

**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

**(Administrative Reserve/Distribution/Transition Order
Returnable October 19, 2012)**

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SUPERIOR COURT OF JUSTICE**

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COMPANIES LISTED IN SCHEDULE "A"**

Applicants

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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

TAB 1

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LISTED IN SCHEDULE "A"

Applicants

NOTICE OF MOTION
(Administrative Reserve/ Distribution/Transition Order
Returnable October 19, 2012)

The Applicants will bring a motion before a Judge of the Commercial List on October 19, 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** substantially in the form attached at Tab 3 of the Motion Record, *inter alia*:
 - (a) abridging the time for and validating the service of this Notice of Motion, the Fourth Report (the "**Monitor's Fourth Report**") of FTI Consulting Canada Inc. in its capacity as Court-appointed monitor (the "**Monitor**") and the Motion Record and dispensing with further service thereof;
 - (b) establishing an administrative reserve (the "**Administrative Reserve**") to be administered by the Monitor of the CCAA Parties (as defined below) and to be used to pay the professional costs and expenses associated with the completion of the administration of the estates of the CCAA Parties in these proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), the proceedings under chapter 15 of

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the Bankruptcy Code (as defined below) (the “**Chapter 15 Proceedings**”) and any other proceedings commenced in respect of the CCAA Parties or any of them (the “**Administrative Reserve Costs**”);

- (c) establishing a transitional costs reserve (the “**Transitional Costs Reserve**”) to be administered by the Monitor and to be used to pay the costs and expenses relating to the Excluded Assets (as defined in the Asset Purchase Agreement (as defined below)) and costs incurred for transitional services relating to the Share Sale Transaction (as defined below), the Excluded Assets and administration of these proceedings (the “**Transitional Costs**”);
- (d) authorizing (A) a distribution to JPMorgan Chase Bank N.A., as administrative agent (the “**Pre-Petition First Lien Agent**”) under the Amended and Restated Credit Agreement dated April 11, 2011, as amended (the “**Pre-Petition First Lien Credit Agreement**”) on behalf of the lenders under the Pre-Petition First Lien Credit Agreement (the “**Pre-Petition First Lien Lenders**”) of a portion of the August Asset Sale Proceeds (as defined below) arising from the Asset Sale Transaction (as defined below) pursuant to the Asset Purchase Agreement (as defined below), and (B) further distributions to the Pre-Petition First Lien Agent at the Monitor’s discretion without further order of the Court; provided that the aggregate amount of distributions to the Pre-Petition First Lien Agent does not exceed the total amount of the secured indebtedness plus interest accrued thereon owing by the CCAA Parties to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement;
- (e) expanding the powers of the Monitor so that it may, among other things, facilitate the completion of the Share Sale Transaction and the completion of the CCAA Parties’ CCAA Proceedings and Chapter 15 Proceedings;
- (f) granting certain additional protections to the Monitor in connection with the Monitor’s expanded powers;
- (g) releasing the former and current trustees, directors and officers of the CCAA Parties (collectively, the “**Directors and Officers**”, and each a “**Director**” or

“**Officer**”) from all claims, obligations and liabilities that they may have incurred or may have become subject to as Directors or Officers of the CCAA Parties after the commencement of the within proceedings; and

- (h) extending the Stay Period (as defined in the Initial Order granted by this Honourable Court on June 25, 2012 (the “**Initial Order**”)) to February 1, 2013;
- (i) amending the title of these proceedings to reflect the new names of the Applicants; and
- (j) 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 granted the Initial Order, *inter alia*: (i) granting a stay of proceedings under the CCAA against the Applicants and 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 CRW International ULC, formerly Cinram International ULC (“**CRW**”) as the foreign representative of the CCAA Parties;
- (b) The stay of proceedings pursuant to the Initial Order was granted to July 25, 2012, was subsequently extended by this Honourable Court on July 12, 2012 to September 14, 2012, and was further extended by this Honourable Court on September 13, 2012 to October 26, 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 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. (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, CIHV Inc., formerly Cinram Inc., CRSMI LLC, formerly Cinram Retail Services LLC, One K Studios, LLC, CDIST LLC, formerly Cinram Distribution LLC and CMFG LLC, formerly 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, 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;
- (e) 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;
- (f) The Asset Sale Transaction closed on August 31, 2012 (the “**Closing Date**”) and the proceeds in respect thereof (the “**August Asset Sale Proceeds**”) were paid to the Monitor pursuant to the Approval and Vesting Order;

