

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

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

Applicants

**MOTION RECORD  
(Equipment Sale Approval and Vesting Order  
Returnable April 10, 2013)**

**GOODMANS LLP**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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**INDEX**

<b>Tab</b>	<b>Document</b>
1	Notice of Motion dated March 26, 2013
2	Draft Equipment Sale Approval and Vesting Order

# TAB 1

**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**

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COMPANIES LISTED IN SCHEDULE "A"**

Applicants

**NOTICE OF MOTION  
(Returnable April 10, 2013)**

The Applicants will bring a motion before a Judge of the Commercial List on Wednesday, April 10, 2013, at 10:00 a.m. or as soon after that time as the matter may be heard at 330 University Avenue, Toronto, Ontario.

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

1. **THE APPLICANTS MAKE A MOTION FOR AN ORDER** substantially in the form attached at Tab 2 of the Motion Record, *inter alia*:
  - (a) abridging the time for and validating the service of this Notice of Motion and the Motion Record and dispensing with further service thereof;
  - (b) approving the sale of the Equipment (as defined in the Termination Agreement) by Cinram Wireless LLC ("**Wireless**") to its principal customer, Motorola Mobility, LLC (the "**Purchaser**" or "**Motorola**"), representing a sale of substantially all of the assets of Wireless, contemplated by the termination agreement between Wireless and the Purchaser dated March 14, 2013 (the "**Termination Agreement**") appended to the confidential supplement to the Eighth Report of FTI Consulting Canada Inc. (the "**Monitor's Eighth Report**"), in its capacity as the Court-appointed monitor of the Applicants (the "**Monitor**");

- (c) authorizing Wireless, *nunc pro tunc*, to complete the sale of Equipment contemplated by the Termination Agreement to the Purchaser (the “**Sale Transaction**”);
- (d) vesting all of Wireless’ right, title and interest in and to the Equipment in the Purchaser, free and clear of all interests, liens, charges and encumbrances, as set out in the Equipment Sale Approval and Vesting Order;
- (e) sealing the Termination Agreement to be provided to the Court by way of a confidential supplement to the Monitor’s Eighth Report; and
- (f) such further and other relief as counsel may request and this Honourable Court deems just.

**2. THE GROUNDS FOR THE MOTION ARE:**

- (a) Unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Monitor’s Eighth Report;
- (b) On June 25, 2012, this Honourable Court granted the Initial Order, *inter alia*: (i) granting a stay of proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) against the Applicants and C International Limited Partnership (together with the Applicants, the “**CCAA Parties**”) and the subsidiaries of the CCAA Parties that are also party to agreements to which the CCAA Parties are parties; (ii) appointing FTI Consulting Canada Inc. as the Monitor of the CCAA Parties in these CCAA proceedings; and (iii) appointing CRW International ULC, formerly Cinram International ULC (“**CRW**”) as the foreign representative of the CCAA Parties;
- (c) The stay of proceedings pursuant to the Initial Order was granted to July 25, 2012, and has been subsequently extended by this Honourable Court to June 28, 2013;
- (d) On July 12, 2012, this Honourable Court made an order (the “**Approval and Vesting Order**”), *inter alia*, approving the sale of substantially all of the property and assets used in connection with the business carried on by C International

Income Fund, formerly Cinram International Income Fund (the “**Fund**”), and its direct and indirect subsidiaries (collectively, the “**Company**”) in North America contemplated by the asset purchase agreement between CII and Cinram Group, Inc. (formerly Cinram Acquisition, Inc.) dated June 22, 2012 (the “**Asset Purchase Agreement**”) and certain additional relief;

- (e) On July 25, 2012, CRW, in its capacity as the foreign representative for CII and each of the Applicants that are U.S. entities (collectively, the “**U.S. Debtors**”), obtained an order under chapter 15 of title 11 of the United States Code, as amended from time to time (the “**Bankruptcy Code**”), from the United States Bankruptcy Court for the District of Delaware (the “**U.S. Court**”), *inter alia*, recognizing on a final basis these CCAA proceedings as the “foreign main proceedings” of the CCAA Parties and recognizing on a final basis the Initial Order;
- (f) On July 25, 2012, CRW, in its capacity as foreign representative for the U.S. Debtors, obtained an order under chapter 15 of the Bankruptcy Code from the U.S. Court, *inter alia*, recognizing the Approval and Vesting Order, authorizing the assumption and assignment of certain executory contracts and unexpired leases, and granting certain related relief;
- (g) Pursuant to the Asset Purchase Agreement, the assets of Wireless were excluded assets and not sold to Cinram Group, Inc.;
- (h) During these CCAA proceedings, Wireless has continued to provide services to the Purchaser in accordance with the terms and conditions of its agreements with the Purchaser (the “**Operative Agreements**”);
- (i) As disclosed in previous affidavits filed by the Applicants, the Operative Agreements expire on June 15, 2013 (the “**Expiration Date**”);
- (j) The Purchaser has requested the commencement of the transition of its business from Wireless prior to the Expiration Date and the assistance of Wireless in this regard;

