrow Agent to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the Parties acknowledge that Section 326 of the USA PATRIOT Act and the Escrow Agent’s identity verification procedures require the Escrow Agent to obtain information which may be used to confirm the Parties identity including without limitation name, address and organizational documents (“**identifying information**”). The Parties agree to provide the Escrow Agent with and consent to the Escrow Agent obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Escrow Agent.

(b) Certification and Tax Reporting. The Parties have provided the Escrow Agent with their respective fully executed Internal Revenue Service (“**IRS**”) Form W-8, or W-9 and/or other required documentation. All interest or other income earned under this Agreement shall be allocated to the Party to whom the Fund is distributed pursuant to Section 4 and reported, as and to the extent required by law, by the Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the Escrow Deposit by such Party when said income has been distributed. The Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation or as required by law, and shall remit such taxes to the appropriate authorities. The Parties hereby represent to Escrow Agent that no other tax reporting of any kind is required given the underlying transaction giving rise to this Agreement.

10. Notices. All communications hereunder shall be in writing or set forth in Portable Document Formant (“**PDF**”) attached to an email, and all instructions from a Party or the Parties to the Escrow Agent shall be executed by an Authorized Representative shall be deemed to be duly given after it has been received if it is sent or served:

- (a) by facsimile;
- (b) by email address;
- (b) by overnight courier; or
- (c) by prepaid registered mail, return receipt requested;

to the appropriate notice address set forth below or at such other address as any party hereto may have furnished to the other parties in writing.

If to Buyer: Cinram Acquisition, Inc.
c/o Najafi Companies, LLC
2525 East Camelback Road, Suite 850
Phoenix, Arizona 85016
Attn: Jahm Najafi
Telephone: (602) 476-0600
Facsimile: (602) 476-0625

With a copy to: Ballard Spahr LLP
East Washington, Suite 2300
Phoenix, Arizona 85004
Attn: Karen C. McConnell
Telephone: (602) 798-5403
Facsimile: (602) 798-5595

If to Seller: Cinram International Inc.
2255 Markham Road,
Scarborough, ON M1B 2W3
Attn: Steve Brown
Telephone: (416) 298-8190
Facsimile: (416) 332-2403

With copies to: Goodmans LLP
333 Bay Street, Suite 3400
Toronto, ON, M5H 2S7
Attn: Robert Chadwick/ Neill May/Melaney Wagner
Telephone: (416) 979-2211
Facsimile: (416) 979-1234

and

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Attn: Douglas P. Bartner/ Jill K. Frizzley
Telephone: (212) 848-4000
Facsimile: (646) 848-8174

If to the Escrow Agent: JPMorgan Chase Bank, N.A.
712 Main Street, 5th Floor South
Houston, Texas 77002
Attn: Ruth Chipongian, Escrow Services
Telephone: 713-216-6337
Facsimile: (713) 216-6927
Email Address: sw.escrow@jpmorgan.com

In the event that the Escrow Agent, in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate. For purposes of this Agreement, "**Business Day**" shall mean any day other than a Saturday, Sunday or any other day on which the Escrow Agent located at the notice address set forth above is authorized or required by law or executive order to remain closed.

11. **Security Procedures.** Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of funds, must be in writing or set forth in a PDF, executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons signing this Agreement or one of their designated persons as set forth in Schedule 1 (each, an "**Authorized Representative**"), may be given to the Escrow Agent only by confirmed facsimile or attached to an email on a Business Day only at the fax number or email address set forth in Section 10. No instruction for or related to the transfer or distribution of the Fund, or any portion thereof, shall be deemed delivered and effective unless the Escrow Agent actually shall have received such instruction on a Business Day by facsimile or as a PDF attached to an email only at the fax number or email address set forth in Section 10 and as evidenced by a confirmed transmittal to the Party's or Parties' transmitting fax number or email address and Escrow Agent has been able to satisfy any applicable security procedures as may be required hereunder. Escrow Agent shall not be liable to any Party or other person for refraining from acting upon any instruction for or related to the transfer or distribution of the Fund if delivered to any other fax number or email address, including but not limited to a valid email address of any employee of Escrow Agent.

(a) In the event funds transfer instructions are so received by the Escrow Agent in accordance with Section 4, the Escrow Agent is authorized to seek confirmation of such instructions by telephone call-back to the Authorized Representative designated on Schedule 1 hereto, and the Escrow Agent may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in a writing actually received by Escrow Agent via facsimile or attached as a PDF to an email and acknowledged by the Escrow Agent. If the Escrow Agent is unable to contact any of the Authorized Representatives identified in Schedule 1, the Escrow Agent is hereby authorized both to receive written instructions from and seek confirmation of such instructions by telephone call-back to any one or more of Buyer or Seller's executive officers, ("**Executive Officers**"), as the case may be, which shall include the titles of President, Vice President, Chief Executive Officer, Chief Financial Officer or Secretary, as the Escrow Agent may select. Any such Executive Officer shall deliver to the Escrow Agent a fully executed incumbency certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such Executive Officer. The Escrow Agent and the beneficiary's bank in any funds transfer may

rely solely upon any account numbers or similar identifying numbers provided by Buyer or Seller to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Escrow Agent may apply any of the Fund for any payment order it executes using any such identifying number, even when its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated.

(b) Buyer acknowledges that the Escrow Agent is authorized to use the following funds transfer instructions to disburse any funds due to Buyer under this Agreement without a verifying call-back as set forth in Section 11(a) above:

Buyer's Bank account information:

Bank name: JPMorgan Chase Bank, National Association
 Bank Address: 201 N Central Ave, 21st Floor, Phoenix, Arizona, 85004
 ABA number: 021000021
 Account name: Najafi Companies
 Account number: 635-905-243

Seller acknowledges that the Escrow Agent is authorized to use the following funds transfer instructions to disburse any funds due to Seller under this Agreement without a verifying call-back as set forth in Section 11(a) above:

Seller's Bank account information:

Bank name: HSBC Bank Canada
 Bank Address: Skyway Business Park, 170 Attwell Drive, Etobicoke, Ontario,
 Canada, M9W 5Z5
 ABA number: 021001088
 Account name: Cinram International, Inc.
 Account number: 073512-079

(c) The Parties acknowledge that the security procedures set forth in this Section 11 are commercially reasonable.

(d) The Parties acknowledge that there are certain security, corruption, transmission error and access availability risks associated with using open networks such as the Internet and the Parties hereby expressly assume such risks.

12. **Compliance with Court Orders.** In the event that the Fund or any portion thereof shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent

obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, entity, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

13. **Miscellaneous.** The provisions of this Agreement may be waived, altered, amended or supplemented, in whole or in part, only by a writing signed by the Escrow Agent and the Parties. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by the Escrow Agent or any Party, except as provided in Section 6, without the prior consent of the Escrow Agent and the other Parties. This Agreement shall be governed by and construed under the laws of the State of Delaware. Each Party and the Escrow Agent irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Delaware. To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution attachment (before or after judgment), or other legal process, such Party shall not claim, and it hereby irrevocably waives, such immunity. The Escrow Agent and the Parties further hereby waive any right to a trial by jury with respect to any lawsuit or judicial proceeding arising or relating to this Agreement. No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile, and such facsimile will, for all purposes, be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. A person who is not a party to this Agreement shall have no right to enforce any term of this Agreement. The Parties represent, warrant and covenant that each document, notice, instruction or request provided by such Party to Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in Section 8 above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of this Agreement or any funds escrowed hereunder.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BUYER:

Cinram Acquisition, Inc.

By: _____
Name: _____
Title: _____

SELLER:

Cinram International Inc.

By: _____
Name: _____
Title: _____

ESCROW AGENT:

JPMorgan Chase Bank, National Association

By: _____
Name: _____
Title: _____

SCHEDULE 1

Telephone Number(s) and Authorized Signature(s) for Person(s) Designated to give Funds Transfer Instructions and Confirm Funds Transfer Instructions

If from Buyer:

	<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1.	J. Jahm Najafi	(602) 476-0600	_____
2.	Tina S. Rhodes-Hall	(602) 476-0600	_____

If from Seller:

	<u>Name</u>	<u>Telephone Number</u>	<u>Signature</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____

All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile or set forth in a PDF attached to an email, must include the signature of the Authorized Representative authorizing said funds transfer on behalf of each Party.

SCHEDULE 2

J.P.Morgan



Based upon our current understanding of your proposed transaction, our fee proposal is as follows:

Account Acceptance Fee **\$ waived**
Encompassing review, negotiation and execution of governing documentation, opening of the account, and completion of all due diligence documentation. Payable upon closing.

Annual Administration Fee **\$ 2,500**
The Administration Fee covers our usual and customary ministerial duties, including record keeping, distributions, document compliance and such other duties and responsibilities expressly set forth in the governing documents for each transaction. Payable upon closing and annually in advance thereafter, without pro-ration for partial years.

Extraordinary Services and Out-of-Pocket Expenses
Any additional services beyond our standard services as specified above, and all reasonable out-of-pocket expenses including attorney’s or accountant’s fees and expenses will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at the Bank's then standard rate. Disbursements, receipts, investments or tax reporting exceeding 25 items per year may be treated as extraordinary services thereby incurring additional charges. The Escrow Agent may impose, charge, pass-through and modify fees and/or charges for any account established and services provided by the Escrow Agent, including but not limited to, transaction, maintenance, balance-deficiency, and service fees and other charges, including those levied by any governmental authority.

Disclosure & Assumptions

- Please note that the fees quoted are based on a review of the transaction documents provided and an internal due diligence review. JPMorgan reserves the right to revise, modify, change and supplement the fees quoted herein if the assumptions underlying the activity in the account, level of balances, market volatility or conditions or other factors change from those used to set our fees.
- The escrow deposit shall be continuously invested in a JPMorgan Chase Bank money market deposit account (“MMDA”) or a JPMorgan Chase Bank Cash Compensation account. MMDA and Cash Compensation Accounts have rates of compensation that may vary from time to time based upon market conditions. The Annual Administration Fee would include a supplemental charge up to 25 basis points on the escrow deposit amount if another investment option were to be chosen.
- The Parties acknowledge and agree that they are permitted by U.S. law to make up to six (6) pre-authorized withdrawals or telephonic transfers from an MMDA per calendar month or statement cycle or similar period. If the MMDA can be accessed by checks, drafts, bills of exchange, notes and other financial instruments (“Items”), then no more than three (3) of these six (6) transfers may be made by an Item. The Escrow Agent is required by U.S. law to reserve the right to require at least seven (7) days notice prior to a withdrawal from a money market deposit account.
- Payment of the invoice is due upon receipt.

Compliance

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account. We may ask for information that will enable us to meet the requirements of the Act.

EXHIBIT G

Effective Date Balance Sheet

Attached

IFRS Balance Sheet All
April, 2012 YTD

	Cinram International Inc.	Cinram Inc	Cinram Manufacturing LLC	Cinram Retail Services LLC	Cinram Distribution LLC	1K Studios	NORTH AMERICAN ASSETS
	USD	USD	USD	USD	USD	USD	USD
Cash and Cash Equivalents	4,268,158	3,467,012	488,337	374,456	3,315,668	80,806	11,994,436
Trade and Other Receivables	13,747,692	18,261,302	10,159,474	175,098	5,133,208	1,845,821	47,322,595
Intercompany Receivable	129,081,666	195,971,414	203,711,321	4,053,264	39,269,051	16,896	572,102,550
Income tax recoverable	-	423,657	-	-	799	-	474,466
Net Inventory	1,630,944	6,648,586	2,685,821	-	569,047	2,076,369	13,610,767
Prepaid Expenses	718,129	524,357	1,217,737	78,953	237,040	45,128	2,921,344
Total Current Assets	149,446,528	223,296,338	218,262,690	4,681,770	48,624,813	4,064,019	648,376,158
Net PP&E	6,491,751	40,921,092	36,809,144	105,770	-	935,359	85,263,116
Capital Leases	110,530	-	-	-	-	-	110,530
Investment Property	-	-	-	733,750	-	-	733,750
Intercompany Investment	616,180,043	-	-	-	-	-	616,180,043
Intercompany Notes Rec	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-
Supply Contracts	-	-	-	641,667	-	1,198,571	1,840,238
Customer recoverable advances	-	3,593,800	-	-	-	-	3,593,800
Pledged bank accounts	-	-	575,000	-	-	-	575,000
Rental property security deposits	275,890	-	-	-	-	-	275,890
Unamortized contract payments	-	-	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-	-	-
Total Non-Current Assets	623,058,214	44,424,892	37,384,144	1,481,187	-	2,133,930	708,482,357
Total Assets	772,504,742	267,721,230	255,646,834	6,162,957	48,624,813	6,197,949	1,356,858,525
Bank Operating Loans	-	-	-	-	-	151,000	151,000
Accs Payable Trade and Other Payables	1,615,345	2,833,361	914,697	44,335	2,058,917	462,659	7,928,814
Intercompany Payable	258,094,709	133,423,081	94,381,035	8,847,145	65,566,001	2,406,329	572,718,300
Accrued Liabilities less Eliminating Balances	8,137,155	13,405,889	5,306,894	62,091	1,218,620	98,587	28,219,235
Provisions - Current	1,668,671	4,199,439	1,761,095	-	524,915	-	8,154,076
Employee Benefits - Current	3,956,904	4,783,615	4,167,844	200,942	2,878,181	516,716	16,503,202
Income Taxes Payable	9,018,076	-	-	-	-	-	9,018,075
Income tax reserves	-	-	-	-	-	-	-
Current Portion Long-Term Debt	8,469,332	12,494,189	-	-	-	-	20,963,521
Callable Debt	-	-	-	-	-	-	-
PIK Interest LTD - current	-	-	-	-	-	-	-
Current portion of Obligation under Financing Leases	46,704	4,059,854	-	-	-	38,465	4,145,023
Warrants - Current	-	-	-	-	-	-	-
Eliminating Balances	3	(38)	-	-	1	-	(34)
Total Current Liabilities	301,005,855	175,199,390	106,531,565	9,145,013	72,246,636	3,673,756	667,802,214
Net Long Term Debt	83,628,703	128,238,962	-	-	-	-	211,867,666
PIK Interest LTD - non-current	2,376,066	3,546,087	-	-	-	-	5,922,152
Obligation under Financing Leases - non-current	70,104	1,670,885	-	-	-	48,133	1,789,122
Other non-current liabilities	7,531	-	-	-	-	35,120	42,651
Provisions Non-Current	435,728	247,000	-	-	151,912	-	834,640
Total non-current liabilities	86,518,131	133,702,934	-	-	151,912	83,253	220,456,230
Total Liabilities	387,523,986	308,902,324	106,531,565	9,145,013	72,398,547	3,757,009	888,258,444
Common Stock	1,201,898,126	305,657,350	762,840,114	773,701	135,821,021	2,962,949	2,409,953,261
Class A LP Units	-	-	-	-	-	-	-
Class B LP Units	-	-	-	-	-	-	-
Equity Adjustment	(999,888,481)	-	-	-	-	-	(999,888,481)
Contributed Surplus	2,918,423	-	-	-	-	-	2,918,423
Retained earnings/(deficit) Beg Balance	136,548,583	(341,711,197)	(609,666,799)	(3,360,140)	(155,224,638)	(740,927)	(974,056,118)
Net Income	(14,825,734)	(5,127,246)	(3,501,847)	(395,616)	(3,129,299)	218,918	(26,760,824)
Retained Earnings Adjustment	-	-	-	-	-	-	-
IC Dividends	-	-	-	-	-	-	-
Retained Earnings/(deficit) Ending Balance	121,822,848	(346,838,444)	(613,168,647)	(3,755,757)	(158,353,937)	(522,009)	(1,000,815,946)
CTA Foreign Currency Translation	58,229,841	-	-	-	-	-	58,229,841
Other OCI	-	-	(555,199)	-	(1,240,819)	-	(1,797,018)
Total Equity	384,980,757	(41,181,094)	149,115,268	(2,982,056)	(23,773,735)	2,440,940	468,600,080
Total Liabilities & Stockholders Equity	772,504,743	267,721,230	255,646,833	6,162,957	48,624,812	6,197,949	1,356,858,524

	Cinram International Inc	Cinram Inc	Cinram Manufacturing LLC	Cinram Retail Services LLC	Cinram Distribution LLC	IK Studios	NORTH AMERICAN ASSETS
	USD	USD	USD	USD	USD	USD	USD
Trade Accounts Payable	(1,615,345)	(2,833,361)	(914,697)	(44,835)	(2,058,917)	(462,659)	(7,929,814)
Accrued liabilities							
- Trade Accounts Payable -unvouchered	(629,922)	(1,771,000)	(954,000)	-	(271,000)	-	(3,625,922)
- royalties	(1,242,516)	(7,759,000)	(984,000)	-	-	-	(9,885,516)
- sales allowances	(3,152,667)	(2,494,000)	(3,097,000)	-	(125,000)	-	(8,868,667)
- accrued taxes	(255,842)	(294,000)	(137,000)	-	(490,000)	-	(1,176,842)
- freight	(289,479)	-	-	-	(55,000)	-	(344,479)
- payroll taxes	-	(21,000)	-	(11,091)	(136,000)	-	(168,091)
- accrued professional fees	(535,128)	-	-	-	-	-	(535,128)
- accrued insurance costs	(253,803)	-	-	-	-	-	(253,803)
- accrued unearned revenue	(235,456)	-	-	-	-	(34,000)	(269,456)
- Interest on senior debt	(648,269)	(1,068,000)	-	-	-	-	(1,716,269)
- other	(893,918)	-	(234,000)	(41,000)	(141,953)	(64,587)	(1,375,458)
- rounding	(155)	1,111	(894)	-	333	-	395
	(8,137,165)	(13,405,889)	(5,306,894)	(52,091)	(1,218,620)	(98,587)	(28,219,235)
Employee liabilities- Current							
- accrued wages	(766,507)	(643,000)	-	-	(438,000)	(101,000)	(1,948,507)
- accrued vacation pay	(1,687,946)	(2,430,000)	(1,566,000)	(168,000)	(619,000)	(335,000)	(6,805,946)
- accrued pension liability	-	-	(474,000)	-	(1,111,000)	-	(1,585,000)
- medical benefits/group insurance	(1,374,004)	(1,499,000)	(952,000)	(32,000)	(363,000)	(45,000)	(4,265,004)
- outstanding workers compensation accrual	-	(279,000)	(1,102,000)	-	(323,000)	(18,000)	(1,722,000)
- accrued severance	(53,003)	-	-	-	-	-	(53,003)
- other employee accruals	(74,408)	68,000	(75,000)	-	(25,000)	(18,000)	(124,408)
- rounding	(38)	(615)	1,156	(942)	819	284	666
	(3,955,904)	(4,783,615)	(4,167,844)	(200,942)	(2,878,181)	(516,716)	(16,503,202)
Employee liabilities - long term							
- Pension liabilities	-	-	-	-	-	-	-
- Retirement plans	-	-	-	-	-	-	-
- rounding	-	-	-	-	-	-	-
Provisions - current							
- Accrued royalty - unlicensed	(1,427,007)	(3,600,000)	(995,000)	-	-	-	(6,022,007)
- Employee severance provision	(241,572)	-	-	-	(525,000)	-	(766,572)
- Legal reserves	-	-	(266,000)	-	-	-	(266,000)
- ARD provisions	-	(600,000)	(500,000)	-	-	-	(1,100,000)
- rounding	(48)	561	(85)	-	85	-	503
	(1,668,627)	(4,199,439)	(1,761,005)	-	(524,915)	-	(8,154,076)
Provisions - long term							
- Asset retirement obligations	(435,728)	(247,000)	-	-	(151,912)	-	(834,640)
- Provision for lease cancellation costs	-	-	-	-	-	-	-
- Severance reserves	-	-	-	-	-	-	-
- rounding	(435,728)	(247,000)	-	-	(151,912)	-	(834,640)
Capital leases							
- short term obligation	(46,704)	(4,059,854)	-	-	-	(38,465)	(4,145,023)
- long term obligation	(70,104)	(1,670,885)	-	-	-	(48,133)	(1,789,122)
	(116,808)	(5,730,739)	-	-	-	(86,598)	(5,934,145)

EXHIBIT H

ICA Financial Statements

Attached

EXHIBIT I

European Representations

Attached

Exhibit I

EUROPEAN REPRESENTATIONS

A. Definitions

Capitalized terms used in this Exhibit I have the meanings given to them in this Section A of this Exhibit I or, if not defined in this Section A, in Section 1.1 of the Agreement:

“**Accounts Receivable**” for a given entity means all trade accounts receivable and all trade debts due or accruing due to such entity and the full benefit of all security therefor.

“**Affiliate**” of any Person means any Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, the term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

“**Applicable Law**” means any domestic or foreign statute, law (including the common law and the law of equity), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or license of or concerning a Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement, the Sellers, the Cinram European Entities or the European Business.

“**Benefit Plan**” means, with respect to any Person, each written and oral employee benefit plan, scheme, program, policy, arrangement and contract (including, but not limited to, any employee benefit plan, any bonus, deferred compensation, stock bonus, stock purchase, restricted stock, stock option or other equity-based arrangement, and any employment, termination, retention, bonus, change in control or severance plan, program, policy, arrangement or contract) for the benefit of any current or former officer, employee or director of such Person that is maintained or contributed to by such Person, any of its subsidiaries, or with respect to which any of them could incur material liability.