- (g) In connection with the completion of the Asset Sale Transaction, all of the CCAA Parties' Directors and Officers, other than Messrs Henri A. Aboutboul and Bradley I. Dietz, as trustees of the Fund, and Mr. William Mueller, as manager of Cinram Wireless LLC, resigned effective the Closing Date;
- (h) Following the completion of the Asset Sale Transaction, pursuant to the requirements of the Asset Purchase Agreement with respect to post-closing matters, North American affiliates of the Company caused their names to be changed to names that do not include the word "Cinram", other than Cinram Wireless LLC which is not required under the Asset Purchase Agreement to change its name at this time;
- (i) In light of the resignation of almost all of the CCAA Parties' Directors and Officers, it is necessary that the Monitor be granted expanded powers, and expanded protections in connection therewith, to, among other things, facilitate the completion of the Share Sale Transaction and the completion of the CCAA Parties' CCAA Proceedings and Chapter 15 Proceedings;
- (j) The establishment of the Administrative Reserve and the Transitional Costs Reserve will assist in the efficient and timely payment of the Administrative Costs and the Transition Costs;
- (k) The Company has been financed primarily through a term loan and revolving credit facilities under the Pre-Petition First Lien Credit Agreement, in respect of which the Pre-Petition First Lien Lenders are owed approximately US\$252 million as at March 31, 2012, in addition to approximately US\$12 million of letter of credit exposure;
- (l) The Monitor's Canadian and U.S. counsel completed a review of the security granted by the CCAA Parties to secure the amounts owing under the Pre-Petition First Lien Credit Agreement and rendered opinions with respect to the validity and perfection thereof under the laws of the applicable jurisdictions stating that such security is valid and enforceable;

- (m) Under the Initial Order, the Directors and Officers of the CCAA Parties were granted an indemnity secured by a Court-ordered charge;
- (n) It is not anticipated that the CCAA Parties will file a plan of compromise or arrangement in these CCAA Proceedings given that proceeds from the Sale Transaction and the sale or other disposal of the Excluded Assets are expected to be insufficient to repay in full the Company's obligations under the Pre-Petition First Lien Credit Agreement;
- (o) The requested release of the Directors and Officers of the CCAA Parties would provide certainty to the Directors and Officers and would facilitate the distribution of proceeds to the Pre-Petition First Lien Agent;
- (p) The CCAA Parties have been and intend to continue fully cooperating with the Monitor to ensure that it has all of the information it requires;
- (q) Since the issuance of the Initial Order, the CCAA Parties have acted and continue to act in good faith and with due diligence in carrying out the terms of the Initial Order and subsequent Orders issued by the Court in these CCAA Proceedings;
- (r) The extension of the Stay Period to February 1, 2013 is necessary in order to provide stability to the Company's business while the CCAA Parties continue to pursue their restructuring efforts, including the implementation of the Share Sale Transaction and the restructuring or sale of the Excluded Assets and business not sold pursuant to the Asset Sale Transaction, for the benefit of their stakeholders;
- (s) Creditors will not suffer any material prejudice if the Stay Period is extended;
- (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 1.04(2), 2.03, 3.02, 5.04, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Rec. 194, as amended; and
- (x) 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 affidavit of Neill May sworn October 12, 2012;
- (b) the Monitor's Fourth Report and any exhibits attached thereto; and
- (c) such further and other material as counsel may advise and this Honourable Court may permit.

Date: October 12, 2012

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TO: THE ATTACHED SERVICE LIST

SCHEDULE "A"**Additional Applicants**

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Cinram Wireless LLC

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One K Studios, LLC

SCHEDULE "B"

Service List

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AND TO:	<p>WARNER BROS. ENTERTAINMENT CANADA INC., WARNER HOME BROS ENTERTAINMENT CANADA INC., WARNER HOME VIDEO BENELUX, a Division of Warner Bros. Entertainment Nederland B.V., WARNER HOME VIDEO BENELUX, a Division of Warner Bros. Entertainment Neederkan R.V., WARNER HOME VIDEO FRANCE, a Division of Warner Bros. Entertainment France S.A.S., WARNER HOME VIDEO GERMANY, a Division of Warner Bros Entertainment GMBH, WARNER HOME VIDEO INC., a Division of Warner Bros. Home Entertainment Inc., WARNER HOME VIDEO MEXICO S.A. DE C.V., WARNER HOME VIDEO SPAIN, a Division of Warner Bros. Entertainment Espana, SL, WARNER HOME VIDEO UK, a Division of Warner Bros Entertainment UK Limited, WARNER HOME VIDEO, a Division of Warner Bros Home Entertainment Inc.</p> <p>Attn Beth Baier SVP & 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
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Applicants

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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

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ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

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LISTED IN SCHEDULE "A"

Applicants

AFFIDAVIT OF NEILL MAY
(sworn October 12, 2012)

I, Neill May, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

I. INTRODUCTION

1. I am a partner at Goodmans LLP, counsel to C International Income Fund, formerly known as Cinram International Income Fund (the "**Fund**") and its direct and indirect subsidiaries (together with the Fund, the "**Company**"). 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. This Affidavit is sworn in support of a motion made by the Fund, C International Inc., formerly Cinram International Inc. ("**CII**"), CII Trust and the companies listed in Schedule "A" (collectively, the "**Applicants**") for:

- (a) an Order (the “**Distribution/Transition Order**”), *inter alia*:
- (i) establishing an administrative reserve (the “**Administrative Reserve**”) to be administered by FTI Consulting Canada Inc. in its capacity as the Court-appointed monitor (the “**Monitor**”) of the CCAA Parties (as defined below) and to be used to pay the professional costs and expenses associated with the completion of the administration of the estates of the CCAA Parties in these proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), the proceedings under chapter 15 of the Bankruptcy Code (as defined below) (the “**Chapter 15 Proceedings**”) and any other proceedings commenced in respect of the CCAA Parties or any of them (the “**Administrative Reserve Costs**”);
 - (ii) establishing a transitional costs reserve (the “**Transitional Costs Reserve**”) to be administered by the Monitor and to be used to pay the costs and expenses relating to the Excluded Assets (as defined below) and costs incurred for transitional services relating to the Share Sale Transaction (as defined below), the Excluded Assets and administration of these proceedings (the “**Transitional Costs**”);
 - (iii) authorizing (A) a distribution to JPMorgan Chase Bank N.A., as administrative agent (the “**Pre-Petition First Lien Agent**”) under the Amended and Restated Credit Agreement dated April 11, 2011, as

amended (the “**Pre-Petition First Lien Credit Agreement**”) on behalf of the lenders under the Pre-Petition First Lien Credit Agreement (the “**Pre-Petition First Lien Lenders**”) of a portion of the August Asset Sale Proceeds (as defined below) arising from the Asset Sale Transaction (as defined below) pursuant to the Asset Purchase Agreement (as defined below), and (B) further distributions to the Pre-Petition First Lien Agent at the Monitor’s discretion without further order of the Court; provided that the aggregate amount of distributions to the Pre-Petition First Lien Agent does not exceed the total amount of the secured indebtedness plus interest accrued thereon owing by the CCAA Parties to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement;

- (iv) expanding the powers of the Monitor so that it may, among other things, facilitate the completion of the Share Sale Transaction and the completion of the CCAA Parties’ CCAA Proceedings and Chapter 15 Proceedings;
- (v) releasing the former and current trustees, directors and officers of the CCAA Parties (collectively, the “**Directors and Officers**”, and each a “**Director**” or “**Officer**”) from all claims, obligations and liabilities that they may have incurred or may have become subject to as Directors or Officers of the CCAA Parties after the commencement of the within proceedings;

- (vi) extending the Stay Period (as defined in the Initial Order granted by this Honourable Court on June 25, 2012 (the “**Initial Order**”) to February 1, 2013;
 - (vii) amending the title of these CCAA Proceedings to reflect the new names of the Applicants; and
 - (viii) approving the activities and fees of the Monitor; and
- (b) an Order (the “**Appointment Order**”), *inter alia*, appointing FTI Consulting Canada Inc. as receiver (in such capacity, the “**Receiver**”) of the Limited Receivership Property (as defined below) pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”).

II. BACKGROUND

3. On June 25, 2012, this Honourable Court granted the Initial Order, *inter alia*: (i) granting a stay of proceedings under the CCAA against the Applicants and 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 CRW International ULC, formerly Cinram International ULC (“**CRW**”) as the foreign representative of the CCAA Parties. The stay of proceedings pursuant to the Initial Order was granted to July 25, 2012, was subsequently extended by this Honourable Court on July 12, 2012 to September 14, 2012, and was further extended by this Honourable Court on September 13, 2012 to October 26, 2012.

4. 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 the Company in North America contemplated by the asset purchase agreement between CII and Cinram Group, Inc., formerly 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, CIHV Inc., formerly Cinram Inc., CRSMI LLC, formerly Cinram Retail Services LLC, One K Studios, LLC, CDIST LLC, formerly Cinram Distribution LLC and CMFG LLC, formerly 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**”).

5. 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.

6. On July 25, 2012, CRW, in its capacity as foreign representative for the U.S. Debtors, obtained an order (the “**Sale Recognition 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.

7. On August 21, 2012, this Honourable Court made an order (the “**Assignment Order**”), *inter alia*, assigning certain contracts, agreements and leases listed in a schedule to the Assignment Order to the Purchaser upon the filing of the Monitor’s Asset Sale Transaction Certificate (as defined in the Approval and Vesting Order) pursuant to section 11.3 of the CCAA, and approving a process in respect of the assignment of additional contracts, agreements and leases that may be designated by the Purchaser for assignment in accordance with the Asset Purchase Agreement.

III. RESTRUCTURING EFFORTS TO DATE

A. Communications

8. The Fund issued the following press releases in connection with these CCAA Proceedings, the Chapter 15 Proceedings and the Sale Transaction: (i) a press release on June 25, 2012, announcing that it had reached agreements with the Purchaser for the sale of substantially all of the Company’s assets and businesses in North America and Europe and describing these CCAA Proceedings pursuant to which the Sale Transaction is to be implemented; (ii) a press release on July 12, 2012, announcing that this Honourable Court approved the Sale Transaction; (iii) a press release on July 25, 2012, announcing that the U.S. Court approved the Sale Transaction; and (iv) a press release on August 31, 2012, announcing the completion of the Asset

Sale Transaction. The Company has made these press releases, along with additional information in connection with these CCAA Proceedings and a link to the Monitor's website, available on its website. I am advised that the Company also intends to issue a press release with respect to the Applicants' motions for the requested relief and with respect to the Comeback Date (defined below).

