

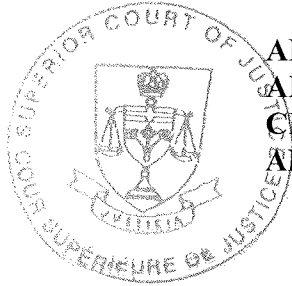
ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. ) THURSDAY, THE 12<sup>TH</sup>  
 )  
JUSTICE MORAWETZ ) DAY OF JULY, 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 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 23, 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 23, 2012, (the “**Bell Affidavit**”), the Hootnick Affidavit, the First Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the “**Monitor**”) dated July 9, 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), no one appearing and making submissions for any other person served with the Motion Record, although properly served as appears from the affidavit of Caroline Descours sworn June 27, 2012, 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 the Purchased Assets to the Purchaser and/or one or more entities nominated by the Purchaser to take title to the Purchased Assets in accordance with the Asset Purchase Agreement (each an “**Asset Purchaser Nominee**”).
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 an entity nominated by the Purchaser to take title to the Purchased Shares (the “**Share Purchaser 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**”), all of the Asset Sellers’ right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser and/or the Asset Purchaser 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 Morawetz dated June 25, 2012; (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 Share Purchaser 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 Titles Division of the Toronto Registry Office an Application for Vesting Order in the form prescribed by the *Land Titles Act* (Ontario) and the *Land Registration Reform Act* (Ontario) with respect to the real property identified in Schedule “C” hereto (the “**Real Property**”), the Land Registrar is hereby directed to enter the Purchaser or the Asset Purchaser Nominee as the owner of 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 in the Purchaser and/or the Asset Purchaser Nominee and the Purchased Shares in the Purchaser or the Share Purchaser Nominee 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 Sale Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

15. THIS COURT ORDERS that the confidential information relating to the Sale Transaction and 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 contained in the confidential supplement of the Applicants 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.



A handwritten signature in black ink, appearing to read "J. H. Brown", is written over a horizontal line.

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

JUL 12 2012



A handwritten signature in black ink, possibly reading "J. H. Brown", is written over the date.

## **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. CV12-9767-00CL

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 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 Morawetz of the Ontario Superior Court of Justice (the “**Court**”) dated June 25, 2012, FTI Consulting Canada Inc. was appointed as the Monitor (the “**Monitor**”) of the Applicants and Cinram International Limited Partnership (together with the Applicants, the “**CCAA Parties**”).

B. Pursuant to an Order of the Court dated [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 the Purchaser and/or the Asset Purchaser Nominee of the Asset Sellers’ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the 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 Monitor has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Asset Purchase Agreement;
2. The Monitor has received written confirmation from the Purchaser and CII 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;
3. The Asset Sale Transaction has been completed to the satisfaction of the Monitor; and
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

Being the whole of the said PINs.

Land Titles Division of the Toronto Registry No. 66.

**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. Notice registered on November 3, 2005 as Instrument No. AT970042; and
10. Notice registered on July 24, 2006 as Instrument No. AT1205222.

**Schedule “F” – Form of Monitor’s Share Sale Transaction Certificate**

Court File No. CV12-9767-00CL

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF 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 Morawetz of the Ontario Superior Court of Justice (the “**Court**”) dated June 25, 2012, FTI Consulting Canada Inc. was appointed as the Monitor (the “**Monitor**”) of the Applicants and Cinram International Limited Partnership (together with the Applicants, the “**CCAA Parties**”).

B. Pursuant to an Order of the Court dated [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 Share Purchaser 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 Monitor has received the Purchase Price for the Purchased Shares payable on the Closing Date pursuant to the Purchase Offer;
2. The Monitor has received written confirmation from the Share Sellers and the Purchaser that the conditions to Closing as set out in Section 6 of the Purchase Offer and Section 6.3 of the Share Purchase Agreement and the deliveries set out in Section 6.2 of the Share Purchase Agreement have been satisfied or waived by the Share Sellers and the Purchaser;
3. The Share Sale Transaction has been completed to the satisfaction of the Monitor; and
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: 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

**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