“**Buyer**” means the entity designated as the European Buyer in accordance with the Offer.

“**Cinram European Benefit Plans**” means each Benefit Plan that (a) is sponsored or maintained by any of the Cinram European Entities, (b) provides benefits primarily to current and former employees of the European Business, (c) will be sponsored or maintained by the Cinram European Entities as of the Closing Date, or (d) is designated as a Cinram European Benefit Plan on Schedule I.16.

“**Cinram European Entities**” means the Purchased Company and all other Persons listed in Exhibit A to the Offer.

“**Consultation Process**” has the meaning given to such term in the Offer.

“**Effective Date**” means April 30, 2012.

“**Effective Date Balance Sheet**” has the meaning given that term in Section B.9 of this Exhibit I.

“**Encumbrance**” means, with respect to any property or asset, any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind other than licenses of Intellectual Property.

“**Environmental Claim**” means any claim, action, cause of action, investigation or notice by any Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, Governmental Authority response costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (a) the presence, Release or threatened Release of any Hazardous Materials at any location owned or operated by any Cinram European Entity, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

“**Environmental Law**” means any Applicable Law relating to pollution or protection of the environment, natural resources or human health and safety (including occupational or workplace health and safety), including laws relating to the exposure to, or Releases or threatened Releases of, Hazardous Materials or otherwise relating to the manufacture, presence, processing, distribution, use, treatment, storage, Release, transport, disposal, transfer, discharge, control, recycling, production, generation or handling of Hazardous Materials and all laws with regard to recordkeeping, notification, disclosure and reporting requirements respecting Hazardous Materials, each as amended and as now in effect.

“**Environmental Permit**” means any permit, licences, approvals, authorizations franchises, certificates, consents, registrations, certificates of authorization and de-pollution attestation or other authorizations required under any Environmental Law to conduct the European Business as currently conducted.

“**European Accounts Receivable**” has the meaning given to such term in Section B.10 of this Exhibit I.

“**European Assets**” has the meaning given to such term in Section B.11 of this Exhibit I.

“**European Closing**” means the completion of the purchase and sale of the Shares pursuant to European Purchase Agreement.

“**European Intellectual Property**” has the meaning given to such term in Section B.11 of this Exhibit I.

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation-making entity:

(a) having jurisdiction over either Seller, any Cinram European Entity or the European Business on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or

(b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or Taxing authority or power.

“Governmental Authorizations” means authorizations, approvals, franchises, orders, certificates, consents, directives, notices, licenses, permits, variances, registrations or other rights issued to or required by any Cinram European Entity relating to the European Business by or from any Governmental Authority.

“Hazardous Materials” means any substance, including a solid, liquid, gas, odour, heat, sound, vibration, radiation or combination of any of them, which is deemed to be, alone or in any combination, “hazardous”, “hazardous waste”, “radioactive”, “deleterious”, “toxic”, “caustic”, “dangerous”, a “contaminant”, a “pollutant”, a “dangerous good”, a “waste”, a “special waste”, a “source of contamination” or a “source of a pollutant” under any Environmental Law whether or not such substance is defined as hazardous under the Environmental Law involved; any substances or materials the presence or concentration of which in soil, sediment, ground water or surface water is regulated under any Environmental Law, including, without limitation, asbestos, asbestos-containing materials, lead or lead-based paint, polychlorinated biphenyls, mould, mildew or fungi, oil, waste oil, petroleum, petroleum products, or urea formaldehyde foam insulation; and any other material or substance which may pose a threat to the environment or to human health or safety.

“Intellectual Property” means trademarks and trademark applications, trade names, certification marks, patents and patent applications, copyrights, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and other similar property, and all registrations and applications for registration thereof.

“Inventories” means, in respect of an entity, all inventories of finished goods (other than finished goods, including replicated disks, that belong to customers), work in process, raw materials and other materials and supplies, including packaging and similar materials.

“Material Contracts” means (a) except pursuant to purchase orders issued in the ordinary course of business, any contract for the purchase of materials, supplies, goods, services, equipment or other assets that provides for aggregate payments by or to any Cinram European Entity of \$500,000 or more; (b) the customer contracts whose aggregate annual revenues constituted at least 90% of the consolidated annual revenues of the Seller during 2011; (c) a contract which by its terms cannot be terminated by any Cinram European Entity for a period in excess of 12 months without a payment or a penalty; (d) an employment or consulting contract requiring any Cinram European Entity to pay annual compensation of \$125,000 or more; (e) a contract restricting in any manner any Cinram European Entity’s right to compete in any material line of business with any other Person; (f) a contract regarding indemnification, other than those contracts that contain customary indemnification clauses as part of the overall agreement; and (g) a contract wherein any Cinram European Entity granted to another Person exclusive rights.

“Ontario Limited” 1362806 Ontario Limited, a limited liability company organized under the laws of Ontario, Canada.

“Order” means any order, injunction, treaty, resolution, edict, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“Organizational Documents” means the articles of incorporation, certificate of incorporation, charter, by-laws, statuts, articles of formation, certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement and all other similar documents, instruments or certificates executed, adopted or filed in connection with the creation, formation or organization of a Person, including any amendments thereto.

“Permits” means the permits, licences, approvals, authorizations and franchises which any Cinram European Entity holds for the European Business.

“Permitted Encumbrances” means:

- (a) Encumbrances listed or described on Schedule I.A;
- (b) Encumbrances given by a Seller or a Cinram European Entity as security to a public utility or any Governmental Authority when required in the ordinary course of the European Business but only insofar as they relate to any obligations or amounts not due as at the Closing Date;
- (c) reservations, limitations, provisos and conditions, if any, expressed in any original grants of land by a Governmental Authority and any statutory limitations, exceptions, reservations and qualifications on real property;
- (d) statutory liens for current Taxes, assessments or other governmental charges not yet due and payable or those being contested in good faith;
- (e) discrepancies in the legal description of the real property or any adjoining real or immovable property which would be disclosed in an up-to-date survey which do not materially adversely affect the use or value of the real property affected thereby (based on the current use of such affect property), and any registered servitudes, easements, restrictions or covenants that run with the real property;
- (f) rights of way for or reservations or rights of others for, sewers, water lines, gas lines, electric lines, telegraph and telephone lines, and other similar utilities, or zoning by-laws, ordinances or other restrictions as to the use of real or immovable property, which do not in the aggregate materially detract from the value of any affected property of any Cinram European Entity (based on the current use of such affected property) or materially impair the use of any property used in the European Business (based on the current use of such affect property) and provided the same are complied with in all material respects up to the Closing;
- (g) applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, servicing agreements, cost sharing reciprocal agreements and building restrictions and other similar agreements which do not materially impair the use of the real

property affected thereby (based on the current use of such affect property) and provided the same are complied with in all material respects to the Closing including the posting of any required security for performance of obligations thereunder;

(h) all encroachment agreements, restrictive covenants, survey exceptions, reciprocal easement agreements and other Encumbrances registered against title to any Real Property which do not materially impair the use of such property provided same are complied with in all material respects;

(i) defects or irregularities in title to the real property which are of a minor nature and do not in the aggregate materially impair the use of the Real Property affected thereby (based on the current use of such affect property);

(j) Encumbrances of mechanics, labourers, workmen, builders, contractors, suppliers of material or architects or other similar encumbrances incidental to construction, maintenance or repair operations which have either been registered or filed pursuant to Applicable Laws against any Cinram European Entity or not yet registered or filed and which, in any such case, relate to obligations not due and payable or which are being contested in good faith by appropriate proceedings diligently conducted;

(k) statutory Encumbrances relating to obligations not due and payable;

(l) Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under equipment contracts or personal property leases; and

(m) Encumbrances associated with the real property leases or the real or immovable properties subject to the real property leases including all offers to lease and monthly tenancies and all other agreements in any way relating to the occupation of any such property and any notice thereof.

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“Purchased Company” mean Cöoperatie Cinram Netherlands UA, a Dutch company.

“Regulatory Approvals” means all consents, approvals, permits and authorizations with any other Governmental Authorities, if any, whose consent is required for consummation of the transactions contemplated by the Offer.

“Release” means any release, spill, emission, discharge, leaking, pouring, emptying, escaping, dumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property.

“**Sellers**” means the Seller and Ontario Limited and other Affiliates of the Seller, if any, party to the European Purchase Agreement as sellers.

“**Shares**” means the issued and outstanding equity interests and voting rights of the Purchased Company.

“**Tax**” and “**Taxes**” includes taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and other government pension plan premiums or contributions.

“**Tax Asset**” means any net operating loss, net capital loss, investment tax credit, foreign tax credit, or any other deduction, credit or tax attribute that could be carried forward or back to reduce Taxes.

B. Representations and Warranties

1. Entity Power

Each Seller is a company duly organized and existing under the laws of its jurisdiction of organization and, subject to Court Approval being obtained and completion of the Consultation Processes, has all necessary corporate power, authority and capacity to enter into the European Purchase Agreement and the agreements contemplated thereunder and to carry out its obligations thereunder. Each Seller is qualified to do business and is in good standing in each of the jurisdictions in which the ownership or leasing of its assets or the conduct of its businesses requires such qualification, except in the case where the failure to so qualify or be licensed would not have a Material Adverse Effect. Each Seller has the requisite power and authority to own or lease and to operate and use its assets and properties, including the Shares.

2. Due Authorization and Enforceability of Obligations

Subject to Court Approval being obtained and completion of the Consultation Processes, each Seller has all necessary power, authority and capacity to enter into the European Purchase Agreement and the agreements contemplated thereunder, and to carry out its obligations thereunder, and the execution and delivery of the European Purchase Agreement and the consummation of the transactions contemplated thereby have been, or prior to the execution thereof will be, duly authorized by all necessary action (corporate or otherwise) of each Seller. Upon its execution, the European Purchase Agreement will constitute a valid and binding obligation of each Seller enforceable against it in accordance with its terms, subject to Court Approval, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such

enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

3. Approvals and Consents

Except for (a) the Court Approval, (b) the consents, approvals or waivers set forth on Schedule I.3, and (c) any consents required of counterparties to non-Material Contracts, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of the European Purchase Agreement by the Sellers and each of the agreements to be executed and delivered by the Sellers for the purchase of the Shares thereunder, the absence of which would individually or in the aggregate materially impair the ability of the Buyer to complete the transactions contemplated by the European Purchase Agent or materially impair the ability of the Buyer to own the Shares and the Cinram European Entities, and to operate the European Business after the Closing in substantially the same manner as it is operated as of the date of the Offer.

4. Non-Contravention

Neither the execution and delivery of the European Purchase Agreement or any other agreement or document to which a Seller is or will become a party as contemplated by the European Purchase Agreement, the consummation of the transactions contemplated therein nor compliance by either Seller with any provisions thereof will (a) conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the Organizational Documents of either Seller or any Cinram European Entity, or any Applicable Law, or (b) conflict with or result in a breach or a default (or give rise to any right of termination, cancellation, acceleration, modification or other right) under any of the provisions of any note, bond, mortgage, indenture, franchise, permit, material contract or other instrument or obligation to which either Seller or any Cinram European Entity is a party, or by which either Seller or any Cinram European Entity is bound or affected, except for breaches relating to the failure to obtain consent under the terms of a contract that is not a Material Contract.

5. Purchased Company; Cinram European Entities

(a) The capitalization of the Purchased Company consists of [*to be described*]. The Sellers own the Shares, beneficially and of record, free and clear of any Lien. Upon delivery of and payment for the Shares at the Closing, Buyer will acquire good and valid title to all of the Shares, free and clear of any Encumbrance.

(b) Except as set forth in Schedule I.5, each Cinram European Entity is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all powers (corporate, partnership or otherwise) required to carry on its business as now conducted. The authorized, issued and outstanding shares of capital stock of and other voting or equity interests in all Cinram European Entities, the respective jurisdictions of formation of such Cinram European Entity and the Purchased Company's direct or indirect ownership interest in such Cinram European Entity are identified in Schedule I.5. Sellers have delivered to Buyer complete copies of the Organizational Documents of each Cinram European Entity as currently

in effect, and no such Cinram European Entity is in violation of any provision of its Organizational Documents.

(c) All of the outstanding shares of capital stock of and other voting or equity interests in each Cinram European Entity have been duly authorized and validly issued, fully paid and nonassessable and are owned beneficially and of record by the Purchased Company or a Cinram European Entity as set forth in Schedule I.5, free and clear of any Encumbrances. Except as set forth in Schedule I.5, there are no outstanding (i) shares of capital stock of or other voting or equity interests in any Cinram European Entity, (ii) securities of any Cinram European Entity convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Cinram European Entity or (iii) options or other rights or agreements, commitments or understandings of any kind to acquire from any Cinram European Entity, or other obligation of Sellers, or any Cinram European Entity to issue, transfer or sell, any shares of capital stock of or other voting or equity interests in any Cinram European Entity or securities convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Cinram European Entity (the items in clauses (i), (ii) and (iii) being referred to collectively as the “**European Securities**”). There are no outstanding obligations of any Cinram European Entity to repurchase, redeem or otherwise acquire any European Securities.

6. No Undisclosed Material Liabilities

None of the Cinram European Equities has any liabilities or obligations, whether known, unknown, absolute, accrued, contingent or otherwise and whether due or to become due, except (a) as set forth in Schedule I.6, (b) liabilities and obligations disclosed or reserved against in the Effective Date Balance Sheet or specifically disclosed in the notes thereto and (c) liabilities and obligations that (i) were incurred after the Effective Date in the ordinary course of business consistent with past practice and (ii) individually and in the aggregate are not and would not reasonably be expected to be materially adverse to the Cinram European Entities, taken as a whole.

7. Title

(a) Cinram European Entities have good and valid title to, or otherwise have the right to use pursuant to a valid and enforceable lease, license or similar contractual arrangement, all of the assets (real and personal, tangible and intangible, including all Intellectual Property) that are used or held for use in connection with the European Business or are reflected on the Effective Date Balance Sheet or were acquired after the Effective Date (collectively, the “**European Assets**”), except for Inventory sold in the ordinary course of business consistent with past practice, in each case free and clear of any Encumbrance other than Permitted Encumbrances. Any Permitted Encumbrances on the European Assets, individually or in the aggregate, do not materially interfere with the current use of any such European Asset by the Cinram European Entities or materially detract from the value of any such European Asset.

(b) The European Assets constitute all of the assets that are necessary and sufficient to conduct the Purchased Business in the manner conducted as of the date of the Offer. The plants, buildings, structures and material equipment included in the Assets are in good repair and

operating condition, subject only to ordinary wear and tear, and are adequate and suitable for the purposes for which they are presently being used or held for use. To the knowledge of Sellers, there are no facts or conditions affecting any material European Assets that would reasonably be expected, individually or in the aggregate, to interfere with the use, occupancy or operation of such European Assets.

8. Material Contracts

The Sellers have delivered to the Buyer, in a separate writing, indentifying this Section 8, a complete and correct list of all Material Contracts. Each of the Material Contracts is in full force and effect and constitutes a legal, valid and binding obligation of the Cinram European Entity party thereto, and the other parties thereto, enforceable in accordance with its terms, and such Cinram European Entity, is entitled to all of the benefits, rights and privileges under each such Assumed Contract. Except as set forth in such writing, none of the Sellers or the Cinram European Entities has received any notice that any Person intends or desires to modify, waive, amend, rescind, release, cancel or terminate any Material Contract. Except as set forth in such writing, no Material Contract requires the consent of any Person, or is subject to termination or modification, as a result of the transaction contemplated hereby.

9. Effective Date Balance Sheet

The Balance Sheet of the European Business dated as of the Effective Date and attached hereto as Schedule I.9 (the “**Effective Date Balance Sheet**”) fairly presents in all material respects the financial position of the European Business as of the Effective Date.

10. Receivables, Payables and Inventories

(a) The Accounts Receivable of the Cinram European Entities (the “**European Accounts Receivable**”) reflect valid transactions in the ordinary course of business;

(b) None of the European Accounts Receivable is or was subject to any counterclaim or set off (excluding royalty adjustments) that would adversely affect the European Business;

(c) To the Seller’s knowledge, the European Accounts Receivable are collectible in the ordinary course of business using normal collection practices, less the amount of applicable reserves for doubtful accounts and allowances set forth on the Effective Date Balance Sheet;

(d) All of the European Accounts Payable have arisen in *bona fide*, arms-length transactions in the ordinary course of business; and

(e) The Cinram European Entities have good and marketable title to their Inventories, free and clear of all Encumbrances other than Permitted Encumbrances. All such Inventories are in good and merchantable condition in all material respects and are suitable and usable for the purposes for which they are intended.

11. Intellectual Property

Except as has been disclosed in writing by the Sellers to the Buyer in a writing that references Section 4.9 of this Agreement:

(a) each Cinram European Entity owns or possesses sufficient legal rights to all Intellectual Property necessary to conduct the European Business as now conducted and as presently proposed to be conducted (the “**European Intellectual Property**”), without any infringement of the rights of any other Person;

(b) except as set forth on Schedule I.11, there are no outstanding options, licenses or contracts relating to any material European Intellectual Property, nor is a Cinram European Entity bound by or a party to any contract of any kind with respect to any material European Intellectual Property other than such licenses or contracts arising from the purchase of “off the shelf” or standard products;

(c) all licenses of European Intellectual Property are in full force and effect in accordance with their terms, and neither a Cinram European Entity nor the counterparty thereto is in material breach thereof; and

(d) there is no action, suit, proceeding or investigation filed or pending or, to the knowledge of the Sellers, threatened against a Cinram European Entity that questions the validity of any Transferred Intellectual Property or that alleges a Cinram European Entity has violated the Intellectual Property of another Person which if successful would have a Material Adverse Effect on the European Business.

12. Environmental Matters

Each of the Cinram European Entities (a) is in compliance with Environmental Laws, and (b) has obtained and is in compliance with all Environmental Permits required for the occupation of its facilities and the operation of the European Business, except where failure to comply with Environmental Laws, or to obtain or comply with Environmental Permits, would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. None of the Cinram European Entities has received any written communication, whether from a Governmental Authority, employee or otherwise, alleging that it is not in such compliance. No Environmental Claims are pending with respect to the European Business, and to the Sellers’ knowledge, no Environmental Claims have been threatened against any Cinram European Entity or with respect to any of their facilities.

13. Compliance with Laws; Permits

None of the Cinram European Entities has received written notice from any Governmental Authority that it is in violation in any material respect of any Applicable Law in respect of the conduct of the European Business or the ownership of its assets and properties. The Cinram European Entities have not received written notice that any material Permits currently held are not in good standing and full force and effect.

14. Litigation

Except as disclosed in Section 10 of the Data Room, there is no action, suit, proceeding or investigation filed or pending or, to the knowledge of the Sellers, threatened against a Cinram European Entity that would reasonably be expected to result, either individually or in the aggregate, in any Material Adverse Effect. No Cinram European Entity is a party or subject to an Order that has not been completely satisfied.

15. Insurance

Section 14 of the Data Room contains a complete and accurate list and description of all primary, excess and umbrella policies, bonds and other forms of insurance currently owned or held by or on behalf of and/or providing insurance coverage related to the European Business. All such policies are in full force and effect, and with respect to such policies, all premiums currently payable or previously due have been paid, and no notice of cancellation or termination has been received with respect to any such policy.

16. Labour and Employee Benefits Matters

(a) Except as set forth in Schedule I.16, none of the Cinram European Entities is a party to or is otherwise bound by any works, labour, collective bargaining or other collective agreement, and there are no works councils, labour unions or other, similar employee organizations or groups representing or, to Sellers' knowledge, purporting or attempting to represent any employees employed by any of the Cinram European Entities. True and complete copies of each works, labour, collective bargaining or other collective agreement set forth in Schedule I.16 have been made available to Buyer. Since January 1, 2009, there has not occurred or, to Sellers' knowledge, been threatened any strike, slowdown, picketing or work stoppage by, or lockout of, or other similar labour activity or organizing campaign with respect to, any employees of any Cinram European Entity.

(b) Each of the Cinram European Entities is in material compliance with all Applicable Laws relating to employees, including those relating to employee rights, working conditions, sex discrimination, equal pay, race relations, disability discrimination, minimum wages/salaries, working time/hours, withholding from wages, worker classification and immigration matters.

(c) Schedule I.16 lists all material Cinram European Benefit Plans. Sellers have made available to Buyer complete and correct copies of each such Cinram European Benefit Plan.

(d) Each Cinram European Benefit Plan intended to be qualified or otherwise receive favourable Tax treatment under Applicable Law has been determined by the applicable Governmental Authority to be so qualified, and to the Sellers' knowledge, there are no existing circumstances or events that would reasonably be expected to result in any revocation of, or a change to, such determination. Each Cinram European Benefit Plan has been operated in accordance with its terms and Applicable Law.

(e) Each of the Cinram European Entities has made all required contributions and paid all premiums in respect of all Cinram European Benefit Plans.