B. Sale Transaction

9. The Asset Sale Transaction closed on August 31, 2012 (the "**Closing Date**") and the proceeds (the "**August Asset Sale Proceeds**") were paid to the Monitor pursuant to the Approval and Vesting Order.

10. In connection with the completion of the Asset Sale Transaction, all of the CCAA Parties' Directors and Officers, other than Messrs Henri A. Aboutboul and Bradley I. Dietz, as trustees of the Fund, and Mr. William Mueller, as manager of Cinram Wireless LLC (the "**Remaining Directors and Officers**"), resigned effective the Closing Date.

11. Following the completion of the Asset Sale Transaction, pursuant to the requirements of the Asset Purchase Agreement with respect to post-closing matters, certain of the Company's North American affiliates caused their names to be changed to names that do not include the word "Cinram", other than Cinram Wireless LLC which is not required under the Asset Purchase Agreement to change its name at this time.

12. The CCAA Parties, with the assistance of their advisors and the Monitor, are continuing to work with the Purchaser to complete the Share Sale Transaction, which, pursuant to the Purchase Offer, shall close no later than December 17, 2012.

IV. RELEASE OF CLAIMS AGAINST THE TRUSTEES, DIRECTORS AND OFFICERS

13. The Directors and Officers of the CCAA Parties have been materially involved in the CCAA Parties' efforts to develop and pursue various strategic and restructuring alternatives, to commence and pursue the completion of these CCAA Proceedings and the Chapter 15 Proceedings, to complete the Asset Sale Transaction, to pursue the completion of the Share Sale Transaction and to pursue the Company's restructuring and sale alternatives with respect to the Excluded Assets.

14. As part of the relief granted pursuant to the Initial Order, this Honourable Court granted an indemnity to the Directors and Officers of the Applicants secured by a charge over the property of certain of the CCAA Parties.

15. As previously mentioned, all of the Directors and Officers of the CCAA Parties, other than the Remaining Directors and Officers, have resigned. Furthermore, the Asset Sale Transaction has been completed and most of the CCAA Parties' assets and business have been transferred to the Purchaser.

16. I understand that it is not anticipated that the CCAA Parties will file a plan of compromise or arrangement in these CCAA Proceedings as the proceeds from the Sale Transaction and the sale or other disposal of the Excluded Assets are expected to be insufficient to repay in full the Company's obligations under the Pre-Petition First Lien Credit Agreement.

17. The requested release of the Directors and Officers of the CCAA Parties would provide certainty to the Directors and Officers and would facilitate the distribution of proceeds to the Pre-Petition First Lien Agent contemplated by the Distribution/Transition Order.

18. The requested release of the Directors and Officers applies only in respect of claims, obligations and liabilities that the Directors and Officers may have incurred or may have become subject to as Directors or Officers of the CCAA Parties after the commencement of the within proceedings, and does not include claims for gross negligence, fraud or wilful misconduct.

19. As described in further detail in Section V below, the Distribution/Transition Order includes a comeback date providing an opportunity for persons to appear before the Court regarding the relief requested following the date of the Applicants' motion.

V. NOTICE

20. I am advised that the Motion Records in connection with the CCAA Parties' motion for the Distribution/Transition Order and the CCAA Parties' motion for the Appointment Order will be served on (i) the Service List in these CCAA Proceedings, (ii) parties with registered security over the property of the CCAA Parties under the *Personal Property Security Act* (Ontario) and *Personal Property Security Act* (Nova Scotia), and (iii) parties with registered security over the property of the CCAA Parties under the *Uniform Commercial Code*. In addition, the form of the Distribution/Transition Order contemplates a come-back date (the "**Comeback Date**"), providing an opportunity for persons to appear before the Court regarding the relief requested following the date of the Applicants' motion. Further, the CCAA Parties will also issue a press release with respect to the relief requested, including the requested

distributions and release of claims against the Directors and Officers of the CCAA Parties, and with respect to the Comeback Date.

VI. MOTION OF THE AD HOC COMMITTEE OF FORMER CANADIAN CINRAM EMPLOYEES

21. On September 11, 2012, certain former Canadian employees of CII brought a motion (the “**Ad Hoc Committee Motion**”), for an Order, *inter alia*, appointing a receiver over CII’s property, assets and undertakings, or directing that CII file an assignment in bankruptcy in order to permit the Former Canadian Cinram Employees to access the payments available under the *Wage Earner Protection Program Act*, S.C. 2005, c. 47 (the “**WEPPA**”)

22. Certain of the facts contained in the affidavits filed in support of the Ad Hoc Committee Motion are inaccurate and not factually correct. The CCAA Parties will file an additional affidavit to the extent that motion is scheduled before the Court.

