

**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
(Motion Returnable September 13, 2012)**

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1	Notice of Motion dated September 7, 2012
2	Draft 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

TAB 1

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Applicants

NOTICE OF MOTION
(Stay Extension Motion Returnable September 13, 2012)

The Applicants will bring a motion before a Judge of the Commercial List on September 13, 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, the Third Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the "**Monitor**") to be filed (the "**Monitor's Third Report**") and the Motion Record and dispensing with further service thereof;
- (b) extending the Stay Period (as defined in the Initial Order in these proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") granted by this Honourable Court on June 25, 2012 (the "**Initial Order**")) to October 26, 2012;
- (c) sealing the cash flow forecast to be provided to the Court by way of a confidential supplement pursuant to Section 10(3) of the CCAA; and

- (d) such further and other relief as counsel may request and this Honourable Court deems just.

2. THE GROUNDS FOR THE MOTION ARE:

- (a) On June 25, 2012, this Honourable Court made the Initial Order, *inter alia*: (i) granting a stay of proceedings under the CCAA against the Applicants, Cinram 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 Cinram International ULC (“**Cinram ULC**”) as the foreign representative of the CCAA Parties;
- (b) The stay of proceedings under the Initial Order was initially granted to July 25, 2012 under the Initial Order, and was subsequently extended by this Honourable Court on July 12, 2012 to September 14, 2012;
- (c) On July 12, 2012, this Honourable Court made an order (the “**Approval and Vesting Order**”), *inter alia*: (i) approving the sale of substantially all of the property and assets used in connection with the business carried on by Cinram International Income Fund and its direct and indirect subsidiaries (collectively, “**Cinram**”) in North America contemplated by an asset purchase agreement between CII and Cinram Group, Inc., formerly known as Cinram Acquisition, Inc. (the “**Purchaser**”) dated June 22, 2012 (the “**Asset Purchase Agreement**”); (ii) approving the sale of the shares of Cooperatie Cinram Netherlands UA 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**”); (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**”) to complete the transactions contemplated by the Asset Purchase Agreement (the “**Asset Sale Transaction**”); and (v) authorizing the Share Sellers

to complete the transactions contemplated by the Purchase Offer (the “**Share Sale Transaction**”, together with the Asset Sale Transaction, the “**Sale Transaction**”);

- (d) On July 25, 2012, Cinram ULC, in its capacity as the foreign representative, 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;
- (e) On July 25, 2012, Cinram ULC, in its capacity as foreign representative, 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;
- (f) The CCAA Parties are proceeding in good faith with due diligence;
- (g) The CCAA Parties have and intend to continue to fully cooperate with the Monitor with respect to the provision of required information;
- (h) The CCAA Parties, with the assistance of the Monitor, have communicated with key stakeholders, including employees, customers and suppliers, in respect of developments in the CCAA proceedings and the Sale Transaction and provided them with relevant information;
- (i) The Asset Sale Transaction closed on August 31, 2012;
- (j) The CCAA Parties require an extension of the Stay Period to October 26, 2012 to allow the CCAA Parties to continue pursuing their restructuring efforts, including the implementation of the Share Sale Transaction and the restructuring or sale of the excluded assets and business that were not sold pursuant to the Asset Sale Transaction;

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- (k) The cash flow forecast 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, which relief is supported by the CCAA Parties' secured lenders;
 - (l) Circumstances exist that make the Order for the requested relief appropriate;
 - (m) The provisions of the CCAA and this Honourable Court's equitable and statutory jurisdiction thereunder;
 - (n) Rules 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended; and
 - (o) 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 Third Report and any appendices attached thereto, to be filed; and
 - (b) such further and other material as counsel may advise and this Honourable Court may permit.

Date: September 7, 2012

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Lawyers for the Applicants

TO: THE ATTACHED SERVICE LIST

SCHEDULE "A"**Additional Applicants**

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Cinram International ULC

1362806 Ontario Limited

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Cinram, Inc.

IHC Corporation

Cinram Manufacturing LLC

Cinram Distribution LLC

Cinram Wireless LLC

Cinram Retail Services, LLC

One K Studios, LLC

Court File No. CV12-9767-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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ARRANGEMENT OF CINRAM INTERNATIONAL INC., CINRAM
INTERNATIONAL INCOME FUND, CII TRUST AND THE COMPANIES
LISTED IN SCHEDULE "A"**

Applicants

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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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Lawyers for the Applicants

TAB 2

Court File No. CV12 – 9767 – 00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE ●)	THURSDAY, THE 13 TH
)	
JUSTICE ●)	DAY OF SEPTEMBER, 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

**ORDER
(Stay Extension)**

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

ON READING the Third Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the “**Monitor**”) dated September ●, 2012 (the “**Monitor’s Third Report**”), and on hearing the submissions of counsel for the Applicants and Cinram International Limited Partnership (together with the Applicants, the “**CCAA Parties**”), the Monitor, the Pre-Petition First Lien Agent (as defined in the Initial Order) and the Pre-Petition Second Lien Agent (as defined in the Initial Order), and no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of ● sworn September ●, 2012, filed,

DRAFT: 1- September 7, 2012 at 9:38 AM

SERVICE

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

CAPITALIZED TERMS

2. THIS COURT ORDERS that unless otherwise indicated or defined herein, capitalized terms have the meaning given to them in the Monitor's Third Report.

EXTENSION OF THE STAY PERIOD

3. THIS COURT ORDERS that the Stay Period (as defined in the Initial Order) be and is hereby extended to 11:59 p.m. on October 26, 2012.

SEALING

4. THIS COURT ORDERS that pursuant to Section 10(3) of the CCAA the cash flow forecast attached as Appendix ● to the Monitor's Third Report be sealed and not form part of the public record, but rather shall be placed separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon further Order of this Court.

RECOGNITION

5. 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.

6. 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.

SCHEDULE A**Additional Applicants**

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