(f) Other than routine claims for benefits, there are no pending or, to the Sellers' knowledge, threatened or anticipated claims (i) by or on behalf of any Cinram European Benefit Plan or any employee or beneficiary covered under any Cinram European Benefit Plan, or otherwise involving any Cinram European Benefit Plan or its assets, or (ii) by or on behalf of any current or former employee of any of the Cinram European Entities relating to his or her employment, termination of employment, compensation or employee benefits. None of the Cinram European Benefit Plans is presently under audit or examination (nor has notice been received of a potential audit or examination) by any Governmental Authority.

(g) The execution, delivery and performance of the European Purchase Agreement by Sellers and the consummation by Sellers of the transactions contemplated by thereby will not (alone or in combination with any other event) (i) entitle any current or former employee, consultant, officer or director of any of the Cinram European Entities to severance pay or any other payment, (ii) result in any payment becoming due, accelerate the time of payment or vesting of benefits, or increase the amount of compensation due to any such employee, consultant, officer or director or (iii) result in the forgiveness of indebtedness, trigger any funding obligation under any Cinram European Benefit Plan or impose any restrictions or limitations on the respective Cinram European Entity's rights to administer, amend or terminate any Cinram European Benefit Plan.

17. Taxes

(a) Filing and Payment. All tax returns required to be filed by, on behalf of or with respect to each of the Cinram European Entities have been duly and timely filed and are complete and correct in all material respects. All material Taxes (whether or not reflected on such tax returns) required to be paid with respect to, or that could give rise to a lien on the assets of, any of the Cinram European Entities have been duly and timely paid. All material Taxes required to be withheld by any of the Cinram European Entities have been duly and timely withheld, and such withheld Taxes have been either duly and timely paid to the proper Governmental Authority or properly set aside in accounts for such purpose.

(b) Financial Records. All accounting entries (including charges and accruals) for Taxes with respect to each of the Cinram European Entities reflected on the Effective Date Balance Sheet (excluding any provision for deferred income taxes reflecting either differences between the treatment of items for accounting and income tax purposes or carryforwards) are adequate to cover any material Tax liabilities accruing through the end of the last period for which each of the Cinram European Entities ordinarily records items on their respective books. Since the end of the last period for which each of the Cinram European Entities ordinarily record items on their respective books, none of the Cinram European Entities have engaged in any transaction, or taken any other action, other than in the ordinary course of business, that would reasonably be expected to result in a materially increased Tax liability or would reasonably be expected to reduce materially any Tax Asset.

(c) Procedure and Compliance. No written agreement or other document waiving or extending, or having the effect of waiving or extending, the statute of limitations or the period of assessment or collection of any Taxes with respect to any of the Cinram European Entities, and no written power of attorney with respect to any such Taxes has been filed or entered into with any Governmental Authority. The time for filing any Tax Return with respect to any of the Cinram European Entities has not been extended to a date later than the date of this Agreement. No Taxes with respect to any of the Cinram European Entities are currently under audit, examination or investigation by any Governmental Authority or the subject of any judicial or administrative proceeding. No Governmental Authority has asserted or threatened to assert any deficiency, claim or issue with respect to Taxes or any adjustment to Taxes against any of the Cinram European Entities with respect to any taxable period for which the period of assessment or collection remains open. No adjustment that would materially increase the Tax liability, or materially reduce any Tax Asset, of any of the Cinram European Entities has been made, proposed or threatened by a Governmental Authority during any audit of any taxable period which would reasonably be expected to be made, proposed or threatened in an audit of any subsequent taxable period

(d) Certain Events. None of the Cinram European Entities will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing, as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) installment sale or open transaction disposition made on or prior to the Closing Date, or (iii) prepaid amount received on or prior to the Closing Date.

(e) Withholding. No withholding of Taxes is required in connection with the payment of the Purchase Price.

(f) Tax Sharing, Consolidation and Similar Arrangements. None of the Cinram European Entities has any liability for the Taxes of any Person, whether under Applicable Law, pursuant to any Tax sharing or indemnity agreement or other contractual agreements, or otherwise.

(g) Entity Classification Elections. No entity classification election for United States federal tax purposes has been made with respect to any of the Cinram European Entities.

SCHEDULES
to
EXHIBIT I
to
ASSET PURCHASE AGREEMENT

Schedule I.APermitted Encumbrances

Any liens on the assets of the Cinram European Entities in favour of the JPMorgan lending syndicate shall be considered Permitted Encumbrances only for the purposes of the representations and warranties in Section 7(a) and Section 10(e) of Exhibit I to the Asset Purchase Agreement and not for any other purpose. All such liens will be released on or prior to the date of the European Closing.

Schedule I.3 to the Asset Purchase Agreement

CONFIDENTIAL

Schedule I.5Exceptions to Cinram European Entities

Cinram Optical Discs S.A.S. has been placed into court supervised administration.

Cinram España is dormant.

See Exhibit B to the European Offer Letter for the authorized, issued and outstanding shares of capital stock of and other voting or equity interests in all Cinram European Entities, the respective jurisdictions of formation of such Cinram European Entity and the Purchased Company's direct or indirect ownership interest in such Cinram European Entity

Any liens on the assets of the Cinram European Entities in favour of the JPMorgan lending syndicate shall be considered Permitted Encumbrances only for the purposes of the representations and warranties in Section 7(a) and Section 10(e) of Exhibit I to the Asset Purchase Agreement and not for any other purpose. All such liens will be released on or prior to the date of the European Closing.

Schedule I.6

Liabilities

None.

Schedule I.9

Effective Date Balance Sheet

(see attached)

	Cinram Operations UK Limited	Cinram France Holdings SAS	Cinram Logistics France SA	Cinram Optical Disc SAS	SCI France	Cinram Europe B.V.	Cinram Logistics UK	Cinram GmbH	Cinram Holdings GmbH	Cinram Zorus	Cinram Netherlands UA
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cash and Cash Equivalents	12,495,530	497,573	1,523,984	689,578	4,364	2,979,589	5,243,733	10,916,830	103,842	66,305	6,009
Trade and Other Receivables	3,034,392	-	6,157,876	1,588,963	-	-	7,020,759	33,001,323	-	-	-
Intercompany Receivable	33,661,154	6,898,733	27,441	715,661	-	120,113,064	10,970,971	128,402,659	(34,225,445)	-	-
Income tax recoverable	(1,136)	-	-	-	-	-	160,831	-	-	-	-
Net Inventory	1,571,685	-	88,457	391,034	-	-	193,256	7,186,869	-	-	-
Prepaid Expenses	446,532	5,901	466,263	196,279	221	270,191	2,875,098	654,530	24,086	-	-
Total Current Assets	51,210,157	7,402,307	8,264,024	3,581,515	4,586	123,262,844	27,464,648	180,062,421	(34,097,517)	66,305	6,009
Net PP&E	6,592,413	-	2,619,965	-	5,743,081	76,738	-	43,514,341	-	-	-
Capital Leases	-	-	5,081,250	-	-	-	-	-	-	-	-
Intercompany Investment	-	-	-	-	-	69,212,516	39,302,582	-	224,481,575	10,350,937	33,883,054
Intercompany Notes Rec.	-	-	-	-	-	-	-	-	-	-	-
Pledged bank accounts	-	-	-	-	-	-	-	3,368,148	-	-	-
Rental property security deposits	-	-	291,741	-	-	-	-	-	-	-	-
Unamortized contract payments	-	-	-	-	-	-	-	4,085,537	-	-	-
Other Assets	-	419	221,458	454	-	-	-	61,223	-	-	-
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	6,592,413	419	8,414,435	454	5,743,081	69,289,254	39,302,582	51,029,249	224,481,575	10,350,937	33,883,054
Total Assets	57,802,570	7,402,726	16,678,458	3,581,969	5,747,666	192,552,098	66,767,230	231,091,670	190,384,058	10,417,242	33,889,063
Bank Operating Loans	-	-	-	-	-	-	-	-	-	-	-
Accs Payable Trade and Other Payables	1,478,890	104,730	1,836,094	1,158,781	116,767	3,512	4,411,871	10,925,220	71,931	-	-
Intercompany Payable	5,360,480	6,149	7,075,507	4,133,377	3,979,636	15,358,902	29,985,573	86,291,099	194,610,484	-	184,858
Accrued Liabilities less Eliminating Balances	2,353,697	131,790	2,445,832	617,404	5,967	543,781	8,474,424	16,854,226	17,396	-	-
Provisions - Current	517,654	-	93,250	408,725	-	-	-	-	4,442,245	-	-
Employee Benefits - Current	177,790	300,696	3,874,315	1,542,688	-	8,833	2,718,356	6,238,155	166	-	-
Income Taxes Payable	-	-	-	-	-	565,719	-	-	4,930,493	-	-
Current portion of Oblig under Financing Leases	2,277,084	-	566,317	-	-	-	-	2,300,436	-	-	-
Eliminating Balances	(4)	-	-	-	-	(3)	(2)	(62)	(4)	-	-
Total Current Liabilities	12,165,591	543,365	15,891,416	7,960,957	4,102,370	16,480,744	45,590,222	127,051,319	199,630,466	-	184,858
Obligation under Financing Leases - non-current	1,391,550	-	306,572	-	-	-	-	789,027	-	-	-
Provisions Non-Current	488,865	-	93,403	-	-	-	647,575	1,335,979	-	-	-
Employee Benefits Long Term	-	-	-	-	-	-	-	21,103,660	-	-	-
Deferred Tax Liabilities	-	-	-	-	-	-	-	-	1,251,960	-	-
Total non-current liabilities	1,880,415	-	399,975	-	-	-	647,575	23,228,666	1,251,960	-	-
Total Liabilities	14,046,007	543,365	16,291,391	7,960,957	4,102,370	16,480,744	46,237,797	150,279,985	200,882,426	-	184,858
Total Equity	43,756,563	6,859,359	387,068	(4,378,988)	1,645,296	176,071,354	20,529,434	80,811,685	(10,496,368)	10,417,242	33,704,205
Total Liabilities & Stockholders Equity	57,802,570	7,402,721	16,678,458	3,581,968	5,747,666	192,552,098	66,767,231	231,091,670	190,384,058	10,417,242	33,889,063

Schedule I.11Intellectual Property Licenses

Side Letter, dated December 23, 2004, between Cinram International, Inc. and Cinram UK Ltd.
re: payment of Philips royalties.

DVD Video Disc and CD ROM Disc Patent License Agreement between Koninklijke Philips
Electronics N.V., and Cinram UK Ltd., dated December 1, 2004

DVD Video Disc and CD ROM Disc Patent License Agreement between Koninklijke Philips
Electronics N.V., and Cinram GmbH, dated December 1, 2004, and side letter dated December
23, 2004

DVD Video Disc and CD ROM Disc Patent License Agreement between Koninklijke Philips
Electronics N.V., and Cinram Logistics France SA, dated July 1, 2002, and side letters dated
August 23, 2002 and December 23, 2004.

MPEG-2 Patent Portfolio License, dated February 23, 2006, between MPEG LA, L.L.C. and
Cinram Optical Disc SAS

MPEG-2 Patent Portfolio License, dated February 23, 2006, between MPEG LA, L.L.C. and
Cinram UK Ltd., as amended by an Amendment dated May 17, 2007

*Note: European Entities are covered under certain licenses issued to Cinram International Inc.
and transferred pursuant to the North American Purchase Agreement.*

Schedule I.16

Collective Agreements and Material Benefit Plans¹

UK

Recognition, Procedural & Substantive Agreement between The Entertainment Network and the Transport & General Workers Union Group Personal Pension Plan
 Employment Contract Distribution - Union
 Employment Contract Staff - Union
 Negotiated Staff Salary Rates 2011.pdf
 Negotiated Hourly Pay Rates 2011
 HR Handbook
 Collective Bargaining Agreement
 Redundancy
 Training & Development - UK
 Aylesbury Absence and Leave Management
 Dunstable Absence and Leave Management
 Absence and Leave Management - UK
 Dignity at Work
 Disciplinary - UK
 Equal Opportunities
 Grievance
 Holiday Arrangements - Logistics
 Holiday Arrangements - UK
 Key Resources Planning - UK
 Recruitment and Selection – UK

France

2010-06-21_Endorsement of Monthly Payment Agreement_
 Works Council Convention
 National Bargaining Agreement - Parties
 National Bargaining Agreement - Scope
 Male/Female Professional Equality Agreement
 Participation Agreement - Trades Unions
 Endorsement of regularisation of the agreement of participation of firm
 2011 - Set up CLF Agreement CCE of October 19th
 Agreement of composition of bargaining Committee 2011
 1996 - 25-03 PV Agreement
 1999 - 06-05 PV Agreement
 2001 - 13-06 PV Agreement
 2002 - 06-05 PV Agreement
 2003 - 25-06 PV Agreement

¹ Note: All employee benefit plans are collective agreements.

2004 - 19-03 PV Agreement
 2005 - 22-04 PV Agreement
 2007 - 09-05 PV Agreement
 2008 - 01-07 PV Agreement
 2009 - 09-04 PV Agreement
 2009 - 10-04 Annexe Agreement
 2010 - 18-04 Annual Negotiations Agreement Champenard
 2011 - Procedure Agreement signed CF 22-04-2011
 2011 - Endorsement of Procedure Agreement 22-04-011 signed 13-05-2011
 1998-08-01 Agreement Development of TT on 1998
 1999-28-04 Endorsement of Agreement Development of TT 1999
 2001-28-02 Endorsement of Agreement Development of TT 2001
 2008-01-07 Agreement Development of TT 2008
 2010 - 17-05 Endorsement n°2 - Agreement on Wages and Development of TT 2009
 2010 - 25-02 Endorsement n°1 - Agreement on Wages and Development of TT 2009 (cancelled
 04-02-10)
 2010 - 25-11 Temporary Endorsement Agreement on Development of TT2008

Germany

2004-12-09_BV Long Service Awards
 2004-12-09_BV Security Control
 2006-03-28_BV Fahrtkostenerstattung
 2006-09-14_Framework Wage Agreement
 2007-06-01_BV Retirement
 2007-12-01_BV Holidays
 2008-01-31_BV Operational Arrangements
 2008-03-26_BV Flexible working hours
 2009-06-00_BV Employment Duration Fitting
 2009-06-00_BV Internal organisation transfer
 2010 11 18_Collective Bargaining Protocol
 2010-11-18_Corporate Rates Contract
 2011-05-00_BV Flexible Working Hours - Shift Model
 2011-07-00_Additional Group Agreement to BV 7-Shift Pattern Model
 2011-11-24_Compensaton Tariff Contract
 2011-12-00_Additional Group Agreement for BV Security Control of 2004-12-09
 Selection Guidelines
 MTV Chemie Union Recognition August 2007
 Social Plan

v6092131

DISCLOSURE SCHEDULES
to
ASSET PURCHASE AGREEMENT
by and between
CINRAM INTERNATIONAL INC.
as the “Seller”
And
CINRAM ACQUISITION, INC.
as the “Buyer”

Made as of June 22, 2012

Schedule 1.1(a)Accounts Payable of the Asset Sellers

Accrued personal property taxes.

Asset restoration obligations under assumed leases.

Schedule 1.1(b)Assumed Employee Plans

Blue Cross Blue Shield-Medical

Medco Health Solutions Inc-Prescription

Blue Cross Blue Shield- Huntsville Dental

MetLife Insurance Company- Dental

UHC -Spectera-Vision

Flexible Spending Account- Health and Dependent FSA

The Prudential Insurance Company --

 Basic Life

 AD & D

 Optional Life

Liberty Mutual Insurance Company-

 Short Term Disability

 Long Term Disability

 Long Term Disability Buy-up

 Employee Assistant Program

Elite Underwriting Services Inc- Health and Prescription Stop Loss Coverage

Sentry-Workers Compensation (states other than PA)

Sentry-Workers Compensation (PA claims and fees policy)

Travelers-Workers Compensation (states other than PA)

Scranton Counseling Olyphant, PA Employee Assistant Program

Surety Bond of Workers' Compensation Self-Insurer, Bond Number SIB 3337 PA, effective 2/10/04, issued by Safety National Casualty Corporation

Schedule 1.1(e)Letters of CreditCinram Manufacturing LLC

Letter of Credit for \$3,150,000 issued by JPMorgan in favour of Sentry Insurance (collateral for workers compensation claims in the U.S. except PA - subsequent to 7/1/2007. (Excluding Self Insured State of Pennsylvania)).

Letter of Credit for \$1,400,000 issued by JPMorgan in favour of The Travelers Indemnity Company (collateral for run-off workers compensation claims in the U.S. - prior to 7/1/2007 (excluding PA)).

Letter of Credit for \$4,925,000 issued by JPMorgan in favour of Safety National Casualty Corp (collateral required by the State of Pennsylvania Self Insurance Division/ Safety National Bond requirement (collateral for workers compensation claims in the state of PA (where self insured)).

Letter of Credit for \$575,000 issued by PNC in favour of Safety National Casualty Corp. (collateral required for the workers compensation claims in PA, securing portion of Safety Bond for PA workers compensation -- letter of credit is secured by cash deposit that is invested in a Certificate of Deposit).

Cinram, Inc.

Letter of Credit \$1,294,900 issued by JPMorgan in favour of Huntsville Utilities (required to secure liabilities associated with utility usage/liabilities for the Huntsville facility (due to high monthly consumption)).

One-K Studios, LLC

Letter of Credit for \$148,740 issued by Community Bank in favour of Credit Warner Music Group (to secure a lease).

Schedule 1.1(d)

Permitted Encumbrances

See Exhibit "A" to these Schedules.

Schedule 2.1(a)Real Property Leases

Warehouse Lease, dated as of April 26, 2004, between SCI Technology, Inc. and Cinram Inc., as amended by the First Amendment to Lease, dated March 10, 2006, as assigned to 300 Diamond Drive, LLC, and amended by the Second Amendment to Lease, dated March 2008, and the Third Amendment to Lease, dated March 23, 2012 (in respect of 300 Diamond Drive, Huntsville, AL).

Lease Agreement, dated August 29, 2005, between 1000 JRR, L.L.C. and Cinram Inc., as amended by the First Amendment to Lease, dated December 14, 2007 and the Second Amendment to Lease dated January 21, 2009, as assigned to Stag II Huntsville, I.L.C, as amended by the Third Amendment to Lease, dated October 15, 2010 and the Fourth Amendment to Lease, dated March 8, 2012 (in respect of 1000 James Records Road, Huntsville, AL).

Lease, dated March 12, 2004, between Nugget Road Development Inc. (as assigned to Nugget Avenue (Phase I) Inc.) and Cinram International Inc., as amended by the First Amending Agreement, dated September 12, 2005, the Second Amending Agreement, dated January 22, 2007, the Third Amending Agreement, dated January 31, 2007 and the Fourth Amending Agreement, dated April 21, 2011 (in respect of 400 Nugget Avenue, Toronto, ON).

Industrial Lease – Single Tenancy, dated October 31, 2008, between Rodenbury Investments Limited and Cinram International Inc. (in respect of 5590 Finch Avenue, Toronto, ON).

Industrial Building Lease, dated February 13, 2004, between Ozburn Properties, LLC and Cinram Distribution LLC, as amended by the First Amendment to Industrial Building Lease, dated May 24, 2006, as assigned to Industrial MS Logistec Owner LLC, as amended by the Second Amendment to Industrial Building Lease, dated February 28, 2011 (in respect of 437 Sanford Road, Lavergne, TN).

Industrial Building Lease, dated January 21, 2009, between US Industrial REIT II and Cinram Distribution LLC (in respect of 948 Meridian Drive, Aurora, IL). Terminated as of July 31, 2012.

Multi-Tenant Industrial Lease Agreement, dated June 5, 2009, between Harsch Investment Realty, LLC Series E and Ditan Distribution LLC (merged into Cinram Distribution LLC) (in respect of 3500 West Valley Highway North, Unit B103, Auburn, WA). Terminates July 30, 2012.

Sublease Agreement, dated September 23, 2011, between Cinram Distribution LLC (as successor in interest to Ditan Distribution LLC), as sublandlord, and Raymond Handling Concepts Corporation, as subtenant (in respect of the warehouse portion of 3500 West Valley Highway North, Unit B103, Auburn, WA). Terminates July 30, 2012

Bishop Ranch Building Lease, dated May 23, 2011, between Annabel Investment Company and Cinram Distribution LLC, as amended by the First Lease Addendum, dated March 19, 2012 (in respect of 2682 Bishop Drive, Suite 216, San Ramon, CA).

Office Lease, dated September 15, 2011, between South Park Group LLC and Cinram Distribution LLC (in respect of 39 South Park Blvd, Greenwood, IN). The lease has been renewed (June 1, 2012) for 12 months pending on Landlord signed back.

Office Lease, dated March 30, 2012, between Batavia Enterprises, Inc. and Cinram Distribution LLC (in respect of 160 First Street, Batavia, IL).

Lease Agreement, dated October 1, 2009, between Osprey-Troy Officentre, LLC and Vision Information Logistics LLC (now Cinram Retail Services LLC) (in respect of 340 East Big Beaver, Unit 220, Troy, MI).

Office Sublease, dated December 14, 2004, between Warner Music Group Inc. and One-K Studios LLC (in respect of 3400 W Olive, Unit 300, Burbank, CA).