VII. APPOINTMENT OF A RECEIVER OF THE LIMITED RECEIVERSHIP PROPERTY

23. Pursuant to the Wage Earner Protection Program, individuals may be eligible to receive certain payments from the government in respect of wages and severance payments owed to them by employers who are bankrupt or subject to a receivership. The Former Canadian Cinram Employees are currently not eligible to receive any such payments as CII is not subject to bankruptcy or receivership proceedings.

24. I understand that the CCAA Parties have paid employees their wages, including vacation pay.

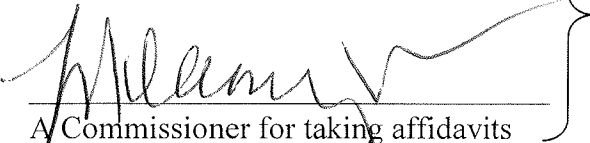
25. The CCAA Parties are of the view that it would be just and convenient to appoint the Receiver under section 101 of the CJA over CII's GBP bank account at HSBC Bank Canada (the "**Limited Receivership Property**") as such relief would permit the Former Canadian Cinram Employees to access the Wage Earner Protection Program and receive funds from that program up to the maximum amounts set out in WEPPA. Further the CCAA Parties are of the view that appointing the Receiver over the Limited Receivership Property, being the only bank account of CII remaining following the completion of the Asset Sale Transaction containing *de minimis* amounts, would not result in any disruptions to the remaining business operations of the CCAA Parties or these CCAA Proceedings, or cause any material prejudice to other stakeholders of the CCAA Parties.

26. I understand that in addition to providing notice to the parties included on the Services List for these CCAA Proceedings of the Applicants' motion seeking the Appointment Order, the CCAA Parties will also be providing notice of the requested Appointment Order to the Superintendent of Bankruptcy and the Ministry of Labour.

VIII. CONCLUSION

27. I am advised that that the Applicants' motions are supported by the Pre-Petition First Lien Agent. The Applicants consulted extensively with the Monitor with respect to various relief sought on these motions. I understand the Monitor will be filing a report in connection with the Applicants' motions.

SWORN before me at the City of
Toronto, on October 12, 2012.



A Commissioner for taking affidavits

MELANEY WAGNER



Neill May

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: CV12-9767-00CL

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 NEILL MAY
(sworn October 12, 2012)**

GOODMANS LLP

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

Robert J. Chadwick LSUC#: 35165K
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Fax: (416) 979-1234

Lawyers for the Applicants

TAB 3

Court File No. CV12 – 9767 – 00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	
)	●, THE ●
JUSTICE MORAWETZ)	
)	DAY OF ●, 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

ADMINISTRATIVE RESERVE / DISTRIBUTION / TRANSITION 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**"), 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 Neill May sworn October 12, 2012, the Fourth Report of FTI Consulting Canada Inc. in its capacity as Court-appointed Monitor (the "**Monitor**") dated ●, 2012 (the "**Monitor's Fourth Report**"), the Affidavit of Paul Bishop sworn October ●, 2012 (the "**Bishop Affidavit**") and the Affidavit of Daphne MacKenzie sworn October ●, 2012 (the "**MacKenzie Affidavit**"), 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, together with

the Pre-Petition First Lien Agent, the “**Agent**”), and the Ad Hoc Committee of Former Canadian Cinram Employees, 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 ●, 2012, filed,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion, the Monitor’s Fourth 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 Fourth Report or in the Initial Order.

ADMINISTRATIVE RESERVE

3. THIS COURT ORDERS that the Monitor shall be and is hereby authorized and directed to deposit the amount of US\$4.2 million (the “**Administrative Reserve Amount**”) from the sale proceeds received and held by it arising from the closing of the Asset Sale Transaction (the “**August Asset Sale Proceeds**”), and any additional amount, from time to time, as agreed to by the Pre-Petition First Lien Agent or upon further Order of this Court, from Additional Proceeds (defined below) and/or available cash on hand at any of the CCAA Parties, into a segregated account established by the Monitor for the payment of Administrative Reserve Costs (the “**Administrative Reserve Account**”). “**Administrative Reserve Costs**” shall mean all professional costs and expenses associated with the completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them, including, without limitation: (a) fees of the Monitor, the Receiver, their respective counsel, Canadian and U.S. counsel to the CCAA Parties, Canadian and U.S. counsel to the Agent and the financial advisor to the Agent, and such other Persons retained by the Monitor; and (b) directors’ and trustees’ fees.

4. THIS COURT ORDERS AND DECLARES that the Administrative Reserve Account shall constitute “Charged Property” within the meaning of and in accordance with the Initial Order and the applicable provisions of the Initial Order shall apply *mutatis mutandis* thereto.