- (k) The Purchaser requires that Wireless continue to provide services under the Operative Agreements as amended by the Termination Agreement up to the Expiration Date and has requested Wireless' assistance before and after the Expiration Date to assist in a transition of services (the "**Transition Services**");
- (l) In connection with the Transition Services, among other things: (i) Wireless agreed to sell to the Purchaser the Equipment, representing a sale of substantially all of the assets of Wireless; and (ii) Wireless and CII agreed to provide to the Purchaser with the right to use certain intellectual property rights and related software for a limited period as specified in the Termination Agreement;
- (m) The Equipment was originally purchased by Wireless for the benefit of the Motorola in connection with the services provided by Wireless to the Purchaser under the Operative Agreements;
- (n) The Purchaser's monthly payments to Wireless under the Operative Agreements included amortization and capital cost payments in connection with the Equipment and, under the Operative Agreements, the Purchaser has the option to purchase the Equipment from Wireless upon expiry of the Operative Agreements at the net book value of the Equipment;
- (o) As consideration for the sale of the Equipment and as part of the early transition of services to the Purchaser's new service provider, the Purchaser agreed to accelerate and pay to Wireless the remaining payments on the Equipment and the cost of capital owing by the Purchaser (the "**Equipment Payment**");
- (p) Pursuant to the Termination Agreement, the Applicants have agreed to seek promptly following the closing of the Sale Transaction (which occurred on March 21, 2013) orders from this Honourable Court and the U.S. Court approving the transfer of the Equipment to the Purchaser and vesting in the Purchaser all of Wireless' right, title and interest in and to the Equipment free and clear of all liens, claims and encumbrances (together, the "**Equipment Sale Approval and Vesting Orders**");

- (q) While the granting of the Equipment Sale Approval and Vesting Orders is not a condition to the completion of the Sale Transaction, pursuant to the Termination Agreement, the Monitor is required to hold in escrow \$100,000 from the Equipment Payment (the “**Holdback Amount**”), which Holdback Amount will either be: (i) released for the benefit of Wireless upon the granting of the Equipment Sale Approval and Vesting Orders; or (ii) used by Wireless in seeking the discharge and release of any competing liens or claims asserted against the Equipment by a specified time period if the Equipment Sale Approval and Vesting Orders are not granted, with any remaining balance of the Holdback Amount being released for the benefit of Wireless, provided that if a discharge and release of competing liens or claims asserted would require payment of an aggregate amount equal to or in excess of the Holdback Amount, the Holdback Amount will be released from escrow and paid to the Purchaser as the Purchaser’s sole recourse;
- (r) The approval of the Sale Transaction is in the best interests of the CCAA Parties and their stakeholders;
- (s) The Termination Agreement contains competitive and sensitive commercial information that should not be released to the public to prevent a detrimental effect on the CCAA Parties’ restructuring and operations;
- (t) The Applicants’ motion is supported by the Pre-Petition First Lien Agent;
- (u) The Applicants consulted extensively with the Monitor with respect to the various relief sought on this motion and the Monitor will be filing a report in connection with this motion;
- (v) The provisions of the CCAA and this Honourable Court’s equitable and statutory jurisdiction thereunder;



- (w) Rules 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended;
- (x) Rule 137(2) of the Ontario *Courts of Justice Act*, R.S.O. 1990, c C.43; and
- (y) 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 Monitor's Eighth Report and any appendices attached thereto; and
- (b) such further and other material as counsel may advise and this Honourable Court may permit.

Date: March 26, 2013

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Lawyers for the Applicants

TO: THE ATTACHED SERVICE LIST

## **SCHEDULE “A”**

### **Additional Applicants**

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

CRW International ULC, formerly Cinram International ULC

1362806 Ontario Limited

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

CIHV Inc., formerly Cinram, Inc.

IHC Corporation

CMFG LLC, formerly Cinram Manufacturing LLC

CDIST LLC, formerly Cinram Distribution LLC

Cinram Wireless LLC

CRSMI LLC, formerly Cinram Retail Services, LLC

One K Studios, LLC

**SCHEDULE "B"**

**Service List**

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Applicants

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<b>AND TO:</b>	<b>SANTA BARBARA BANK &amp; TRUST LEASING DIVISION</b> 1505 Chapala St PO Box 1196 Santa Barbara, CA 93101	
<b>AND TO:</b>	<b>SINGULUS TECHNOLOGIES AG</b> Hanauer Landstrasse 103 Kahl Am Main 63796 Germany	
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<b>AND TO:</b>	<b>U.S. BANCORP</b> 1310 Madrid Street Marshall, MN 56258	

<b>AND TO:</b>	<b>UBISOFT, INC.</b> 625 Third Street, 3rd Floor San Francisco, CA 94107	
<b>AND TO:</b>	<b>UNAXIS USA, INC.</b> 18881 Von Karman Avenue #200 Olyphant, PA 18448	
<b>AND TO:</b>	<b>WACHOVIA FINANCIAL SERVICES, INC.</b> One Wachovia Center Mail Code NC0738 Charlotte, NC 28288-0738	