Amended and Restated Lease Agreement, dated September 1, 1987, between The Industrial Development Board of the City of Huntsville and Laservideo, Inc., as amended by the Series 1991 Amendment, dated April 1, 1991 and the Series 1992 Amendment, dated March 1, 1993, as assigned by Laservideo, Inc., to Cinram, Inc. (in respect of 4905 Moores Mill Road, Huntsville, AL).

Agreement of Sublease, dated September 9, 2009, among Ditan Distribution LLC (merged into Cinram Distribution LLC), Take-Two Interactive Software, Inc. and Jack Of All Games, Inc. (partially assigned back to Take-Two under Amendment No. 3 to IMSA) (in respect of 9271 Meridian Way, West Chester, OH).

Schedule 2.1(b)Equipment*Categories of Equipment and Production Lines:*

DVD Automated Packaging Lines 2

Nashville

DVD Packaging Lines 16

BD Automated Packaging Lines 3

Manual Packaging Lines

Huntsville

DVD Replication Lines 56

BD Replication Lines = BD 50 10

DVD/BD Screen Printers 3

DVD/BD Offset Printers 16

DVD Automated Packaging Lines 10

BD Automated Packaging Lines 3

Manual Packagind

Toronto

CD Replication Lines 10

DVD Replication Lines 15

CD/DVD Screen Printers 6

CD/DVD Offset Printers 5

CD Automated Packaging Lines 5

DVD Automated Packaging Lines 4

BD Automated Packaging Lines 1

Manual Packaging Lines

Schedule 2.1(h)

Permits*Cinram Inc.*

300DD ADEM Biomedical Permit Medical waste generation identification number: G-OTH-1238		300 Diamond Drive August 20, 2008
Air Permit Permit No. 7-09-P298-Z001	Issued July 17, 2010	1000 James Record Road Expires July 17, 2015.
ADEM Biomedical Permit Medical waste generation identification number: G-OTH-1131		4905 Moores Mill Road August 30, 2006
ADEM Groundwater No Exposure Permit Certification # NEC000097	June 20, 2011	4905 Moores Mill Road
ADEM State Indirect Discharge Permit Permit No. IU 08-45-00362	Valid March 1, 2012 – February 28, 2017	4905 Moores Mill Road
Air Permit Permit No. 7-09-P312-Z001	Issued July 1, 2008	4905 Moores Mill Road Expires July 1, 2013.
Department of Transportation Hazardous Materials Permit Reg. No. 051812 009 017U	Issued May 23, 2012	4905 Moores Mill Road Expires June 30, 2013
Industrial Wastewater Discharge Authorization Permit SID Permit No. IU 08 45 00362	Valid January 30, 2012 to January 2015.	4905 Moores Mill Road
Radio Licence CP VHF Valid June 7, 2012 to May 31, 2022		FCC Registration No. 0006166300
Radio Licence Distribution UHF Valid July 10, 2007 to July 10, 2017		FCC Registration No. 0006166300
Radio Licence Manufacturing UHF Valid September 21, 2002 to October 6, 2012		FCC Registration No. 00036104410
Radio Licence Security VHF Valid April 3, 2003 to April 3, 2013		FCC Registration No. 0006166300
State of Alabama Department of Revenue Tax Identification Information, Account No. R007336385		
Alabama Department of Revenue, Sales, Use and Business Tax Division – Permit to Purchase Tangible personal Property Without the Payment to the Vendor of the Sales or Use Tax, Permit No. SDP-R007336385		

Cinram Manufacturing LLC

Occupancy Permit for Mid Valley Industrial Park Inspection date: December 31, 1992	File No. 0000225816
Title V Operating Permit – Air Quality Program Valid February 17, 2009 to February 17, 2014	Permit No. 35-00032
Industrial Wastewater Discharge Permit Valid January 1, 2012 to December 31, 2016	Permit No. 117-TH
Heliport License for the Cinram Heliport Issued: September 20, 2011 to November 21, 2014	License No. 534
Radio Station Authorization Valid July 14, 2011 to July 26, 2021	FCC Registration No. 0014961924
Tier II Chemical Inventory Invoice January 20, 2012	Submission ID: 190101
Certificate of Boiler or Pressure Vessel Operation Valid August 15, 2011 to August 15, 2014	File No. 04876
Hazardous Materials Certificate of Registration Valid: June 8, 2011 to June 30, 2012	Reg. No. 060611 007 014T
Hazardous Materials Certificate of Registration Valid: July 1, 2012 to June 30, 2013	Reg. No. 071408001020Q
Hazardous Substance Survey Form	Feb. 8, 2012

Cinram Distribution LLC

Minimum Business License and Gross Sales Receipt Valid: September 14, 2011 to June 30, 2012	License #: 0512100
City of Lavergne - Business Tax License Tax Period: July 1, 2011 - June 30, 2012	License #: 013922

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Schedule 2.1(j)Domain Names and Internet AddressesDomain Names

cinram.com	gripflix.com	one-kstudios.net
cinramtest.com	visioninfo.com	showbook.us
ditan.com	one-k.com	cinram.de
ditanaccess.com	1kdvd.com	cinram.biz
ditanaccess.net	onekstudios.us.com	cinram.net
ditanaccess.info	onekstudios.net	cinram-europe.com
ditanaccess.biz	1kstudios.us.	ten-net.com
fox-cinram.com	1ktech.com	
cinramb2b.com	1kentertainment.com	

Associated Websites/URLs

www.cinram.com	bbyint.visioninfo.com	kmart.visioninfo.com
direct.cinram.com	bbyqaftp.visioninfo.com	mms.visioninfo.com
wire.cinram.com	bvheeu.visioninfo.com	morrison.visioninfo.com
www.ditan.com	bvheeu20.visioninfo.com	msheu.visioninfo.com
www.ditanaccess.com	cinram.visioninfo.com	sonybmj.visioninfo.com
www.gripflix.com	demo1.visioninfo.com	tf1.visioninfo.com
www.cinram.de	demo2.visioninfo.com	ume.visioninfo.com
druckerei.cinram.de/	demo3.visioninfo.com	uni.visioninfo.com
www.visioninfo.com	demo4.visioninfo.com	upuk.visioninfo.com
www.ten-net.com	demo5.visioninfo.com	vision2demo.visioninfo.com
www.one-k.com/	eaur.visioninfo.com	vivendi.visioninfo.com
ae.visioninfo.com	eaus.visioninfo.com	webdev.visioninfo.com
alliance.visioninfo.com	ftp.visioninfo.com	webdev7.visioninfo.com
as2.visioninfo.com	gtm.visioninfo.com	webdev8.visioninfo.com
bby.visioninfo.com	ic.visioninfo.com	
bbyftp.visioninfo.com	iesg.visioninfo.com	

Schedule 2.1(p)Personal Property Leases*Cinram International Inc. Leases:*

G.N.Johnston Equipment Co. Ltd. #7200 (Renewed Lease #9053) Warehouse Equipment
7-Mar-07 (Renewed 27-Apr-12)

G.N.Johnston Equipment Co. Ltd. #7691 Warehouse Equipment 21-Jan-08

G.N.Johnston Equipment Co. Ltd. #7690 Warehouse Equipment 21-Jan-08

G.N.Johnston Equipment Co. Ltd. #7689 Warehouse Equipment 21-Jan-08

G.N.Johnston Equipment Co. Ltd. #7762 Warehouse Equipment 21-Jan-08

G.N.Johnston Equipment Co. Ltd. # 6026 Warehouse Equipment 20-Feb-09

G.N.Johnston Equipment Co. Ltd. # 6024 Warehouse Equipment 20-Feb-09

Pitney Bowes # 8198536 Stamp Machine 13-Nov-06

Xerox Canada Ltd Copier 8-Jul-11

Johnston Equipment #6859 Warehouse Equipment - 1 Dockstocker 8-Feb-10

Johnston Equipment # 6905 Warehouse Equipment - 5 Order Pickers 8-Feb-10

Johnston Equipment # 6906 Warehouse Equipment - 5 swingreaches and 10 batteries
8-Feb-10

Johnston Equipment #6970 Warehouse Equipment - 6 BT and 12 batteries
8-Feb-10

G.N.Johnston Equipment Co. Ltd. # 6072 Warehouse Equipment 1-Apr-09

G.N.Johnston Equipment Co. Ltd. # 7835 Warehouse Equipment 18-Apr-11

G.N.Johnston Equipment Co. Ltd. # 7882 Warehouse Equipment 18-Apr-11

G.N.Johnston Equipment Co. Ltd. # 7883 Warehouse Equipment 18-Apr-11

G.N.Johnston Equipment Co. Ltd. # 8024 Warehouse Equipment 28-Nov-11

G.N.Johnston Equipment Co. Ltd. # 8285 Warehouse Equipment 5-Nov-11

Cinram Distribution LLC Leases:

Pure Water Technologies	Water Coolers	4-Dec-09
Raymond	Dock Stocker - Serial#DSS-5862	14-June-08
Raymond	Dock Stocker - Serial#DSS-5863	14-June-08
Raymond	Dock Stocker - Serial#DSS-5864	14-June-08
Raymond	Dock Stocker - Serial#DSS-5865	14-June-08
Raymond	Dock Stocker - Serial#DSS-5866	14-June-08
Raymond	Dock Stocker - Serial#04-06536	14-June-08
Raymond	Dock Stocker - Serial#04-06540	14-June-08
Raymond	Dock Stocker - Serial#04-06537	14-June-08
Raymond	Dock Stocker - Serial#04-06539	14-June-08
Raymond	Swing Reach - Serial #SA-06-059244	14-June-08
Raymond	Swing Reach - Serial #SA-06-059245	14-June-08
Raymond	Swing Reach - Serial #SA-08-05966	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05969	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05968	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05955	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05959	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05962	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05965	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05964	14-Mar-07
Raymond	Swing Reach - Serial #SA-08-05963	14-Mar-07
Raymond	Order Pickers - Serial#560-06-B01572	14-June-08
Raymond	Order Pickers - Serial#560-06-B01571	14-June-08
Raymond	Order Pickers - Serial#560-06-B07388	14-Sept-08
Raymond	Order Pickers - Serial#560-08-B07389	14-Sept-08

Raymond	Order Pickers - Serial#560-08-B07390	14-Sept-08
Raymond	Order Pickers - Serial#560-08-B07391	14-Sept-08
Raymond	Order Pickers - Serial#560-08-B07392	14-Sept-08
Raymond	Order Pickers - Serial#560-08-B07304	14-Sept-08
Raymond	Order Pickers - Serial#560-08-B07322	14-Sept-08
Raymond	Order Pickers - Serial#560-08-B07321	14-Sept-08
Raymond	Order Pickers - Serial#850-06-63971	14-Mar-07
Raymond	Order Pickers - Serial#850-06-63972	14-Mar-07
Raymond	Order Pickers - Serial#850-06-63977	14-Mar-07
Raymond	Walkies - Serial#112-04-51624	14-Mar-07
Raymond	Walkies - Serial#112-04-51626	14-Mar-07
Raymond	Walkies - Serial#112-04-51627	14-Mar-07
Raymond	Walkies - Serial#112-04-51625	14-Mar-07
Raymond	Walkies - Serial#112-04-51630	14-Mar-07
Raymond	Walkies - Serial#112-04-51629	14-Mar-07
Raymond	Walkies - Serial#112-04-51619	14-Mar-07
Raymond	Walkies - Serial#112-04-51633	14-Mar-07
Raymond	Walkies - Serial#850-06-63976	14-Mar-07
Raymond	Swing Reach - Serial #SA-06-05244	14-Mar-07
Raymond	Swing Reach - Serial #SA-06-05245	14-Mar-07

Ditan Distribution LLC (merged into Cinram Distribution LLC) Leases:

LeaseNet - Network Storage, Inc. IT lease equipment 18-Sep-09

Continental Broadband (a/k/a/ NFRAME Inc.) IT equipment co-location agreement 7-Apr-06

Cinram Inc. Leases (Huntsville):

Orion Throughput Agreement Supply Contract	12-May-11	
Raymond	Walkies - 840-FRE60L, 840-06-63886, W-40, Lease #2100730	26-Mar-09
Raymond	Walkies - 840-FRE60L, 840-06-63887, W-41, Lease #2100730	26-Mar-09
Raymond	Walkies - 840-FRE60L, 840-06-63891, W-42, Lease #2100730	26-Mar-09
Raymond	Walkies - 840-FRE60L, 840-06-63894, W-43, Lease #2100730	26-Mar-09
Raymond	Walkies - 840-FRE60L, 840-06-63895, W-44, Lease #2100730	26-Mar-09
Raymond	Walkies - 840-FRE60L, 840-06-63890, W-45, Lease #2100730	26-Mar-09
Raymond Jun-09	Swing Reach - SACSR30T, SA-04-03495, SR-10, Lease #2100733	29-
Raymond Jun-09	Swing Reach - SACSR30T, SA-04-03496, SR-11, Lease #2100733	29-
Raymond Jun-09	Swing Reach - SACSR30T, SA-04-03678, SR-12, Lease #2100733	29-
Raymond	Swing Reach - SACSR30T, SA-07-05566, SR-26	29-Jun-09
Raymond	Swing Reach - SACSR30T, SA-07-05567, SR-27	29-Jun-09
Raymond	Swing Reach - SACSR30T, SA-07-05560, SR-28	29-Jun-09
Raymond	Swing Reach - SACSR30T, SA-07-05561, SR-29	29-Jun-09
Raymond	Swing Reach - SACSR30T, SA-07-05562, SR-30	29-Jun-09
Raymond	Swing Reach - SACSR30T, SA-07-05563, SR-31	29-Jun-09
Raymond	Swing Reach - SACSR30T, SA-07-05565, SR-32	29-Jun-09
Raymond 4-Jan-07	Order Pickers - EASI-OPC30TT, EASI-05-AR36143, OP17, PO #832625	
Crown Order Pickers - 3450H, 1A288277, OP32		2-Nov-07
Crown Order Pickers - 3450H, 1A288278, OP33		2-Nov-07
Crown Order Pickers - 3450H, 1A320134, OP36		17-May-10
Crown Order Pickers - 3450H, 1A320135, OP37		17-May-10

Crown Order Pickers - 3450H, 1A320136, OP38 17-May-10

Crown Order Pickers - 3450H, 1A320137, OP39 17-May-10

Crown Order Pickers - 3450H, 1A293161, OP40, PO #834848 5-May-07

Crown Order Pickers - 3450H, 1A293210, OP41, PO #834848 5-May-07

Raymond Electric Forklifts - R40-C40TT, R40-06-11523, DSS4, Lease #2100731
26-Mar-09

Raymond Electric Forklifts - R40-C40TT, R40-06-11524, DSS5, Lease #2100731
26-Mar-09

Raymond Electric Forklifts - R40-C40TT, R40-06-11525, DSS6, Lease #2100731
26-Mar-09

Raymond Electric Forklifts - R40-C40TT, R40-07-12962, DSS-07, PO # 832624, Lease
#2100716 (Renewed Lease #9053) 24-Mar-10

Crown Reach Trucks - 5200S, 1A288489, RT30 16-April-07

Crown Reach Trucks - 5200S, 1A288490, RT31 16-April-07

Crown Reach Trucks - 5200S, 1A288491, RT32 16-April-07

Crown Reach Trucks - RR52655-45, 1A315624, RT33, PO #832627, old PO#822788 6-June-
10

Crown Reach Trucks - RR52655-45, 1A315626, RT35, PO #832627, old PO#822788 6-June-
10

Raymond Order Pickers - EASI-OPC30TT, EASI-05-AR36143, OP17, PO #832625 25-
Dec-11

Yale Propane Forklifts (x13 at 4905 Moores Mill Road) (Master L# 8487075) 1-Apr-11

Yale Propane Forklifts (x2 at 300 Diamond Drive) 1-Apr-11

Yale Propane Forklifts (x6 at 248 Dunlop Bldg) 1-Apr-11

Singulus Five (5) Automatic BD ROM Single and Dual Later Manufacturing Systems
(onsite in Hunstville AL) 8-June-11

Schedule 2.1(o)Real Property

2255 Markham Road Toronto, ON

4905 Moores Mill Road Huntsville, AL

Schedule 2.2(n)

Specifically Excluded Assets

None.

Schedule 4.3 to the Asset Purchase Agreement

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Schedule 4.5

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Title

See reference to JPMorgan liabilities on Exhibit "A".

Schedule 4.6 to the Asset Purchase Agreement

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Schedule 4.9

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Transferred Intellectual Property

Sec Schedule 2.1(i)

EXHIBIT "A"

Note: All references to liens in favour of JPMorgan in this Exhibit "A" are only for the purposes of the representations and warranties in the first sentence of Section 4.5 and the first sentence of Section 4.8(e) of the Asset Purchase Agreement, and are not considered Permitted Encumbrances for any other purpose.

U.S. LIENS

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM INTERNATIONAL INC.	DC	UCC-1 #2006061111 5/9/06	JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT	ALL ASSETS
		UCC-3 1/21/11	JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT	Name change
CINRAM INTERNATIONAL INC.	DC	UCC-1 #2011044681 4/14/11	JPMorgan Chase, N.A., as Second Lien Administrative Agent	ALL ASSETS
CINRAM INTERNATIONAL INC.	DC	UCC-1 #2007071306 5/29/07	CLD Finance Inc.	Equipment lease