5. THIS COURT ORDERS that the Monitor is hereby authorized and directed to make payments out of the Administrative Reserve Account, on behalf of the CCAA Parties, to the following Persons in the following amounts in respect of the payment of Administrative Reserve Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance with the wire instructions provided by such Persons to the Monitor at least three (3) business days prior to the payment date set by the Monitor):

- (a) the Monitor, its Canadian and U.S. counsel, the Receiver, its counsel, Canadian and U.S. counsel to the CCAA Parties, Canadian and U.S. counsel to the Agent and the financial advisor to the Agent in amounts sufficient to satisfy payment in full of their respective reasonable professional fees and disbursements incurred at their respective standard rates and charges in respect of their performance of their respective duties and obligations relating to completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them;
- (b) payments to directors and trustees of the CCAA Parties of fees owing to them for acting as directors or trustees of a CCAA Party in amounts sufficient to satisfy payment in full of amounts owing thereto; and
- (c) such other fees and costs properly incurred by Persons retained by the Monitor in connection with completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them as determined by the Monitor in its sole and unfettered discretion, after consultation with the Pre-Petition First Lien Agent or its advisors.

6. THIS COURT ORDERS that notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor set forth in the Initial Order or the CCAA, the Monitor shall have no obligation to make any payment, and nothing in this Order shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the amount at any time in the Administrative Reserve Account is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

TRANSITIONAL COSTS RESERVE

7. THIS COURT ORDERS that the Monitor shall be and is hereby authorized and directed to deposit the amount of US\$2.3 million (the “**Transitional Costs Amount**”) from the August Asset Sale Proceeds, and any additional amount, from time to time, as agreed to by the Pre-Petition First Lien Agent or upon further Order of this Court, from Additional Proceeds and/or available cash on hand at any of the CCAA Parties, into a segregated account established by the Monitor for the payment of Transitional Costs (the “**Transitional Costs Account**”). “**Transitional Costs**” shall mean: (a) costs and expenses relating to the Excluded Assets, including, without limitation, property taxes, insurance, utilities, maintenance costs, security costs, property management fees (collectively the “**Excluded Assets Costs**”); and (b) costs incurred for transitional services relating to the Share Sale Transaction, the Excluded Assets and administration of these proceedings.

8. THIS COURT ORDERS AND DECLARES that the Transitional Costs Account shall constitute “Charged Property” within the meaning of and in accordance with the Initial Order and the applicable provisions of the Initial Order shall apply *mutatis mutandis* thereto.

9. THIS COURT ORDERS that the Monitor is hereby authorized and directed to make payments out of the Transitional Costs Account, on behalf of the CCAA Parties, to the following Persons in the following amounts in respect of the payment of Transitional Costs and such other costs specifically provided for herein by way of cheque (sent by prepaid ordinary mail to the Monitor’s last known address for such Persons) or by wire transfer (in accordance

with the wire instructions provided by such Persons to the Monitor at least three (3) business days prior to the payment date set by the Monitor):

- (a) payments to applicable Persons relating to Excluded Assets Costs in amounts sufficient to satisfy payment in full of Excluded Assets Costs;
- (b) payments to the Purchaser for amounts owing by the CCAA Parties pursuant to the Transition Services Agreement in connection with any costs incurred for the provision of transitional services relating to the Share Sale Transaction, the Excluded Assets and administration of these proceedings; and
- (c) payments to applicable counterparties under contracts and agreements with the CCAA Parties that are not Excluded Assets and which are incurred following the Closing of the Asset Sale Transaction and prior to their assumption or disclaimer pursuant to the provisions of the CCAA;

10. THIS COURT ORDERS that notwithstanding any other provision of this Order and without in any way limiting the protections for the Monitor set forth in the Initial Order or the CCAA, the Monitor shall have no obligation to make any payment, and nothing in this Order shall be construed as obligating the Monitor to make any such payment, unless and until the Monitor is in receipt of funds adequate to effect any such payment in full and that in the event the amount at any time in the Transitional Costs Account is insufficient to satisfy any such amounts, the Monitor shall have no liability with respect to the payment thereof and the Monitor is authorized and empowered to determine in its sole and unfettered discretion which of the amounts shall be paid and when.

DISTRIBUTION TO THE PRE-PETITION FIRST LIEN AGENT

11. THIS COURT ORDERS that the Monitor is hereby authorized and directed to: (a) distribute on behalf of the CCAA Parties US\$24,890,000 from the August Asset Sale Proceeds to the Pre-Petition First Lien Agent on behalf of the Pre-Petition First Lien Lenders; and (b) take all necessary steps and actions to effect the foregoing distribution.