<p><b>AND TO:</b></p>	<p><b>WARNER BROS.</b>  <b>ENTERTAINMENT CANADA INC., WARNER HOME BROS ENTERTAINMENT CANADA INC., WARNER HOME VIDEO BENELUX</b>, a Division of Warner Bros. Entertainment Nederland B.V.,  <b>WARNER HOME VIDEO BENELUX</b>, a Division of Warner Bros. Entertainment Neederkan R.V.,  <b>WARNER HOME VIDEO FRANCE</b>, a Division of Warner Bros. Entertainment France S.A.S.,  <b>WARNER HOME VIDEO GERMANY</b>, a Division of Warner Bros Entertainment GMBH,  <b>WARNER HOME VIDEO INC.</b>, a Division of Warner Bros. Home Entertainment Inc., <b>WARNER HOME VIDEO MEXICO S.A. DE C.V.</b>, <b>WARNER HOME VIDEO SPAIN</b>, a Division of Warner Bros. Entertainment Espana, SL,  <b>WARNER HOME VIDEO UK</b>, a Division of Warner Bros Entertainment UK Limited,  <b>WARNER HOME VIDEO</b>, a Division of Warner Bros Home Entertainment Inc.</p> <p>Attn Beth Baier SVP &amp; General Counsel  4000 Warner Blvd  Burbank, CA 91522</p>	
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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 C  
INTERNATIONAL INC., C INTERNATIONAL INCOME FUND, CII TRUST AND THE  
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Applicants

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

Proceeding commenced at Toronto

**NOTICE OF MOTION**

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Lawyers for the Applicants

# TAB 2

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ●   )                                 WEDNESDAY, THE 10<sup>TH</sup>  
JUSTICE ●   )                                 DAY OF APRIL, 2013  
  )

**IN THE MATTER OF THE *COMPANIES’ CREDITORS  
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Applicants

**EQUIPMENT SALE APPROVAL  
AND VESTING ORDER**

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

- (i) approving the sale of the Equipment (as defined in the Termination Agreement) by Cinram Wireless LLC (“**Wireless**”) to its principal customer, Motorola Mobility, LLC (the “**Purchaser**”), representing a sale of substantially all of the assets of Wireless, contemplated by the termination agreement between Wireless and the Purchaser dated March 14, 2013 (the “**Termination Agreement**”) appended to the confidential supplement to the Eighth Report of FTI Consulting Canada Inc., in its capacity as the Court-appointed monitor of the Applicants (the “**Monitor**”) dated ●, 2013 (the “**Monitor’s Eighth Report**”);

**DRAFT: 1 - March 26, 2013 at 2:52 PM**



- (ii) authorizing Wireless, *nunc pro tunc*, to complete the sale of Equipment contemplated by the Termination Agreement to the Purchaser (the “**Sale Transaction**”);
- (iii) vesting all of Wireless’ right, title and interest in and to the Equipment in the Purchaser, free and clear of all interests, liens, charges and encumbrances; and
- (iv) sealing the Termination Agreement to be provided to the Court by way of a confidential supplement to the Monitor’s Eighth Report,

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

ON READING the Monitor’s Eighth Report, and on hearing the submissions of counsel for the Applicants, the Monitor, the Purchaser, the Pre-Petition First Lien Agent and the Pre-Petition Second Lien Agent (each as defined in the Monitor’s Eighth Report), no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of ● sworn March ●, 2013, 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 Sale Transaction is hereby approved, *nunc pro tunc*, and Wireless is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Sale Transaction and for the conveyance of the Equipment to the Purchaser.
3. THIS COURT ORDERS AND DECLARES that all of Wireless’ right, title and interest in and to the Equipment shall hereby vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Morawetz dated June 25, 2012; and (ii) all charges, security interests or claims evidenced by registrations pursuant to

the *Personal Property Security Act* (Ontario) (the “**PPSA**”) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Equipment are hereby expunged and discharged as against the Equipment.

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

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

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

7. THIS COURT ORDERS that the Termination Agreement contained in the confidential supplement of the Monitor's Eighth Report 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.

8. 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.

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## **SCHEDULE “A”**

### **Additional Applicants**

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

CRW International ULC, formerly Cinram International ULC

1362806 Ontario Limited

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

CIHV Inc., formerly Cinram, Inc.

IHC Corporation

CMFG LLC, formerly Cinram Manufacturing LLC

CDIST LLC, formerly Cinram Distribution LLC

Cinram Wireless LLC

CRSMI LLC, formerly Cinram Retail Services, LLC

One K Studios, LLC

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

Court File No: CV12-9767-00CI

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

Applicants

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

Proceeding commenced at Toronto

**EQUIPMENT SALE APPROVAL  
AND VESTING ORDER**

**GOODMANS LLP**

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5, 2013 at 2:52 PM

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

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Applicants

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

Proceeding commenced at Toronto

**MOTION RECORD**  
**(Returnable April 10, 2013)**

**GOODMANS LLP**  
Barristers & Solicitors  
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