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM INTERNATIONAL INC.	DC	UCC-1 #2007071783 5/29/07	Singulus Technologies AG	Equipment lease
CINRAM INTERNATIONAL INC.	DC	UCC-1 #2007071818 5/29/07	Singulus Technologies AG	Equipment lease
CINRAM INTERNATIONAL INC.	DC	UCC-1 #2008089090 8/19/08	Singulus Technologies AG	Equipment lease
CINRAM (U.S.) HOLDING'S INC.	DE	UCC-1 #61533116 5/5/06	JPMORGAN CHASE BANK, N.A.	[ALL ASSETS]
		UCC-3 2/24/11	JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM (U.S.) HOLDING'S INC.	DE	UCC-1 #11392045 4/13/11	JPMorgan Chase, N.A., as Second Lien Administrative Agent	[ALL ASSETS]
CINRAM DISTRIBUTION LLC	DE	UCC-1 #61533124 5/5/06	JPMORGAN CHASE BANK, N.A.	[ALL ASSETS]
		UCC-3 2/24/11	JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT	
CINRAM DISTRIBUTION LLC	DE	UCC-1 #00322846 1/26/10	BANK OF THE WEST, TRINITY DIVISION and PURE HEALTH SOLUTIONS, INC.	
CINRAM DISTRIBUTION LLC	DE	UCC-1 #11392888 4/13/11	JPMORGAN CHASE, N.A., AS SECOND LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM MANUFACTURING LLC	DE	UCC-1 #51553081 5/19/05	FUJIFILM SERICOL USA INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #61533140 5/5/06	JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT	[ALL ASSETS]
		UCC-3 #10487481 2/24/11	JPMORGAN CHASE, N.A., AS ADMINISTRATIVE AGENT FOR ITSELF AND OTHER LENDERS	
CINRAM MANUFACTURING LLC	DE	UCC-1 #62538049 7/21/06	UNAXIS USA, INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #74052568 10/25/07	SINGULUS TECHNOLOGIES AG	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
		UCC-3 #74291992 11/09/07	SINGULUS TECHNOLOGIES AG	
CINRAM MANUFACTURING LLC	DE	UCC-1 #74270418 11/8/07	FUJIFILM SERICOL USA INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #80238970 1/18/08	DE LAGE LANDEN FINANCIAL SERVICES, INC.	
		UCC-3 #82461687 7/17/08	DE LAGE LANDEN FINANCIAL SERVICES, INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #81568698 05/6/08	SINGULUS TECHNOLOGIES AG	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM MANUFACTURING LLC	DE	UCC-1 #81802576 05/27/08	U.S. BANCORP	
CINRAM MANUFACTURING LLC	DE	UCC-1 #82089918 6/18/08	DE LAGE LANDEN FINANCIAL SERVICES, INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #82585444 7/29/08	DE LAGE LANDEN FINANCIAL SERVICES, INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #83339478 10/2/08	DE LAGE LANDEN FINANCIAL SERVICES, INC.	
CINRAM MANUFACTURING LLC	DE	UCC-1 #01856644 5/26/10	DE LAGE LANDEN FINANCIAL SERVICES, INC.	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM MANUFACTURING LLC	DE	UCC-1 #01856644 5/26/10	DE LAGE LANDEN FINANCIAL SERVICES, INC.	
CINRAM MANUFACTURING LLC		UCC-1 #11393092 4/13/11	JPMORGAN CHASE, N.A., AS SECOND LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]
CINRAM MANUFACTURING LLC	DE	UCC-1 #13633289 9/21/11	EMC CORPORATION	
CINRAM, INC.	DE	UCC-1 #61533066 5/5/06	JPMORGAN CHASE BANK, N.A.	[ALL ASSETS]
		UCC-3 #10678477 2/24/11	JPMORGAN CHASE BANK, N.A.	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM, INC.	DE	UCC-1 #62438216 7/14/06	CROWN CREDIT COMPANY	
CINRAM, INC.	DE	UCC-1 #72595022 7/10/07	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #74045539 10/05/07	ERVIN LEASING COMPANY	
CINRAM, INC.	DE	UCC-1 #74052329 10/25/07	SINGULUS TECHNOLOGIES AG	
CINRAM, INC.	DE	UCC-1 #81841079 5/29/08	RAYMOND LEASING CORPORATION	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM, INC.	DE	UCC-1 #82812418 8/18/08	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #84159974 12/15/08	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #90339272 2/2/09	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #90614120 2/25/09	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #90951027 3/25/09	RAYMOND LEASING CORPORATION	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM, INC.	DE	UCC-1 #90951035 3/25/09	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #90951043 3/25/09	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #92041629 6/25/09	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #92252606 7/14/09	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #00442271 2/9/10	RAYMOND LEASING CORPORATION	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM, INC.	DE	UCC-1 #00643431 2/25/10	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #00676571 3/1/10	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #01954761 6/4/10	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #02007544 6/9/10	THOMPSON TRACTOR CO., INC.	
CINRAM, INC.	DE	UCC-1 #04558833 12/22/10	THOMPSON TRACTOR CO., INC.	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM, INC.	DE	UCC-1 #10081367 1/7/11	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #10470495 2/8/11	RAYMOND LEASING CORPORATION	
CINRAM, INC.	DE	UCC-1 #11233066 4/4/11	NMHG FINANCIAL SERVICES INC.	
CINRAM, INC.	DE	UCC-1 #11393589 4/13/11	JPMORGAN CHASE, N.A., AS SECOND LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]
CINRAM, INC.	DE	UCC-1 #13002311 8/3/11	SINGULUS TECHNOLOGIES AG	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
CINRAM, INC.	DE	UCC-1 #13184085 8/16/11	SINGULUS TECHNOLOGIES AG	
CINRAM, INC.	DE	UCC-1 #13269514 8/23/11	SINGULUS TECHNOLOGIES AG	
CINRAM, INC.	DE	UCC-1 #13372607 8/31/11	SINGULUS TECHNOLOGIES AG	
CINRAM, INC.	DE	UCC-1 #13571265 9/16/11	SINGULUS TECHNOLOGIES AG	
CINRAM, INC.	DE	UCC-1 #13792960 10/3/11	ORION ASSET MANAGEMENT, LLC	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
DITAN DISTRIBUTION LLC	DE	UCC-1 #42061366 7/20/04	FIRST UNION COMMERCIAL CORPORATION	
		UCC-3 #71622082 5/1/07	FIRST UNION COMMERCIAL CORPORATION	
DITAN DISTRIBUTION LLC	DE	UCC-1 #53401271 10/24/05	WELLS FARGO EQUIPMENT FINANCE, INC.	
		UCC-3 #72354966 6/21/07	WELLS FARGO EQUIPMENT FINANCE, INC.	
DITAN DISTRIBUTION LLC	DE	UCC-1 #71727543 5/4/07	COMMERCE COMMERCIAL LEASING, LLC	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
DITAN DISTRIBUTION LLC	DE	UCC-1 #72759057 7/23/07	JPMORGAN CHASE, N.A., ADMINISTRATIVE AGENT	[ALL ASSETS]
DITAN DISTRIBUTION LLC	DE	UCC-1 #74648944 12/10/07	RAYMOND LEASING CORPORATION	
DITAN DISTRIBUTION LLC	DE	UCC-1 #81263035 4/10/08	RAYMOND LEASING CORPORATION	
DITAN DISTRIBUTION LLC	DE	UCC-1 #93215933 10/7/09	LEASENET GROUP, LLC	
DITAN DISTRIBUTION LLC	DE	UCC-1 #11393746 4/13/11	JPMORGAN CHASE, N.A., AS FIRST LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
DITAN DISTRIBUTION LLC	DE	UCC-1 #11393803 4/13/11	JPMORGAN CHASE, N.A., AS SECOND LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]
ONE K STUDIOS, LLC	CA	UCC-1 #087176252088 10/23/08	Dimension Funding LLC and BMT Leasing, Inc. dba Bryn Mawr Funding	
		UCC-3 #0871785950 11/14/08	Dimension Funding LLC and BMT Leasing, Inc. dba Bryn Mawr Funding	
ONE K STUDIOS, LLC	CA	UCC-1 #087180406771 12/4/08	BMT Leasing, Inc.	
ONE K STUDIOS, LLC	CA	UCC-1 #097183718963 1/7/09	MARLIN BUSINESS BANK	

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
ONE K STUDIOS, LLC	CA	UCC-1 #097200500427 6/25/09	KEY EQUIPMENT FINANCE INC.	
ONE K STUDIOS, LLC	CA	UCC-1 #097208483586 9/17/09	COMMUNITY BANK	
ONE K STUDIOS, LLC	CA	UCC-1 #097213160099 10/29/09	COMMUNITY BANK	
ONE K STUDIOS, LLC	CA	UCC-1 #117266623670 4/13/11	JPMORGAN CHASE, N.A., AS FIRST LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]
ONE K STUDIOS, LLC	CA	UCC-1 #117266623791 4/13/11	JPMORGAN CHASE, N.A., AS SECOND LIEN ADMINISTRATIVE AGENT	[ALL ASSETS]

Debtor	State	UCC Type, File No. and File Date	Secured Party	Collateral Description
VISION INFORMATION LOGISTICS LLC	DE	UCC-1 #74643879 12/10/27	JPMORGAN CHASE, N.A., AS ADMINISTRATIVE AGENT	[ALL ASSETS]

CANADIAN LIENS

<u>Secured Party</u>	<u>File Number</u>	<u>No.</u> <u>Regn</u>	<u>Collateral Description</u>	<u>Debtor</u>
1. G.N. Johnston Equipment Co. Ltd.	6660454353	20100409 1507 1097 3898	Specific equipment (lift trucks and batteries)	Cinram International Inc.
2. G.N. Johnston Equipment Co. Ltd.	6659255544	20100212 1350 1097 3858	Specific equipment (lift trucks and batteries)	Cinram International Inc.
4. G.N. Johnston Equipment Co. Ltd.	6651970566	20090310 1509 1097 3620	Specific equipment (lift trucks and batteries)	Cinram International Inc.
5. G.N. Johnston Equipment Co. Ltd.	6651817332	20090303 1456 1097 3616	Specific equipment (lift trucks and batteries)	Cinram International Inc.
6. Singulus Technologies AG	6647793495	i) 20080818 1022 1862 7409	Automatic BD ROM single layer and dual layer manufacturing system	Cinram International Inc.

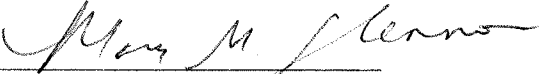
<u>Secured Party</u>	<u>File Number</u>	<u>Regn No.</u>	<u>Collateral Description</u>	<u>Debtor</u>
		ii) 20080818 1355 1862 7442		
7. G.N. Johnston Equipment Co. Ltd.	6642157371	20080121 1411 1097 3140	Specific equipment (lift trucks and batteries)	Cinram International Inc.
8. G.N. Johnston Equipment Co. Ltd.	6620754345	20051124 1328 1097 2318	Specific equipment (lift trucks and batteries)	Cinram International Inc.
9. G.N. Johnston Equipment Co. Ltd.	6676688373	20120307 1515 1097 4506	Specific equipment (Oldham batteries and Oldham Chargers)	Cinram International Inc.
10. CIT Financial Ltd.	674472429	20111118 1319 1616 8157	Equipment (Xerox printers)	Cinram International Inc.
11. G.N. Johnston Equipment Co. Ltd.	673186833	20110926 1341 1097 4344	Equipment, Motor Vehicles, 2x2007 BT Lift Truck LPE200, VINs listed	Cinram International Inc.
12. G.N. Johnston Equipment Co. Ltd.	670125348	20110525 1526 1097 4220	Equipment, Motor Vehicles, 2006 Raymond Lift Truck DSS-C30TT, 2006 Raymond Lift Truck R30-C30QM, 5x2006 BT Lift Truck LPE200, VINs listed	Cinram International Inc.
13. JPMorgan Chase Bank, N.A.	668534283	20110325 1007 1862 5340	Inventory, Equipment, Accounts, Other, Motor Vehicles	Cinram International Inc.
14. JPMorgan Chase Bank, N.A.	624676527	20060428 0949 1862 0806	Inventory, Equipment, Accounts, Other, Motor	Cinram International Inc.

<u>Secured Party</u>	<u>File Number</u>	<u>No.</u> <u>Regn</u>	<u>Collateral Description</u>	<u>Debtor</u>
			Vehicles	
15. JPMorgan Chase Bank, N.A.	624676563	20060428 0950 1862 0809	Inventory, Equipment, Accounts, Other, Motor Vehicles	Cinram International Inc.

V6086340

TAB B

This is Exhibit "B" referred to in the
affidavit of Mark Hootnick
sworn before me, this 23rd
day of June, 2012.


A Notary Public in and for the
State of New York.

MARY M. GLEASON
Notary Public, State of New York
No. 01GL6139228
Qualified in Kings County
Commission Expires January 1, 2014

June 22, 2012

Cinram International Inc. and
1362806 Ontario Limited
2255 Markham Road
Scarborough, ON M1B 2W3
Attention: Steve Brown

Dear Sirs:

Pursuant to that certain Purchase Agreement, as of even date herewith (the "**North American Purchase Agreement**"), between Cinram International, Inc. (the "**Seller**") and Cinram Acquisition, Inc. (the "**North American Buyer**"), the North American Buyer has agreed to acquire substantially all of the North American operations of the Cinram group of companies pursuant to the terms and conditions set forth therein.

We are pleased to submit this irrevocable binding offer (the "**Offer**") to acquire the European operations of the Cinram group of companies (the "**Transaction**") through the purchase of all of the issued and outstanding equity interests and voting rights of Coöperatie Cinram Netherlands UA (the "**Purchased Company**") and, indirectly, each of its direct and indirect subsidiaries (other than Cinram Iberia SL) (collectively with the Purchased Company, the "**Cinram European Entities**"), substantially on the terms and conditions set forth herein and in the form of purchase agreement for the Cinram European Entities attached hereto as Exhibit A (with such changes thereto as the parties may mutually agree upon, the "**European Purchase Agreement**"). Set forth as Exhibit B is the corporate organizational chart of the Cinram European Entities, together with a detailed description of their capital stock and the ownership of such capital stock.

1. Buyer and Seller. The purchaser of the Purchased Company will be an affiliate of the North American Buyer (the "**European Buyer**") to be designated by written notice to the Seller and to 1362806 Ontario Limited (together, the "**Sellers**"). The parties shall use commercially reasonable efforts to accommodate any written request by the North American Buyer to have one or more of its other affiliates purchase certain of the Cinram European Entities, it being acknowledged and agreed that the Sellers shall have no obligation to accommodate such request if, due to regulatory or corporate requirements, the accommodation thereof would result in undue delay or increased conditionality of the closing of the Transaction (the "**Closing**"). To the extent such requests are made and accommodated, the relevant affiliates will also be parties to the European Purchase Agreement and the terms "**European Buyer**" will also include such affiliates. The Sellers own all of the capital stock and voting rights of the Purchased Company. Notwithstanding the identity of the European Buyer, subject to the terms of

the Offer and the performance by the Sellers of their obligations hereunder, the North American Buyer guarantees in favor of the Sellers the payment and performance of all obligations of the European Buyer under the European Purchase Agreement.

2. Purchase Price. The purchase price for the Purchased Company will be determined in accordance with this Section 2.

The aggregate purchase price for the businesses and assets to be purchased pursuant to the North American Purchase Agreement and for the Purchased Company (i.e., the Cinram European Entities) shall be \$82,500,000, subject to adjustment as provided in Section 3.2 of the North American Purchase Agreement (the “**Aggregate Purchase Price**”). The purchase price for the Purchased Company (the “**European Purchase Price**”) will be the Aggregate Purchase Price less the amount paid by the North American Buyer for the purchase of the businesses and assets purchased pursuant to the North American Purchase Agreement, as agreed upon by the North American Seller and the North American Buyer (the “**NA Purchase Price**”). The European Purchase Price will be decreased, on a dollar-for-dollar basis, for (a) any distribution or other transfer of cash or other assets from the Cinram European Entities to the Sellers or any of their affiliates (other than the Cinram European Entities) after April 30, 2012, (b) any Seller Expenses (as defined below), (c) the Tax Accruals (as defined below), if any and (d) the Excess FX Gain Adjustment, if any, provided that the European Purchase Price will not be reduced for (i) any distribution or other transfer of cash or other assets pursuant to clause (a) to the extent such cash or other assets are included in the Purchased Assets (as defined in the North American Purchase Agreement) acquired by the North American Buyer at the closing of the transactions contemplated by the North American Purchase Agreement (the “**NA Closing**”) and (ii) any of the matters described in clause (b) or (c) to the extent any such matter results in a reduction of the NA Purchase Price.

“**Seller Expenses**” means all liabilities of any Cinram European Entity incurred and relating to (A) the period after April 30, 2012 in connection with the Seller’s strategic process and the transactions contemplated by the North American Purchase Agreement or by this Offer to the professional advisors of the Cinram European Entities and the Sellers and their lenders, including their respective legal counsel, accountants, tax advisors, financial advisors, restructuring advisors, labor advisors and other advisors, and (B) any premiums for the tail directors and officers’ insurance policy paid by, or incurred for the account of, any Cinram European Entity, but excluding obligations under the KERP (as such term is defined in the North American Purchase Agreement) and any excise taxes exigible on such Seller Expenses.

“**Tax Accruals**” means (i) all income taxes (and other taxes payable in respect of income, gross receipts or profits collectively referred to as “**income taxes**”) incurred, accrued, paid or payable by any Cinram European Entity resulting from the amendment, modification, cancellation, termination, repayment or discharge of any loans, receivables or payables between (x) one or more Cinram European Entities or (y) one or more Cinram European Entities, on the one hand, and a Seller and/or any affiliate of a Seller

(other than Cinram European Entities), on the other hand (the “**Intercompany Loans**”), other than an aggregate of \$65,000, and (ii) all income taxes incurred, accrued, paid or payable by any Cinram European Entity, or related to income, profits or earnings of any Cinram European Entity, for the period prior to April 30, 2012 (or paid prior to such date), except to the extent reflected on the Effective Date Balance Sheet. The parties will discuss in good faith and agree upon the Tax Accruals prior to the Offer Acceptance (as defined below).

The parties agree and acknowledge that Cinram Iberia SL is to be excluded from the Transaction, either through a distribution of the interests therein to the Seller pre-Closing or payment of the net proceeds (net of taxes and out-of-pocket costs and expenses related thereto) of the on-going liquidation of Cinram Iberia SL and the proposed disposition of its assets and properties to the Sellers (the “**Spanish Disposition**”). The parties will discuss in good faith and agree upon the necessary and appropriate means for the Sellers to receive the net proceeds of the Spanish Disposition, and to the extent necessary, make such changes to this letter or the European Purchase Agreement to reflect their agreement.

3. Works Council Consultation. This Offer cannot be accepted by the Sellers until the Sellers and/or the relevant Cinram European Entities have completed the works councils consultation process in France with respect to the Transaction (the “**Consultation Processes**”) in accordance with applicable laws and regulations, which shall be completed upon the earlier of (i) the delivery by the works councils of their *avis*, as contemplated by French law or (ii) the failure by the works councils to deliver their *avis* by the date on which they are ordered to deliver such *avis* by a court of competent jurisdiction. The Sellers will keep the North American Buyer informed of each step of the Consultation Processes and of any oral or written information requested by or provided to the works councils, and the North American Buyer and the European Buyer will provide the Sellers and the relevant Cinram European Entities all reasonable support and cooperation in order to assist them with the Consultation Processes.

During the Consultation Processes, if the works councils make any recommendations relating to the terms of the Transaction, the North American Buyer, the European Buyer and the Sellers will discuss in good faith (without any obligation for either the North American Buyer, the European Buyer or the Seller to agree to any changes) any measures that may be taken to accommodate the works councils’ recommendations and to resolve any outstanding issues in this respect. The North American Buyer, the European Buyer and the Sellers agree and acknowledge that any recommendations made by the works councils during the Consultation Processes will neither prevent the Seller from accepting the Offer upon the completion of the Consultation Processes nor impose any obligation on the North American Buyer or the European Buyer with respect thereto.

4. Offer Acceptance. We acknowledge that the Sellers shall not be obliged to sell the Purchased Company or other Cinram European Entities until they shall have

accepted the Offer in accordance with the terms hereof (the “**Offer Acceptance**”) following the completion of the Consultation Processes and the receipt of the *avis* of the works councils or the failure of the works council to deliver such *avis* by the date on which they are ordered to deliver such *avis* by a court of competent jurisdiction. Acceptance of the Offer by the Sellers shall be effected by written notice to the North American Buyer which makes reference to this Offer. Upon the Offer Acceptance, the parties will execute and deliver the European Purchase Agreement.

5. Conduct of Business. The Seller will cause the Cinram European Entities to conduct their businesses in, and only in, the ordinary course of business, consistent with past practice, use their reasonable efforts to preserve intact their businesses, assets and relationships with customers, suppliers and others having business dealings with them, and will consult with the North American Buyer and the European Buyer before entering into or effecting any material transaction or any transaction that is not in the ordinary course of business consistent with past practice, except in each case, for the Agreed-Upon Transactions (as defined below). In particular, except for the Agreed-Upon Transactions and as otherwise expressly consented to by the European Buyer, the Seller will cause the Cinram European Entities not to issue any shares of capital stock or other securities (including any securities exchangeable or convertible into capital stock of the Cinram European Entities), declare, pay or make any dividend or distribution on any shares, incur any additional indebtedness for borrowed money, outside of the ordinary course of business make or commit to any material capital expenditures, or make any cash payments of any nature (cash or otherwise) to the Seller or their affiliates (other than ordinary compensation to officers or employees of the Cinram European Entities). No bonuses will be paid other than in the ordinary course of business and in line with previous bonus level payments (it being acknowledged and agreed that payments under KERP will continue to be made as and to the extent permitted by the North American Purchase Agreement).

“**Agreed-Upon Transactions**” means (i) the Spanish Disposition, (ii) the on-going bankruptcy proceedings of Cinram Optical Discs SAS, (iii) the cancellation, termination, repayment or discharge of the Intercompany Loans pursuant to the following paragraph, and (iv) the payment of the European Dividends (as defined below).

At the request of the North American Buyer, the Sellers will, and will use their best efforts to cause the Cinram European Entities and the Sellers’ other affiliates to, take such actions as may be appropriate as necessary to (A) cancel, terminate, repay or discharge all Intercompany Loans other than the Excluded Intercompany Loans prior to the Closing, (B) pay such dividends or other distributions by the Cinram European Companies as may be requested by the North American Buyer in writing (the “**European Dividends**”) immediately prior to the Closing, and (C) make such amendments and modifications to the terms of the Excluded Intercompany Loans (other than cancellation, termination, repayment or discharge thereof) as may be requested by the North American Buyer prior to the NA Closing (the “**Excluded Intercompany Loan Amendments**”), and (D) trigger the foreign exchange gain on the Excluded Intercompany Loan from

Cinram International, Inc. (or a Canadian affiliate thereof) to Cinram Holdings GmbH (the “**FX Gain**”) and offset such FX Gain with operational losses prior to Closing, it being understood that (i) to the extent such FX Gain is not entirely offset by such losses, the European Purchase Price shall be reduced by the amount representing the taxes payable on the difference between the aggregate FX Gain and the amount of FX Gain actually offset prior to Closing (the “**Excess FX Gain Adjustment**”), and (ii) the Sellers shall have the right to undertake the actions set forth in this clause (D) without the request of the North American Buyer, provided that (1) any request by the North American Buyer with respect to the matters in clauses (A), (B), (C) and (D) shall be made in sufficient time prior to the Closing in order for the implementation of the requests not to result in a delay of the Closing and (2) nothing herein shall require more than one dividend or other distribution by the Purchased Company, and all proceeds of all other European Dividends, if any, shall be used to finance such dividend or other distribution by the Purchased Company. For purposes of the foregoing sentence, “**Excluded Intercompany Loans**” means the following three Intercompany Loans: (i) the Intercompany Loan from Cinram GmbH to Cinram Europe B.V. in the principal amount of €80,000,000, (ii) the Intercompany Loan from Cinram International, Inc. (or a Canadian affiliate thereof) to Cinram Holdings GmbH in the principal amount of \$84,000,000, and (iii) the Intercompany Loan from Cinram Holdings GmbH to Cinram GmbH in the principal amount of €80,000,000. The Seller or its affiliates shall keep informed, and consult with, the North American Buyer with respect to all developments involving the Agreed-Upon Transactions and, notwithstanding anything to the contrary in the preceding sentence, shall not take or be required to take any action, or allow any action to be taken, with respect to the Agreed-Upon Transactions that (x) would reasonably be expected to increase the costs to, or impact on the business, affairs or prospects of, the Sellers and/or the Cinram European Entities or (y) would contravene applicable solvency limitations or otherwise breach applicable laws or regulations or fiduciary duties of the directors of the Cinram European Entities.