12. THIS COURT ORDERS that the Monitor is hereby authorized to make one or more further distributions, at such time(s) as the Monitor may deem appropriate, without further order of this Honourable Court, to the Pre-Petition First Lien Agent on behalf of the Pre-Petition First Lien Lenders from: (a) additional sale proceeds received by the Monitor from the Asset Sale Transaction subsequent to the Closing; (b) sale proceeds received by the Monitor from the Share Sale Transaction; (c) any additional funds that come into the Monitor's possession in respect of the assets or property of the CCAA Parties (clauses (a), (b), and (c) collectively, the "**Additional Proceeds**"); (d) any available cash on hand at any of the CCAA Parties in such amount(s) as the Monitor deems appropriate; (e) any net balance remaining in the Administrative Reserve Account following payment therefrom of the Administrative Reserve Costs enumerated in paragraphs 3 and 5 of this Order and (f) any net balance remaining in the Transitional Costs Account following payment therefrom of the Transitional Costs enumerated in paragraphs 7 and 9 of this Order (the amounts in clauses (a) to (f) above, collectively, the "**Excess Funds**"); provided that in no circumstance shall the aggregate amount of the distributions to the Pre-Petition First Lien Agent contemplated in paragraphs 11 and 12 of this Order exceed the total amount of the secured indebtedness plus interest accrued thereon owing by the CCAA Parties to the Pre-Petition First Lien Lenders under the Pre-Petition First Lien Credit Agreement. The Monitor is hereby authorized to take all necessary steps and actions to effect the distributions described in this paragraph.

13. THIS COURT ORDERS AND DECLARES that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of any one or more of the CCAA Parties and any bankruptcy order issued pursuant to any such application; or
- (c) any assignment in bankruptcy made in respect of any of the CCAA Parties,

the distributions and payments made pursuant to paragraphs 5, 9, 11 and 12 of this Order are final and irreversible and shall be binding upon any trustee in bankruptcy that may be

appointed in respect of any of the CCAA Parties and shall not be void or voidable by creditors of any of the CCAA Parties, nor shall the payments constitute or be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances, or other reviewable transactions under the *Bankruptcy and Insolvency Act* or any other applicable federal or provincial legislation, nor do they constitute conduct which is oppressive, unfairly prejudicial to or which unfairly disregards the interests of any person.

TRANSITION POWERS OF THE MONITOR

14. THIS COURT ORDERS that in addition to its prescribed rights in the CCAA and the powers granted by the Initial Order, the Monitor is empowered and authorized, *nunc pro tunc*, but not obligated, to take such actions and execute such documents, in the name of and on behalf of the CCAA Parties, as the Monitor considers necessary or desirable in order to:

- (a) perform its functions and fulfill its obligations under this Order or the Initial Order;
- (b) facilitate the completion of the Share Sale Transaction;
- (c) in consultation with the Pre-Petition First Lien Agent or its advisors, market, collect, monetize, liquidate, realize upon, sell or otherwise dispose of any of the Excluded Assets, pay any commissions and marketing expenses incurred in connection therewith and apply the net proceeds thereof in accordance with this Order or further Order of the Court;
- (d) facilitate the completion of the administration of the estates of the CCAA Parties in these proceedings, the Chapter 15 proceedings and any other proceedings commenced in respect of the CCAA Parties or any of them;
- (e) supervise the management of the business and affairs of Cinram Wireless LLC;
- (f) issue notices of disclaimer of contracts pursuant to section 32 of the CCAA;
- (g) effect liquidation, bankruptcy, winding-up or dissolution of the CCAA Parties;

- (h) act, if required, as trustee in bankruptcy, liquidator, receiver or a similar official of such entities; and
- (i) perform such other functions as the Court may order from time to time on a motion brought on at least three (3) days' notice to the Pre-Petition First Lien Agent or such other notice as deemed appropriate by the Court,

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons including the CCAA Parties, and without interference from any other Person, including any trustee in bankruptcy of any of the CCAA Parties; provided that in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to the exercise of powers by the Monitor under this paragraph 14 (except subsection (e)), the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions in connection with the exercise of such powers.

15. THIS COURT ORDER that from and after the date of this Order, the Monitor is authorized, empowered and directed, to the exclusion of all other Persons including the CCAA Parties, to:

- (a) take control of the existing bank account(s) of the CCAA Parties outlined in Schedule "B" (the "**Bank Accounts**"), and the funds credited thereto or deposited therein;
- (b) give instructions from time to time to transfer the funds credited to or deposited in such existing Bank Accounts (net of any fees to which the financial institutions maintaining such Bank Accounts are entitled) to such other account as the Monitor may direct and give instructions to close the existing Bank Accounts; and
- (c) execute and deliver such documentation and take such other steps as are necessary to give effect to the powers set out in this paragraph 15(a) and 15(b) above; and

- (d) the financial institutions maintaining such Bank Accounts shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken in accordance with the instructions of the Monitor or as to the use or application of funds transferred, paid, collected or otherwise dealt with in accordance with such instructions and such financial institutions shall be authorized to act in accordance with and in reliance upon such instructions without any liability in respect thereof to any Person. For greater certainty and except to the extent that any of the terms of the documentation applicable to the Banking and Cash Management System (as defined in the Initial Order) are inconsistent with the authorities granted to the Monitor pursuant to paragraphs 15(a) and 15(b) above, nothing in this Order shall or shall be deemed to derogate from, limit, restrict or otherwise affect the protections granted pursuant to paragraph 5 of the Initial Order in favour of any bank providing cash management services to the CCAA Parties.