6. Closing. The Closing will be subject to:

(a) The completion of the NA Closing in accordance with the North American Purchase Agreement;

(b) Upon the request of the North American Buyer in accordance with the third paragraph of Section 5 (and subject to the limitations therein), the cancellation, termination, repayment or discharge of all Intercompany Loans prior to the Closing;

(c) Upon the request of the North American Buyer in accordance with the third paragraph of Section 5 (and subject to the limitations therein), the payment of the European Dividends prior to the Closing;

(d) As of the Closing, the cancellation or termination of all debt obligations and guarantees of the Cinram European Entities under the Credit

Agreement and the release of all security interests in assets or properties the Cinram European Entities related to such debt obligations or guarantees under the Credit Agreement, in each case at no additional cost to any Cinram European Entity;

(e) As of the Closing, no provision of any applicable law and no judgment, injunction, order or decree that prohibits the consummation of the Transaction shall be in effect;

(f) If the North American Buyer shall request any Excluded Intercompany Loan Amendment in accordance with paragraph 5 above, such Excluded Intercompany Loan Amendment shall not result in a reduction to the European Purchase Price in accordance with paragraph 2 hereof in excess of \$1,000,000, unless the Sellers shall have consented in their sole discretion to a reduction to the European Purchase Price in excess of \$1,000,000 resulting from such Excluded Intercompany Loan Amendment; and .

(g) The covenants contained in this Offer to be performed by the Seller at or prior to the execution of the European Purchase Agreement and as of the Closing shall have been performed in all material respects, excluding non-compliance that is a result of action or inaction by the North American Buyer or its affiliates ((a)-(g) collectively, the “**Conditions Precedent**”).

As used herein “**Credit Agreement**” means, collectively, the amended and restated credit agreement dated as of April 11, 2011 and the Second Lien Credit Agreement dated as of April 11, 2011, in each case among affiliates of the Seller, the guarantors from time to time party thereto, certain institutional lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent for the lenders thereunder, as amended, and related security documents.

Closing shall occur on the date on which the last Condition Precedent is satisfied or waived, provided that the Buyer shall have the right to extend the Closing to a date not later than December 17, 2012 regardless whether the Conditions Precedent are satisfied or waived before such date.

7. Exclusivity. We have and will incur considerable expense in connection with this Offer. To induce us to proceed with this transaction, you agree that no Cinram company will, directly or indirectly, contact any party or hold any discussions with any party regarding a sale of its European business. Accordingly, the Seller agrees, for so long as this Offer has not been rescinded or terminated in accordance with its terms, neither the Seller nor any of its affiliates, agents or representatives may, directly or indirectly, (i) solicit or encourage any inquiries or proposals for, or enter into any discussions with respect to, the acquisition by any person (other than the European Buyer and its representatives) of any shares of the Cinram European Entities or any significant portion of the assets and properties of the Cinram European Entities, or (ii) furnish or

cause to be furnished any non-public information concerning the Cinram European Entities or their assets and properties to any person (other than the European Buyer and its representatives), other as required by applicable laws and regulations and in each case after prior notice to and consultation with the North American Buyer, except in each case with respect to the Agreed-Upon Transactions. The Sellers and each of their agents, representatives will promptly notify the European Buyer of any inquiry or proposal received by such person with respect to the acquisition by any other person of any capital stock or any significant portion of the assets and properties of the Cinram European Entities.

8. Termination; Rescission. This Offer may be rescinded, at which time it shall no longer have any force or effect, at any time prior to the execution of the European Purchase Agreement: (a) by mutual written agreement of the Seller and the North American Buyer; or (b) by the Seller by written notice to the North American Buyer or by the North American Buyer upon written notice to the Seller if the North American Purchase Agreement is terminated.

9. Remedies. The North American Buyer acknowledges and agrees that the Sellers would not have an adequate remedy at law and may be irreparably harmed in the event that any of the provisions of this binding Offer letter were not performed by the North American Buyer in accordance with their specific terms or were otherwise breached by the North American Buyer. Accordingly, the North American Buyer acknowledges and agrees that the Sellers shall be entitled to injunctive relief to prevent breaches of this binding Offer letter and to specific performance of the terms and conditions of this binding Offer letter in addition to any other remedy to which the Seller may be entitled at law or in equity. The prevailing party in any such litigation shall be entitled to payment of its legal fees and disbursements, court costs and other expenses of enforcing, defending or otherwise protecting its interest hereunder. Following the NA Closing and prior to the Closing, the North American Buyer may not assign or transfer all or substantially all of the assets and properties acquired by it pursuant to the North American Purchase Agreement, unless its assignee or transferee agrees to guarantee the obligations of the North American Buyer hereunder in form and substance reasonably satisfactory to the Sellers.

10. Governing Law; Venue. This Offer letter shall be governed by, and construed and enforced in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to the conflict of laws rules thereof to the extent that the application of the laws of another jurisdiction would be required thereby; except that the provisions of Section 3, and the resolution of any disputes relating to the parties' obligations with respect to the French works council consultation process referred to herein, shall be governed by and construed in accordance with the laws of the Republic of France. The parties agree to submit to the exclusive jurisdiction of the courts of Ontario and agree to waive, to the fullest extent permissible by law, any objection to the laying of venue of any suit, action or proceeding arising out of this Offer letter in any such court.

11. Counterparts. This Offer letter may be executed in counterparts, each of which shall be deemed an original and together shall constitute one and the same instrument.

12. Key Contact; Offer Exercise. Please refer all inquiries with regard to this Offer to: Cinram Acquisition, Inc., 2525 East Camelback Road, Suite 850, Phoenix, Arizona 85016, attn: Jahm Najafi, tel: +1 602 476 0600, fax: +1 602 476 0625. The Offer Acceptance must take place through the delivery of a written acceptance notice to the address and person indicated in this Section 12 prior to the rescission of this Offer pursuant to Section 8.

Please indicate your receipt of this letter agreement by executing a counterpart hereof in the space provided below. This letter agreement shall expire at 23:59, Eastern Standard Time, on the date hereof if its receipt is not signed by you in the space indicated below, and returned to the undersigned, prior to such time. Please do not hesitate to call me with your comments or questions.

Sincerely,

Cinram Acquisition, Inc.

By: *Tina S. Rhodes*
Name: *Tina S. Rhodes*
Title: *Authorized Representative*

Accepted and Agreed:

Cinram International Inc.

By: _____
Name:
Title:

1362806 Ontario Limited

By: _____
Name:
Title:

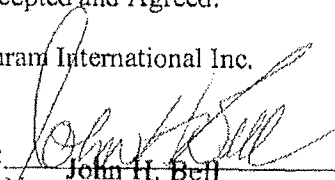
Sincerely,

Cinram Acquisition, Inc.

By: _____
Name:
Title:

Accepted and Agreed:

Cinram International Inc.

By: 
Name: John H. Bell
Title: Chief Financial Officer

1362806 Ontario Limited

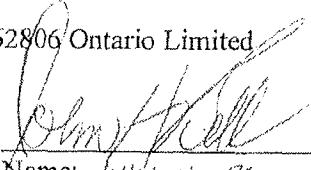
By: 
Name: JOHN H. BELL
Title: PRESIDENT

Exhibit A
to
European Offer Letter

303

SHARE PURCHASE AGREEMENT

CINRAM INTERNATIONAL, INC.

And

1362806 ONTARIO LIMITED

As the “Sellers”

And

[●]

As the “Buyer”¹

Made as of [●], 2012

¹ Appropriate changes to be made to have more than one “Buyer” and “Seller” if some of the European companies will be acquired by other Buyer affiliates (instead of through the Dutch co-op), subject to the terms of the offer letter.

SHARE PURCHASE AGREEMENT

THIS SHARE PURCHASE AGREEMENT is made as of [●], 2012,

BETWEEN:

Cinram International, Inc., a corporation organized under the laws of the *Canada Business Corporations Act* (“**Cinram International**”)

– and –

1362806 Ontario Limited, a limited liability company organized under the laws of [●] (“**Ontario Limited**” and together with Cinram International, the “**Sellers**”)

– and –

[●], a [●] organized under the laws of (the “**Buyer**”)²

RECITALS:

A. Cinram International, directly and through its subsidiaries, has (1) manufactured pre-recorded multimedia products and provides related logistics services in North America and Europe, (2) owned and operated a digital media production studio, and (3) offered fully hosted business intelligence and analytics solutions through its Vision proprietary software platform (collectively, the “**Business**”).

B. Cinram International, together with Moelis & Company, conducted an investment and sale process for the Business.

C. Following such process, Cinram International entered into an Asset Purchase Agreement, dated [●], 2012 (as the same may have been or may be amended, supplemented or restated from time to time, the “**North American Purchase Agreement**”), with Cinram Acquisition, Inc., a Delaware corporation (the “**North American Buyer**”), pursuant to which Cinram International and certain other entities named therein as “Asset Sellers” (collectively, the “**North American Sellers**”) agreed to sell to the North American Buyer, and the North American Buyer agreed to purchase from the North American Sellers, substantially all of the North American Sellers’ property and assets used in connection with the Business carried on by the North American Sellers in North America (collectively, the “**Purchased North America Business**”).

D. Coöperatie Cinram Netherlands UA, a [●] organized and existing under the laws of The Netherlands (the “**Purchased Company**”), indirectly through its direct and indirect Subsidiaries (other than Cinram Iberia SL, collectively, and together with the Purchased Company, the “**Cinram European Entities**”), owns, holds and operates the Business in Europe

² Appropriate changes to be made to have more than one “Buyer” and “Seller” if some of the European companies will be acquired by other Buyer affiliates (instead of the Dutch co-op), subject to the terms of the offer letter.

(the “**Purchased European Business**”). The Sellers, own and hold, beneficially and of record, all of the issued and outstanding equity interests and voting rights of the Purchase Company (the “**Shares**”), with Cinram International owning and holding 99.95% of the Shares and Ontario Limited owning and holding the remaining 0.05% of the Shares.

E. Concurrently with the execution of the North American Purchase Agreement, the North American Buyer made an offer (the “**Offer**”) pursuant to a letter dated [•], 2012 (as the same may have been or may be amended, supplemented or restated from time to time) the “**European Offer Letter**”) to the Sellers to acquire the Purchased European Business pursuant to and in accordance with the form of share purchase agreement attached to the European Offer Letter through the purchase of all of the Shares.

F. In accordance with the European Offer Letter, the North American Buyer has designated the Buyer, a [wholly-owned] subsidiary of the North American Buyer, as the entity that will purchase all of the Shares.³

G. As contemplated by the European Offer Letter, Sellers have concluded the works council consultation process required by French law and regulations for the direct or indirect acquisition of the Cinram European Entities that are organized and existing under the laws of France, in that they have received the *avis* of such works councils for such acquisition/the the works council has failed to deliver its/their *avis* by the date on which they are ordered to deliver such *avis* by a court of competent jurisdiction.

H. On [•], 2012 the North American Buyer and the North American Sellers completed the acquisition of the Purchased North America Business pursuant to the North American Purchase Agreement.

I. The Sellers have accepted the Offer in accordance with the European Offer Letter and, therefore, as contemplated by the European Offer Letter, the Sellers and the Buyer desire to enter into this Agreement for the sale by the Sellers of the Shares to Buyer, and the purchase by the Buyer of the Shares from the Sellers, on the terms and conditions set forth in the purchase of the Shares by this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement and in the Offer and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

ARTICLE 1 – INTERPRETATION

1.1 Definitions

In this Agreement,

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

³ Appropriate changes to be made to have more than one “Buyer” if some of the Cinram European Entities will be acquired by other Buyer affiliates, subject to the terms of the offer letter.

For purposes of this definition, the term “**control**” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise;

“**Agreement**” means this share purchase agreement and all attached Exhibits and Schedules, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and all attached Exhibits and Schedules and unless otherwise indicated, references to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules in this Agreement;

“**Applicable Law**” means any domestic or foreign statute, law (including the common law and the law of equity), ordinance, rule, regulation, restriction, by-law (zoning or otherwise), order, or any consent, exemption, approval or license of or concerning a Governmental Authority, that applies in whole or in part to the transactions contemplated by this Agreement, the Sellers, the Cinram European Entities, the Buyer, or the Purchased European Business;

“**Business**” has the meaning given to such term in Recital A;

“**Business Day**” means any day other than a Saturday or Sunday or a statutory holiday in Toronto, Ontario and in New York, New York;

“**Buyer**” has the meaning given to such term in the preamble to this Agreement;

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

“**CCAA Proceedings**” means the proceedings commenced under the CCAA by the Seller pursuant to CCAA Initial Order (as defined in the North American Purchase Agreement);

“**Chapter 15 Proceedings**” means the proceedings commenced under Chapter 15 of Title 11 of the United States Code (as amended from time to time) by Cinram International and certain of its affiliates;

“**Cinram European Entities**” has the meaning given to such term in Recital D, and includes all the Persons listed in Exhibit A, except for Cinram Iberia SL;

“**Cinram International**” has the meaning given to such term in the preamble to this Agreement;

“**Closing**” means the completion of the purchase and sale of the Shares pursuant to this Agreement;

“**Closing Date**” means the date of the Closing;

“**Confidentiality Agreement**” means the confidentiality and non-disclosure agreement executed by the North American Buyer in favour of Cinram International dated April 3, 2012;

“**Court Approval**” has the meaning given to such terms in the North American Purchase Agreement;

“**Credit Agreement**” means, collectively, the Amended and Restated Credit Agreement dated as of April 11, 2001 and the Second Lien Credit Agreement dated as of April 11, 2011, in each case among affiliates of the Seller, the guarantors from time to time party thereto, certain institutional lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent for the lenders thereunder, as amended.

“**Encumbrance**” means, with respect to any property or asset, any security interest, lien, prior claim, charge, hypothec, hypothecation, reservation of ownership, pledge, encumbrance, mortgage or adverse claim of any nature or kind other than licenses of Intellectual Property;

“**European Offer Letter**” has the meaning given to such term in Recital E;

“**Governmental Authority**” means any government, regulatory authority, governmental department, agency, commission, bureau, court, judicial body, arbitral body or other law, rule or regulation-making entity:

(a) having jurisdiction over either Seller, the Buyer, any Cinram European Entity or the Purchased European Business on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or

(b) exercising or entitled to exercise any administrative, judicial, legislative, regulatory or Taxing authority or power;

“**including**” and “**includes**” shall be interpreted on an inclusive basis and shall be deemed to be followed by the words “**without limitation**”;

“**Indebtedness**” means, with respect to any Person, without duplication, (i) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all obligations of such Person upon which interest charges are customarily paid (other than trade payables incurred in the ordinary course of business consistent with past practice), (iv) all obligations of such Person under conditional sale or other title retention agreements relating to any property purchased by such Person, (v) all obligations of such Person incurred or assumed as the deferred purchase price of property or services (excluding obligations of such Person to creditors for raw materials, inventory, services and supplies incurred in the ordinary course of business consistent with past practice), (vi) all lease obligations of such Person capitalized on the books and records of such Person, (vii) all obligations of others secured by an Encumbrance on property or assets owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (viii) all obligations of such Person under interest rate, currency or commodity derivatives or hedging transactions, (ix) all letters of credit or performance bonds issued for the account of such Person (excluding (A) letters of credit issued for the benefit of suppliers to support accounts payable to suppliers incurred in the ordinary course of business consistent with past practice, (B) standby letters of credit relating to workers’ compensation insurance and (C) surety bonds and customs bonds) and (x) all guaranties

and arrangements having the economic effect of a guaranty by such Person of any Indebtedness of any other Person.

“**NA Closing Date**” has the meaning given to the term “Closing Date” in the North American Purchase Agreement;

“**North American Buyer**” has the meaning given to such term in Recital C;

“**North American Purchase Agreement**” has the meaning given to such term in Recital C;

“**North American Sellers**” has the meaning given to such term in Recital C;

“**Offer**” has the meaning given to such term in Recital E;

“**Offer Date**” means the date of the European Offer Letter (i.e., [●], 2012);

“**Ontario Limited**” has the meaning given to such term in the preamble to this Agreement;

“**Organizational Documents**” means the articles of incorporation, certificate of incorporation, charter, by-laws, *statuts*, articles of formation, certificate of formation, regulations, operating agreement, certificate of limited partnership, partnership agreement and all other similar documents, instruments or certificates executed, adopted or filed in connection with the creation, formation or organization of a Person, including any amendments thereto.

“**Parties**” means the Seller and the Buyer collectively, and “**Party**” means either the Seller or the Buyer;

“**Person**” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted;

“**Purchase Price**” has the meaning given to such term in Section [●];

“**Purchased Company**” has the meaning to such term in Recital D;

“**Purchased European Business**” has the meaning given to such term in Recital D;

“**Purchased North American Business**” has the meaning given to such term in Recital D;

“**Sellers**” has the meaning given to such term in the preamble to this Agreement;

“**Share Purchase Price**” has the meaning given to the term “European Purchase Price” in the European Offer Letter;

“Shares” has the meaning given to such term in Recital D;

“Tax” and “Taxes” includes taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and other government pension plan premiums or contributions.

1.2 Exhibits and Schedules

The following Exhibit and Schedule form part of this Agreement:

Exhibit A:	Cinram European Entities
Schedule A:	Indebtedness

1.3 Statutes

Unless specified otherwise, reference in this Agreement to a statute refers to that statute as it may be amended, or to any restated or successor legislation of comparable effect.

1.4 Headings and Table of Contents

The inclusion of headings and a table of contents in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

1.5 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.

1.6 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in United States dollars (US\$).

1.7 Knowledge

Where any representation or warranty contained in this Agreement is qualified by reference to the knowledge of the Seller it will be deemed to refer to the actual knowledge after due inquiry of Steve Brown, John Bell, Neil Ballantine, Howard Berman and David Ashton, without personal liability on the part of any of them.

1.8 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

1.9 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement constitute the entire agreement between the Parties, provided that the Confidentiality Agreement shall remain in full force and effect, and set out all the covenants, promises, warranties, representations, conditions and agreements between the Parties in connection with the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.10 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.11 Governing Law; Jurisdiction and Venue

This Agreement, the rights and obligations of the Parties under this Agreement, and any claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort, or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the courts of Ontario for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 7.7 shall be deemed effective service of process on such Party.

Notwithstanding the foregoing, any and all documents or orders that may be filed, made or entered in the CCAA Proceedings or Chapter 15 Proceedings, and the rights and obligations of the Parties thereunder, including all matters of construction, validity and performance thereunder, shall in all respects be governed by, and interpreted, construed and determined in accordance with the CCAA or the Bankruptcy Code, as applicable, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the Canadian Court or the Bankruptcy Court, as applicable, for the resolution of any such disputes,

regardless of whether such disputes arose under this Agreement. Each Party agrees that service of process on such Party as provided in Section 7.7 shall be deemed effective service of process on such Party.

ARTICLE 2 – PURCHASE AND SALE

2.1 Agreement to Purchase and Sell the Shares

Upon and subject to the terms and conditions of this Agreement, at the Closing the Seller shall sell the Shares to the Buyer, and the Buyer shall purchase the Shares from the Seller, for the Share Purchase Price.

2.2 Payment of Purchase Price

The Share Purchase Price shall be paid (net of any Taxes required by Applicable Law to be deducted or withheld from such payment) by the Buyer to the Sellers in full in cash at the Closing by wire transfer of immediately available funds to the following bank account which has been designated jointly by the Sellers: *[to be specified prior to execution of agreement]*

ARTICLE 3 – REPRESENTATIONS AND WARRANTIES BY THE SELLER

The Sellers, jointly and severally, represent and warrant to the Buyer as follows, and acknowledge that the Buyer is relying upon the following representations and warranties in connection with its purchase of the Shares and the transactions contemplated hereby:

3.1 Entity Power

Each Seller is duly organized under the *Canada Business Corporations Act* and, subject to Court Approval being obtained, has all necessary corporate power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder and to carry out its obligations hereunder and thereunder. Each Seller has the requisite power and authority to own the Shares.

3.2 Due Authorization and Enforceability of Obligations

Each Seller has all necessary power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder, and to carry out its obligations hereunder and thereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary action (corporate or otherwise) of each Seller. This Agreement constitutes a valid and binding obligation of each Seller enforceable against it in accordance with its terms, except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally, and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

3.3 Approvals and Consents

No authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Sellers and each of the agreements to be executed and delivered by the Sellers or the purchase of the Shares hereunder, excluding consents of contractual counterparties the absence of which would individually or in the aggregate materially impair the ability of the Buyer to complete the transactions contemplated by this Agreement or materially impair the ability of the Buyer to own the Shares and the Cinram European Entities, and to operate the Purchased European Business after the Closing in substantially the same manner as it is operated as of the date of the European Offer Letter.

3.4 Non-Contravention

Neither the execution and delivery of this Agreement or any other agreement or document to which a Seller is or will become a party as contemplated by this Agreement, the consummation of the transactions contemplated herein or therein nor compliance by either Seller with any provisions hereof or thereof will conflict with or result (with or without notice, lapse of time or both) in a breach of any of the terms, conditions or provisions of the Organizational Documents of either Seller or any Cinram European Entity, or any Applicable Law.

The Sellers have performed, in all material respects, each of the covenants in the European Offer Letter required to be performed by either or both of the Sellers or their Affiliates on or prior to the execution of this Agreement.

3.5 Purchased Company; Cinram European Entities

(a) The capitalization of the Purchased Company consists of *[to be described]*. The Sellers own the Shares, beneficially and of record, free and clear of any Encumbrance other than Encumbrances to be released on Closing. Upon delivery of and payment for the Shares at the Closing in accordance with Section 6.2(a)(i), Buyer will acquire good and valid title to all of the Shares, free and clear of any Encumbrance.

(b) All of the outstanding shares of capital stock of and other voting or equity interests in each Cinram European Entity have been duly authorized and validly issued, fully paid and nonassessable and are owned beneficially and of record by the Purchased Company or a Cinram European Entity as set forth in Exhibit A, free and clear of any Encumbrances other than tax liens in respect of obligations reflected on the Effective Date Balance Sheet or arising after May 1, 2012 and Encumbrances in respect of the Credit Agreement to be released on Closing. Except as set forth in Exhibit A, there are no outstanding (i) shares of capital stock of or other voting or equity interests in any Cinram European Entity, (ii) securities of any Cinram European Entity convertible into or exercisable or exchangeable for shares of capital stock of or other voting or equity interests in any Cinram European Entity or (iii) options or other rights or agreements, commitments or understandings of any kind to acquire from any Cinram European Entity, or other obligation of Sellers, or any Cinram European Entity to issue, transfer or sell, any shares of capital stock of or other voting or equity interests in any Cinram European Entity or securities convertible into or exercisable or exchangeable for shares of capital stock of or other

voting or equity interests in any Cinram European Entity (the items in clauses (i), (ii) and (iii) being referred to collectively as the “**European Securities**”). There are no outstanding obligations of any Cinram European Entity to repurchase, redeem or otherwise acquire any European Securities.

3.6 Outstanding Indebtedness

Upon the occurrence of the Closing, after giving effect to the release of the Credit Agreement, the Cinram European Entities shall have outstanding no Indebtedness other than (i) Indebtedness among the Cinram European Entities to the extent not discharged in accordance with the European Offer Letter, and (ii) Indebtedness described on Schedule A.

ARTICLE 4 – REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers as follows and acknowledges that the Seller is relying upon the following representations and warranties in connection with its sale of the Shares:

4.1 Corporate Power

The Buyer is a [●] existing under the laws of [●] and has all necessary company power, authority and capacity to enter into this Agreement and the agreements contemplated hereunder and to carry out its obligations hereunder and thereunder.

4.2 Due Authorization and Enforceability of Obligations

The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action of the Buyer. This Agreement constitutes a valid and binding obligation of the Buyer enforceable against it in accordance with its terms except (a) as such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors generally; and (b) as such enforceability may be limited by general principles of equity, regardless of whether asserted in a proceeding in equity or law.

4.3 Approvals and Consents

Except for any consents that may be required in connection with consummation of the transactions contemplated by this Agreement, no authorization, consent or approval of, or filing with or notice to, any Governmental Authority, court or other Person is required in connection with the execution, delivery or performance of this Agreement by the Buyer and each of the agreements to be executed and delivered by the Buyer or the purchase the Shares hereunder, the absence of which would materially impair the ability of the Buyer and the Seller to complete the transactions contemplated by this Agreement. No provision of any Applicable Law and no judgment, injunction, order or decree that prohibit the consummation of the purchase and sale of the Shares pursuant to this Agreement is in effect.

ARTICLE 5– ADDITIONAL AGREEMENTS OF THE PARTIES

5.1 Access of the Seller and the Buyer to Records

(a) The Sellers shall, for a period of six years from the Closing Date, have access to, and the right to copy, at its expense, for *bona fide* business purposes and for purposes of the CCAA Proceedings and Chapter 15 Proceedings, and during usual business hours, upon reasonable prior notice to the Buyer, all books and records relating to the Purchased European Business. The Buyer shall retain and preserve all such books and records for such six year period.

(b) From and after the Closing, the Sellers shall retain all its books and records and the Buyer shall have access to, and the right to copy, at its expense, for *bona fide* business purposes, and during usual business hours, upon reasonable prior notice to the Seller, all books and records of the Sellers. The Sellers shall retain and preserve all such books and records for a period six years following the Closing.

5.2 Further Assurances

Each of the Parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use commercially reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement, provided that in no event shall the Sellers be obligated to take any action that is likely to result in a material adverse effect on the Purchased European Business or the Cinram European Entities, nor shall either Party be obligated to make a payment or deliver anything of value to a third party in order to obtain a consent.

5.3 Release

Effective as of the Closing Date, the Buyer forever releases and discharges the Seller and its Affiliates and its and their respective present and former shareholders, officers, directors, employees, auditors, advisors, legal counsel and agents (each, a “**Released Party**”), from any and all demands, claims, liabilities, actions, causes of action, counterclaims, suits debts, sums of money, accounts, indebtedness, liability or obligation of whatever nature based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Closing relating to, arising out of or in connection with, the Purchased European Business, including, for greater certainty, any and all claims, demands, complaints, actions, losses, liabilities, judgments, settlements, damages, penalties, consequential damages, exemplary damages, fines, liens, remediation, abatement, costs and expenses of investigation, remediation or cleanup in defense of or resulting from any claim, action or suit, demand or administrative proceeding or any requirement of any Governmental Authority, whether known or unknown, and whether in law or in equity, whether direct or consequential, compensatory, exemplary, liquidated or unliquidated, which the Buyer or its respective legal representatives, successors, assigns, heirs, executors or administrators has, shall have or may ever have against any Released Party with respect to any environmental condition, investigation or remediation with respect to

the real property (owned or leased) of any Released Party. Notwithstanding the generality of the foregoing, the foregoing release shall not release any Released Party from its obligations under this Agreement.

5.4 Tax Matters

Buyer and Sellers shall (and shall cause their respective Affiliates to) (a) provide the other party and its Affiliates with such assistance as may be reasonably requested in connection with the preparation of any tax return or any audit or other examination by any taxing authority or any judicial or administrative proceeding relating to Taxes and (b) retain (and provide the other party and its Affiliates with reasonable access to) all records or information which may be relevant to such tax return, audit, examination or proceeding, provided that the foregoing shall be done in a manner so as not to interfere unreasonably with the conduct of the business of the parties.

ARTICLE 6 – CLOSING

6.1 Closing

The Closing shall take place at [●], or at such other location as may be agreed upon by the Parties hereto, immediately after (and in any event no later than the Business Day immediately following) the satisfaction or waiver of the conditions set forth in Section 7.3 (other than those conditions that by their terms are to be satisfied at the Closing but subject to the satisfaction or waiver of those conditions at such time).

6.2 Closing Deliveries

- (a) At the Closing, the Sellers shall deliver to the Buyer:
 - (i) a receipt for the Purchase Price;
 - (ii) a duly signed deed of transfer of membership interests between the Sellers, the Buyer and the Purchased Company and/or such other documents as Buyer shall reasonably request to transfer beneficial and record ownership of the Shares to the Buyer under Dutch law;
 - (iii) a certificate signed for and on behalf of Cinram International without personal liability by an executive officer in form and substance reasonably satisfactory to the Buyer:
 - (A) transmitting true and correct copies of either (1) the *avis* of the French workers councils with respect to the transaction contemplated hereby or (2) the order of a court of competent jurisdiction requiring the French workers councils to deliver their *avis*, and certifying that the *avis* was not delivered on the date required by such court;
 - (B) certifying that the representations and warranties of the Seller set forth in this Agreement are true and correct in all material respects as of the

Closing Date, except that to the extent such representations and warranties speak as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date;

(C) certifying that the covenants contained in this Agreement and the European Offer Letter to be performed by the Seller at or prior to the execution of this Agreement and the Closing have been performed in all material respects as at the Closing Date; and

(D) certifying that all Indebtedness of the Cinram European Entities under the Credit Agreement has been cancelled or terminated and all Encumbrances in assets or properties of the Cinram European Entities in respect of such Indebtedness have been released and discharged.

(iv) any other documents reasonably requested by the Buyer in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

(b) At the Closing, the Buyer shall deliver to the Sellers:

(i) the Purchase Price, in accordance with Section 2.2;

(ii) a certificate signed for and on behalf of the Buyer without personal liability by an executive officer of the Buyer, in form and substance reasonably satisfactory to the Seller:

(A) certifying that the representations and warranties of the Buyer set forth in this Agreement are true and correct in all material respects as of the Closing Date; and

(B) certifying that the covenants contained in this Agreement and the European Offer Letter to be performed by the Buyer at or prior to the Closing Date have been performed in all material respects as of the Closing Date; and

(iii) any other documents reasonably requested by the Seller in order to effect, or evidence the consummation of, the transactions contemplated herein or otherwise provided for under this Agreement.

6.3 Closing Requirements

(a) The obligation of the Buyer and the Sellers to complete the Closing and consummate the transactions contemplated by this Agreement is subject to the satisfaction of, on or prior to the Closing, of each of the following conditions:

(i) the NA Closing shall have occurred pursuant to and in accordance with the North American Purchase Agreement; and

(ii) no provision of any Applicable Law and no judgment, injunction, order or decree that prohibit the consummation of the purchase and sale of the Purchased Assets pursuant to this Agreement shall be in effect.

(b) The obligation of the Buyer to complete the purchase of the Shares pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver by the Buyer of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Buyer):

(i) the representations and warranties of the Sellers set forth in this Agreement shall have been true and correct in all material respects as of the Closing Date, except that to the extent such representations and warranties expressly speak as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date;

(ii) the covenants contained in this Agreement and the European Offer Letter to be performed by the Sellers at or prior to Closing shall have been performed in all material respects as at Closing; and

(iii) all Indebtedness of the Cinram European Entities under the Credit Facility shall have been cancelled or terminated and all Encumbrances in assets or properties of the Cinram European Entities in respect of such Indebtedness shall have been released or discharged.

(c) The obligation of the Sellers to complete the sale of the Shares pursuant to this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable, by the Sellers of, on or prior to the Closing Date, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of the Sellers):

(i) the representations and warranties of the Buyer set forth in this Agreement shall have been true and correct in all material respects at Closing with the same force and effect as if made at and as of such time, except that to the extent such representations and warranties expressly speak as of a specified date, such representations and warranties shall be true and correct in all respects as of such specified date; and

(ii) the covenants contained in this Agreement to be performed by the Buyer at or prior to Closing shall have been performed in all material respects as at Closing.

ARTICLE 7 – GENERAL MATTERS

7.1 Dissolution of Seller; Name Changes

(a) The Buyer acknowledges and agrees that nothing in this Agreement shall operate to prohibit or diminish in any way the right of any of the Sellers or their Affiliates to dissolve, wind up or otherwise cease operations in any manner or at any time subsequent to the Closing Date as they may determine in their sole discretion, subject to their satisfaction of their obligations under this Agreement.

(b) Promptly following the Closing, Sellers and their Affiliates shall cause their corporate names to be changed to names that do not include the word "Cinram", if they have not done so prior to the Closing.

7.2 Public Notices

No press release or other announcement concerning the transactions contemplated hereby shall be made by the Sellers or by the Buyer without the prior consent of the other Party (such consent not to be unreasonably withheld) provided, however, that subject to the last sentence of this Section 7.2, any Party may, without such consent, make such disclosure if the same is required by Applicable Law (including disclosure required in connection with the CCAA Proceedings or the Chapter 15 Proceedings) or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed or by any insolvency or other court or securities commission or other similar Governmental Authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure. Notwithstanding the foregoing: (i) this Agreement may be filed by the Sellers with the Canadian Court and/or the Bankruptcy Court (as such terms are defined in the North American Purchase Agreement); and (ii) the transactions contemplated in this Agreement may be disclosed by the Sellers to the Canadian Court and/or the Bankruptcy Court, subject to redacting confidential or sensitive information as permitted by Applicable Law and rules. The Parties further agree that:

(a) the Monitor and/or Foreign Representative (as such terms are defined in the North American Purchase Agreement) may prepare and file reports and other documents with the Canadian Court and/or the Bankruptcy Court, as applicable, containing references to the transactions contemplated by this Agreement and the terms of such transactions; and

(b) the Sellers and their professional advisors may prepare and file such reports and other documents with the Canadian Court and/or the Bankruptcy Court containing references to the transactions contemplated by this Agreement and the terms of such transactions as may reasonably be necessary to complete the transactions contemplated by this Agreement or to comply with their obligations to the Canadian Court and the Bankruptcy Court.

Wherever possible, the Buyer shall be afforded an opportunity to review and comment on such materials prior to their filing. The Parties shall issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to by them.

7.3 Survival

The representations and warranties of the Sellers in this Agreement or in any agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby (the "**Sellers' Representations**") are set forth solely for the purpose of Article 6 and none of them shall survive the Closing. The Sellers shall not have any liability, whether before or after the Closing, for any breach of the Sellers' Representations.

7.4 Expenses

Except as otherwise specifically provided herein, the Sellers and the Buyer shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by them, respectively, in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby.

7.5 Non-Recourse

No past, present or future director, officer, manager, member, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of the respective Parties hereto, in such capacity, shall have any liability for any obligations or liabilities of the Buyer or the Seller, as applicable, under this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby.

7.6 Assignment; Binding Effect

No Party may assign its rights or benefits under this Agreement without the consent of the other Party hereto. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person or entity not a Party to this Agreement.

7.7 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (a) the date of personal delivery; (b) the date of transmission by facsimile, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (c) two days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (d) five days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

- | | |
|-------------------------|---|
| (a) If to the Buyer at: | Cinram Acquisition, Inc.
2525 East Camelback Road, Suite 850
Phoenix, Arizona 85016
Attention: Jahm Najafi
Telephone: +1 602 476 0600
Facsimile: +1 602 476 0625 |
|-------------------------|---|

with copies (which shall not in themselves constitute notice) to:

Ballard Spahr LLP
One East Washington Street, Suite 2300
Phoenix, Arizona 85016
Attention: Karen McConnell
Telephone: +1 602 798 5403
Facsimile: +1 602 798 5595

Davies Ward Phillips & Vineberg LLP
44th Floor
1 First Canadian Place
Toronto, Ontario M5X 1B1
Attention: Richard Elliott
Telephone: +1 416 863 5506
Facsimile: +1 416 863 0871

and to:

Debevoise & Plimpton LLP
Tower 42
Old Broad Street
London EC2N 1HQ
United Kingdom
Attention: E. Raman Bet-Mansour
Telephone: + 44 (0) 20 7786 5500
Facsimile: + 44 (0) 20 7588 4180

(b) If to the Sellers at:

Cinram International Inc.
2255 Markham Road,
Scarborough, ON M1B 2W3
Attention: Steve Brown
Telephone: +1 416 298 8190
Facsimile:

with copies (which shall not in themselves constitute notice) to:

Goodmans LLP
333 Bay Street, Suite 3400
Toronto, ON, M5H 2S7
Attention: Robert Chadwick/ Neill May/
Melaney Wagner
Telephone: +1 416 979 2211
Facsimile: +1 416 979 1234

and to:

Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022
Attention: Douglas P. Bartner/
Jill K. Frizzley
Telephone: +1 212 848 4000
Facsimile: +1 646 848 8174

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

7.8 Counterparts; Facsimile Signatures

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. The signature of any of the Parties hereto may be evidenced by a facsimile, scanned email or internet transmission copy of this Agreement bearing such signature.

[The remainder of this page left intentionally blank]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the date first written above.

SELLERS:

CINRAM INTERNATIONAL INC.

Per: _____
Name:
Title:

1362806 ONTARIO LIMITED

Per: _____
Name:
Title:

BUYER:

[●]

Per: _____
Name:
Title:

Error! Unknown document property name.

Exhibit A to Share Purchase Agreement

Cinram European Entities

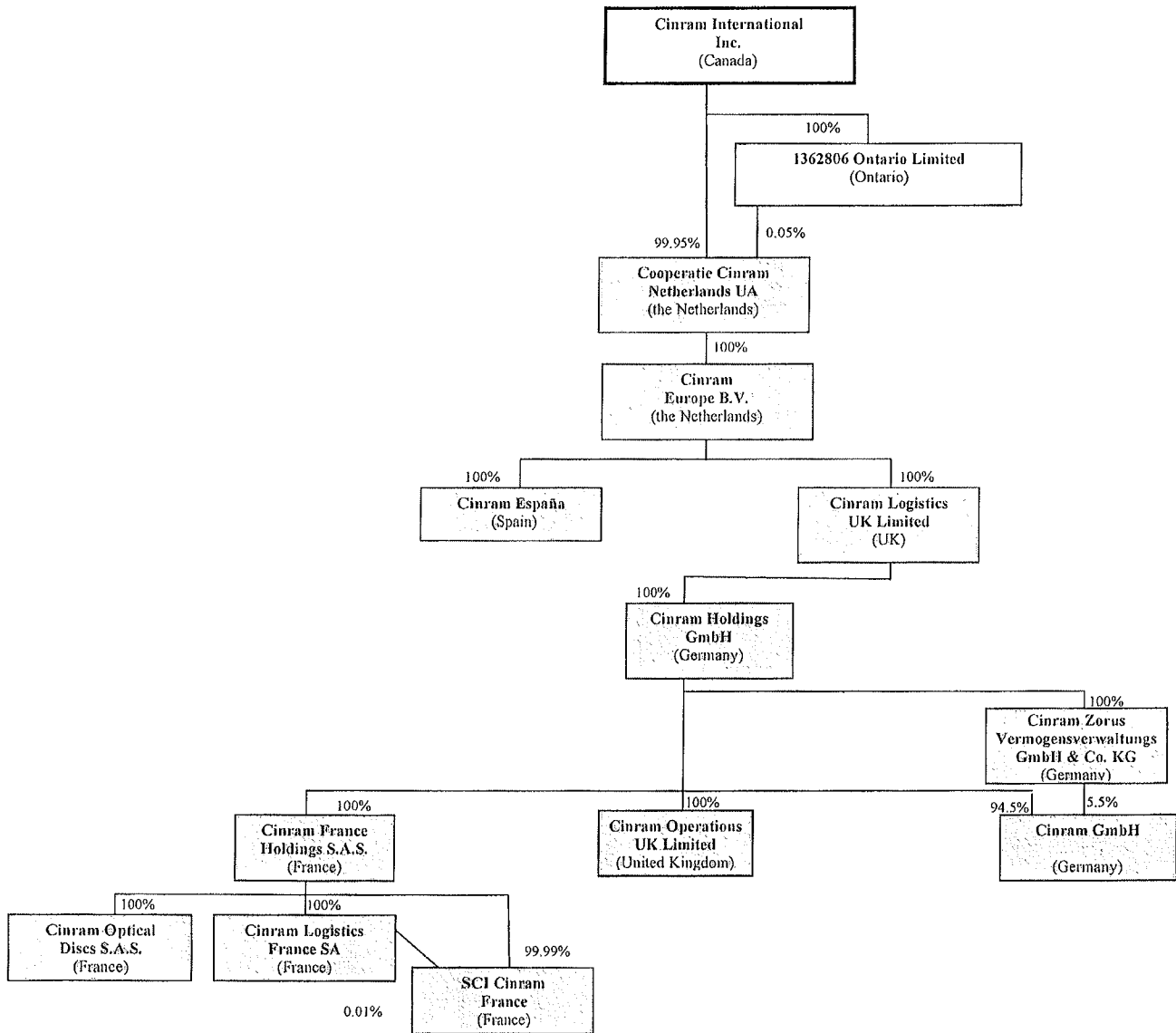
Ownership Information

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
Coöperatie Cinram Netherlands UA	A: 23,412,019 shares I&O: 23,412,019 shares	The Netherlands	N/A	99.95% by Cinram International Inc. 0.05% by 1362806 Ontario Limited
Cinram Europe B.V.	A: 5,000,000 shares I&O: 1,917,823 shares	The Netherlands	100%	100% by Coöperatie Cinram Netherlands UA
Cinram Logistics UK Limited	A: 1,100,000 shares I&O: 1,100,000 shares	United Kingdom	100%	100% by Cinram Europe B.V.
Cinram España	Dormant	Spain	100%	100% by Cinram Europe B.V.
Cinram Holdings GmbH	A: 1 share I&O: 1 share (value of single share is €26,000)	Germany	100%	100% by Cinram Logistics UK Limited
Cinram Operations UK Limited	A: 10,000,000 shares I&O: 10,000,000 shares	United Kingdom	100%	100% by Cinram Holdings GmbH
Cinram Zorus Vermögensverwaltungs GmbH & Co. KG	100% owned by Cinram Holdings GmbH, as limited partner	Germany	100%	100% by Cinram Holdings GmbH
Cinram GmbH	A: 2 shares I&O: 2 shares (value of single share of Cinram Holdings GmbH is €6,777,260) (value of single share of	Germany	100%	94.5% by Cinram Holdings GmbH 5.5% by Cinram Zorus Vermögensverwaltungs GmbH & Co. KG

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
	Zorus is €400,000			
Cinram Holdings France S.A.S.	A: 920,842 I&O: 920,842	France	100%	100% by Cinram Holdings GmbH
Cinram Logistics France SA	A: 217,706 I&O: 217,706	France	100%	100% by Cinram Holdings France S.A.S.
Cinram Optical Discs S.A.S.	A: 686,760 I&O: 686,760	France	100%	100% by Cinram Holdings France S.A.S.
SCI Cinram France	A: 10,000 I&O: 10,000	France	100%	99.99% by Cinram Holdings France S.A.S. 0.01% by Cinram Logistics France SA

Cinram European Entities

Organizational Chart



Schedule A to Share Purchase AgreementIndebtedness

Cinram Operations UK Limited

- Singulus finance lease – 3 Bluline II BD 50 lines
 - Singulus Order Acknowledgement #9202-2102487.01

Cinram GmbH

- Singulus finance agreement - 2 Bluline II BD 50 lines
 - Order reference #4500388659 – order reference #'s 107251 and 107252
- Singulus Purchase Contract - #6201-2101109.010
 - 1 Spaceline DVD line
- Singulus Purchase Contract - #6201-2101110.010
 - 2 Spaceline DVD lines
- Singulus Purchase Contract - #6201-2101107.010
 - 3 Spaceline DVD lines
- Singulus Purchase Contract - #6201-2101108.010
 - 4 Spaceline DVD lines

Cinram Logistics France SA

- Finamur/Slibail lease purchase – Champenard property

Exhibit B to European Offer Letter

Cinram European Entities

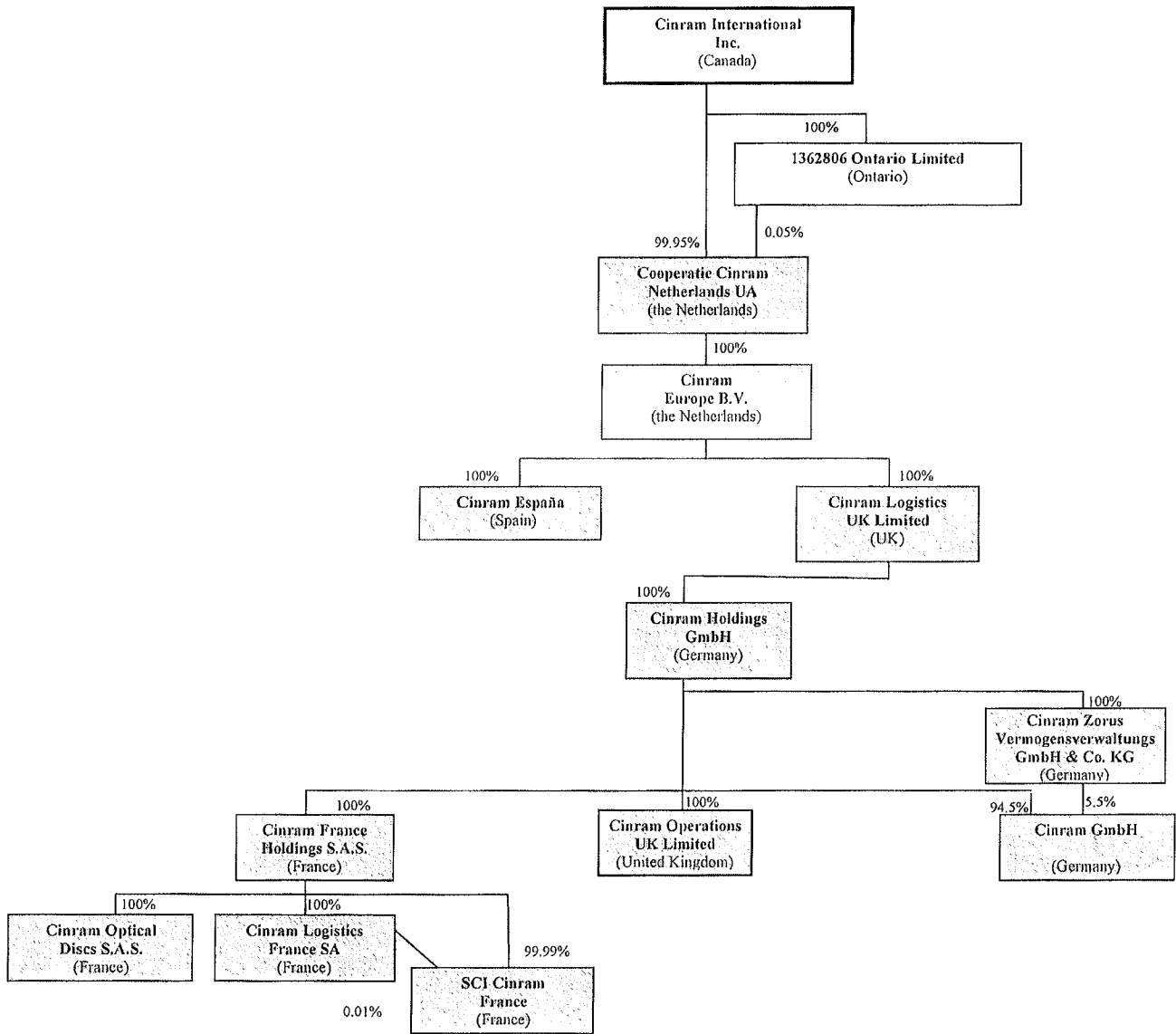
Ownership Information

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
Coöperatie Cinram Netherlands UA	A: 23,412,019 shares I&O: 23,412,019 shares	The Netherlands	N/A	99.95% by Cinram International Inc. 0.05% by 1362806 Ontario Limited
Cinram Europe B.V.	A: 5,000,000 shares I&O: 1,917,823 shares	The Netherlands	100%	100% by Coöperatie Cinram Netherlands UA
Cinram Logistics UK Limited	A: 1,100, 000 shares I&O: 1,100, 000 shares	United Kingdom	100%	100% by Cinram Europe B.V.
Cinram España	Dormant	Spain	100%	100% by Cinram Europe B.V.
Cinram Holdings GmbH	A: 1 share I&O: 1 share (value of single share is €26,000)	Germany	100%	100% by Cinram Logistics UK Limited
Cinram Operations UK Limited	A: 10,000, 000 shares I&O: 10,000, 000 shares	United Kingdom	100%	100% by Cinram Holdings GmbH
Cinram Zorus Vermögensverwaltungs GmbH & Co. KG	100% owned by Cinram Holdings GmbH, as limited partner	Germany	100%	100% by Cinram Holdings GmbH
Cinram GmbH	A: 2 shares I&O: 2 shares (value of single share of Cinram Holdings GmbH is €6,777,260) (value of single share of	Germany	100%	94.5% by Cinram Holdings GmbH 5.5% by Cinram Zorus Vermögensverwaltungs GmbH & Co. KG

Cinram Europe Entity	Authorized, Issued and Outstanding Capital Stock and Other Voting or Equity Interests	Jurisdiction of Formation	Direct or Indirect Ownership Interest of Coöperatie Cinram Netherlands UA	Direct Ownership
	Zorus is €400,000			
Cinram Holdings France S.A.S.	A: 920,842 I&O: 920,842	France	100%	100% by Cinram Holdings GmbH
Cinram Logistics France SA	A: 217,706 I&O: 217,706	France	100%	100% by Cinram Holdings France S.A.S.
Cinram Optical Discs S.A.S.	A: 686,760 I&O: 686,760	France	100%	100% by Cinram Holdings France S.A.S.
SCI Cinram France	A: 10,000 I&O: 10,000	France	100%	99.99% by Cinram Holdings France S.A.S. 0.01% by Cinram Logistics France SA

Cinram European Entities

Organizational Chart



TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ●) ●, THE ●
JUSTICE ●) DAY OF ●, 20●

**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 COMPANIES LISTED IN SCHEDULE "A"**

Applicants

APPROVAL AND VESTING ORDER

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

- (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram Fund and its direct and indirect subsidiaries (collectively, "**Cinram**") in North America contemplated by an asset purchase agreement (the "**Asset Purchase Agreement**") between CII and Cinram Acquisition, Inc. (the "**Purchaser**") dated June 22, 2012, and appended to the affidavit of Mark Hootnick sworn June ●, 2012 (the "**Hootnick Affidavit**") as Exhibit "A";
- (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA (the "**Purchased Shares**") pursuant to the binding purchase offer dated June 22, 2012 (the "**Purchase Offer**") provided by the Purchaser to CII and 1362806 Ontario Limited

(together with CII, the “**Share Sellers**”) appended to the Hootnick Affidavit as Exhibit “B”;

- (iii) authorizing CII to enter into the Asset Purchase Agreement and the Share Sellers to enter into the Purchase Offer;
- (iv) authorizing CII, Cinram Inc., Cinram Retail Services LLC, One K Studios LLC, Cinram Distribution LLC and Cinram Manufacturing LLC (collectively, the “**Asset Sellers**”, together with the Share Sellers, the “**Sellers**”) to complete the transactions contemplated by the Asset Purchase Agreement (the “**Asset Sale Transaction**”);
- (v) authorizing the Share Sellers to complete the transactions contemplated by the Purchase Offer (the “**Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Sale Transaction**”), including, without limitation, entering into a share purchase agreement in the form attached as Exhibit A to the Purchase Offer (the “**Share Purchase Agreement**”) upon due exercise of the Purchase Offer; and
- (vi) upon delivery of Monitor’s Certificates (as defined below) by the Monitor (as defined below) to the Purchaser, vesting all of the Asset Sellers’ right, title and interest in and to the Purchased Assets (as defined in the Asset Purchase Agreement) and the Share Sellers’ right, title and interest in and to the Purchased Shares in the Purchaser or its nominees, free and clear of all interests, liens, charges and encumbrances, other than permitted encumbrances, as set out in the Approval and Vesting Order,

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

ON READING the affidavit of John Bell sworn June ●, 2012, (the “**Bell Affidavit**”), the Hootnick Affidavit, the Report of FTI Consulting Canada Inc., as Court-appointed Monitor of the Applicants (the “**Monitor**”) dated June ●, 2012 (the “**Monitor’s Report**”), and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the Administrative Agent under the Credit Agreements (as defined in the Bell Affidavit) and the DIP Agent under the DIP Credit Agreement (each as defined in the Bell Affidavit), [**NAMES OF OTHER PARTIES APPEARING**], no one appearing for any other person on the service list, although properly served as appears from the affidavit of [**NAME**] sworn [**DATE**], filed:

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS AND DECLARES that the Asset Sale Transaction is hereby approved, and the execution of the Asset Purchase Agreement by CII is hereby authorized and approved, with such minor amendments as CII may deem necessary with the approval of the Monitor. The Asset Sellers are 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 Asset Sale Transaction and for the conveyance of (i) the Canadian Purchased Assets (as defined in the Asset Purchase Agreement) to ●, a Canadian entity nominated by the Purchaser to take title to the Canadian Purchased Assets in accordance with the Asset Purchase Agreement (the “**Canadian Nominee**”) and (ii) the United States Purchased Assets (as defined in the Asset Purchase Agreement) to ●, a United States entity nominated by the Purchaser to take title to the United States Purchased Assets in accordance with the Asset Purchase Agreement (the “**U.S. Nominee**”, together with the Canadian Nominee, the “**Nominees**”).
3. THIS COURT ORDERS AND DECLARES that the Share Sale Transaction is hereby approved, and the Share Sellers are hereby authorized to execute the Purchase Offer, with such minor amendments as the Share Sellers may deem necessary with the approval of the Monitor. The Share Sellers are hereby authorized and directed to take such additional steps and execute such additional documents, including, without limitation, the Share Purchase Agreement, as may be necessary or desirable for the completion of the Share Sale Transaction and for the conveyance of the Purchased Shares to the Purchaser [**or the Canadian Nominee**].
4. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor’s certificate to the Purchaser substantially in the form attached as Schedule “B” hereto (the “**Monitor’s Asset Sale Transaction Certificate**”), (i) all of the Asset Sellers’ right, title and interest in and to the Canadian Purchased Assets shall vest absolutely in the Canadian Nominee, and (ii) all of the Asset Sellers’ right, title and interest in and to the United States Purchased Assets shall vest absolutely in the U.S. Nominee, 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 [NAME] dated [DATE]; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) or any other personal property registry system; and (iii) those Claims listed on Schedule “D” hereto (all of which are collectively referred to as the “**Encumbrances**”, which Claims and Encumbrances shall not include the Permitted Encumbrances (as defined in the Asset Purchase Agreement), which Permitted Encumbrances include the encumbrances, easements and restrictive covenants listed on Schedule “E”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. THIS COURT ORDERS that with respect to the U.S. Applicants (as defined in the Bell Affidavit) only, 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 Purchased Assets that are located within the territorial jurisdiction of the United States, free and clear of and from any Claims and Encumbrances.

6. THIS COURT ORDERS AND DECLARES that upon the delivery of a Monitor’s certificate to the Purchaser substantially in the form attached as Schedule “F” hereto (the “**Monitor’s Share Sale Transaction Certificate**”, together with the Monitor’s Asset Sale Transaction Certificate, the “**Monitor’s Certificates**”), all of the Share Sellers’ right, title and interest in and to the Purchased Shares shall vest absolutely in the Purchaser [**or the Canadian Nominee**], free and clear of and from any and all Claims and Encumbrances, and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Shares are hereby expunged and discharged as against the Purchased Shares.

7. THIS COURT ORDERS that upon the registration in the Land Registry Office for the Land Titles Division of Toronto of the Approval and Vesting Order and the Monitor’s Asset Sale Transaction Certificate, the Land Registrar is hereby directed to enter the Purchaser [**or the Canadian Nominee**] as the owner of the real property identified in Schedule “C” hereto (the

“Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule “D” hereto.

8. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall be paid to the Monitor and shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor’s Asset Sale Transaction Certificate all Claims and Encumbrances relating to the Purchased Assets shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

9. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Shares shall be paid to the Monitor and shall stand in the place and stead of the Purchased Shares, and that from and after the delivery of the Monitor’s Share Sale Transaction Certificate all Claims and Encumbrances relating to the Purchased Shares shall attach to the net proceeds from the sale of the Purchased Shares with the same priority as they had with respect to the Purchased Shares immediately prior to the sale, as if the Purchased Shares had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

10. THIS COURT ORDERS that the Monitor may rely on written notice from the Sellers and the Purchaser regarding fulfillment of conditions to closing under the Asset Purchase Agreement, the Purchase Offer and the Share Purchase Agreement and shall incur no liability with respect to delivery of the Monitor’s Asset Sale Transaction Certificate and the Monitor’s Share Sale Transaction Certificate.

11. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor’s Asset Sale Transaction Certificate and a copy of the Monitor’s Share Sale Transaction Certificate, forthwith after delivery thereof.

12. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Sellers are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the

Sellers' records pertaining to the Sellers' past and current employees, including personal information of those employees listed on Schedule 8.7(a) to the Asset Purchase Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Sellers.

13. 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 Cinram 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 Purchased Assets and the Purchased Shares in the Nominees 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.

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

15. THIS COURT ORDERS that Schedules 2.1(i), 4.3 and 4.6 to the Asset Purchase Agreement and Schedule I.3 to Exhibit I to the Asset Purchase Agreement be sealed, kept confidential and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

16. 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.

SCHEDULE "A"**Additional Applicants**

Cinram International General Partner Inc.

Cinram International ULC

1362806 Ontario Limited

Cinram (U.S.) Holding's Inc.

Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

Schedule “B” – Form of Monitor’s Asset Sale Transaction Certificate

Court File No. _____

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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

Applicants

MONITOR’S ASSET SALE TRANSACTION CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the “**Court**”) dated [DATE OF ORDER], 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 [DATE] (the “**Approval and Vesting Order**”), the Court approved the asset purchase agreement made as of June 22, 2012 (the “**Asset Purchase Agreement**”) between Cinram International Inc. (“**CII**”) and Cinram Acquisition, Inc. (the “**Purchaser**”) and provided for the vesting in (i) the Canadian Nominee of the Asset Sellers’ right, title and interest in and to the Canadian Purchased Assets; and (ii) the U.S. Nominee of the Asset Sellers’ right, title and interest in and to the United States Purchased Assets, which vesting is to be effective with respect to the Canadian Purchased Assets and the United States Purchased Assets 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 Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Asset Purchase Agreement have been satisfied

or waived by CII and the Purchaser; and (iii) the Asset Sale Transaction has been completed to the satisfaction of the Monitor.

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

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and CII has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Asset Purchase Agreement;
2. The conditions to Closing as set out in Article 7 of the Asset Purchase Agreement have been satisfied or waived by CII and the Purchaser; and
3. The Asset Sale Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on [DATE].

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

Per: _____

Name:

Title

Schedule "C" – Real Property**2255 Markham Road, Toronto, Ontario**Firstly:

PIN 06079-0067 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 64R6927 and Part 1 on Plan 64R7116, confirmed by 64B1990, subject to SC574898, Toronto, City of Toronto

Secondly:

PIN 06079-0280 (LT)

Part of Lot 18, Concession 3 Scarborough, designated as Parts 2 and 3 on Plan 66R23795, subject to an easement over Part 3 on Plan 66R23795 as in SC574898, City of Toronto

Schedule “D” – Claims to be deleted and expunged from title to Real Property

1. Charge in favour of JPMorgan Chase Bank, N.A. registered on May 8, 2006 as Instrument No. AT1131509;
2. Charge in favour of JPMorgan Chase Bank, N.A. registered on December 7, 2010 as Instrument No. AT2570745;
3. Charge in favour of JPMorgan Chase Bank, N.A. registered on April 11, 2011 as Instrument No. AT2663576;
4. Notice in favour of JPMorgan Chase Bank, N.A. registered on April 11, 2011 as Instrument No. AT2663577;
5. Charge in favour of JPMorgan Chase Bank, N.A. registered on January 16, 2012 as Instrument No. AT2920218; and
6. Charge in favour of JPMorgan Chase Bank, N.A. registered on January 16, 2012 as Instrument No. AT2920219.

**Schedule "E" – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Those matters referred to in Subsection 44(1) of the Land Titles Act, except paragraph 11 and 14, provincial succession duties and escheats or forfeiture to the Crown;
2. The rights of any person who would, but for the Land Titles Act, be entitled to the land or any part of it through length of adverse possession, prescription, misdescription or boundaries settled by convention;
3. Any lease to which subsection 70(2) of the Registry Act applies;
4. Transfer Easement registered on September 13, 1978 as Instrument No. SC574898;
5. Boundaries Act Plan registered on August 27, 1982 as Instrument No. 64BA1990;
6. Agreement registered on May 2, 1986 as Instrument No. TB318366;
7. Agreement registered on October 15, 1987 as Instrument No. TB454937;
8. Agreement registered on June 15, 1989 as Instrument No. TB611216;
9. Application (General) registered on September 19, 2003 as Instrument No. AT281551;
10. Notice registered on November 3, 2005 as Instrument No. AT970042; and
11. Notice registered on July 24, 2006 as Instrument No. AT1205222.

Schedule “F” – Form of Monitor’s Share Sale Transaction Certificate

Court File No. _____

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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

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

Applicants

MONITOR’S SHARE SALE TRANSACTION CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable [NAME OF JUDGE] of the Ontario Superior Court of Justice (the “**Court**”) dated [DATE OF ORDER], 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 [DATE] (the “**Approval and Vesting Order**”), the Court approved the purchase offer made as of June 22, 2012 (the “**Purchase Offer**”) by Cinram Acquisition, Inc. (the “**Purchaser**”) to Cinram International Inc. (“**CII**”), 1362806 Ontario Limited (together with CII, the “**Share Sellers**”) and provided for the vesting in the Purchaser [or the **Canadian Nominee**] the Share Sellers’ right, title and interest in and to the Purchased Shares, which vesting is to be effective with respect to the Purchased Shares 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 Purchased Shares; (ii) that the conditions to Closing as set out in Section 6 of the Purchase Offer and Article 6 of the Share Purchase Agreement have

been satisfied or waived by the Share Sellers and the Purchaser; and (iii) the Share Sale Transaction has been completed to the satisfaction of the Monitor.

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

THE MONITOR CERTIFIES the following:

1. The Purchaser has paid and the Share Sellers have received the Purchase Price for the Purchased Shares payable on the Closing Date pursuant to the Purchase Offer;
2. The conditions to Closing as set out in Section 6 of the Purchase Offer and Article 6 of the Share Purchase Agreement have been satisfied or waived by the Share Sellers and the Purchaser; and
3. The Share Sale Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at [TIME] on [DATE].

**FTI Consulting Canada Inc., in its
capacity as Monitor of the CCAA Parties,
and not in its personal 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: _____

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

APPROVAL AND VESTING ORDER

GOODMANS LLP

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

Robert J. Chadwick LSUC#: 35165K
Melaney J. Wagner LSUC#: 44063B
Caroline Descours LSUC#: 58251A

Tel: (416) 979-2211
Fax: (416) 979-1234

Lawyers for the Applicants

1, 2012 at 5:28 PM

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

Court File No. CV12-9767-00CL

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

Applicants

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

MOTION RECORD
(Returnable July 12, 2012)

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

Robert J. Chadwick LSUC#: 35165K
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