16. THIS COURT ORDERS that notwithstanding any other provisions of this Order, the Monitor shall consult with the Pre-Petition First Lien Agent or its advisors with respect to the Administrative Reserve Account, the Transitional Costs Account, the Bank Accounts and any payments therefrom, and with respect to the Excess Funds and any distributions therefrom, and in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to any of the foregoing, the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions in connection with any of the foregoing, including the making of proposed payment from any of the Administrative Reserve Account, the Transitional Costs Account and the Bank Accounts, and any failure to make, or in respect of the amount of, one or more additional distributions from the Excess Funds pursuant to paragraph 12 of this Order.

17. THIS COURT ORDERS that from and after the date of this Order, the Monitor is authorized, but not required, to prepare and file the CCAA Parties' employee-related remittances, T4 statements and records of employment for the CCAA Parties' former employees on behalf of the CCAA Parties based solely upon information provided by the

CCAA Parties and on the basis that the Monitor shall incur no liability or obligation to any Person with respect to such returns, remittances, statements, records or other documentation.

18. THIS COURT ORDERS that the Monitor shall be at liberty, after consultation with the Pre-Petition First Lien Agent, to engage such Persons (including any Persons currently representing or retained by the CCAA Parties), in its capacity as Monitor, as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under the Initial Order and this Order and to facilitate the completion of these proceedings, and in the event of a disagreement between the Monitor and the Pre-Petition First Lien Agent with respect to the engagement of any such Persons, the Monitor or the Pre-Petition First Lien Agent may apply to this Court for advice and directions.

19. THIS COURT ORDERS that, without limiting the provisions of the Initial Order, the CCAA Parties shall remain in possession and control of the Property (as defined in the Initial Order) which remains following completion of the Sale Transaction (other than the Limited Receivership Property as defined and described in the Appointment Order granted by this Court on ●, 2012) and the Monitor shall not be deemed to be in possession and/or control of any such remaining Property.

20. THIS COURT ORDERS that all employees of the CCAA Parties shall remain the employees of the CCAA Parties until such time as the Monitor, on the CCAA Parties' behalf, may terminate the employment of such employees. The Monitor shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, other than such amounts as the Monitor may specifically agree in writing to pay.

21. THIS COURT ORDERS that all Persons in possession or control of the Property which remains following completion of the Sale Transaction, other than the Limited Receivership Property, shall forthwith advise the Monitor of such and shall grant immediate and continued access to such property to the Monitor and shall forthwith deliver all such property as directed by the Monitor upon the Monitor's request, other than documents or information which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

22. THIS COURT ORDERS AND DECLARES that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representatives of any of the CCAA Parties within the meaning of any relevant legislation.

23. THIS COURT ORDERS that from and after the date of this Order, the stay of proceedings provided for in the Initial Order may be lifted by Court Order or with the written consent of the Monitor and no further consent of any other Person shall be required to commence or continue a proceeding or enforcement process in any court or tribunal against or in respect of any of the CCAA Parties.

MONITOR PROTECTIONS

24. THIS COURT ORDERS AND DECLARES that the Monitor is not a legal representative within the meaning of Section 159(3) of the *Income Tax Act* (Canada), as amended (the “ITA”) or a person subject to Section 150(3) of the ITA and that the Monitor shall have no obligation to prepare or file any tax returns of the CCAA Parties with any taxing authority.

25. THIS COURT ORDERS AND DECLARES that any distributions under this Order shall not constitute a “distribution” for the purposes of section 159 of the ITA, section 270 of the *Excise Tax Act* (Canada), section 107 of the *Corporations Tax Act* (Ontario), section 22 of the *Retail Sales Tax* (Ontario), section 117 of the *Taxation Act, 2007* (Ontario) or any other similar federal, provincial or territorial tax legislation (collectively, the “Tax Statutes”), and the Monitor in making any such payments is not “distributing”, nor shall be considered to “distribute” nor to have “distributed”, such funds for the purpose of the Tax Statutes, and the Monitor shall not incur any liability under the Tax Statutes in respect of its making any payments ordered or permitted under this Order, and is hereby forever released, remised and discharged from any claims against it under or pursuant to the Tax Statutes or otherwise at law, arising in respect of payments made under this Order and any claims of this nature are hereby forever barred.

26. THIS COURT ORDERS that in addition to the rights and protections afforded to the Monitor under the Initial Order, the Monitor shall not be liable for any act or omission on the part of the Monitor, or any reliance thereon, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of duties under this Order or as requested by the CCAA Parties or with respect to any other duties or obligations set out in this Order or the Initial Order, save and except for any claim or liability arising out of any gross negligence or wilful misconduct on the part of the Monitor. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA, any other applicable legislation or the Initial Order.

27. THIS COURT ORDERS that no action or other proceeding shall be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor except with prior leave of this Court and on prior written notice to the Monitor.

28. THIS COURT ORDERS that upon fulfilment of its obligations under this Order, the Monitor is hereby authorized and directed to apply to Court for its discharge.

RELEASE

29. THIS COURT ORDERS that the former and current trustees, directors and officers of the CCAA Parties (collectively, the “**Directors and Officers**”, and each a “**Director**” or “**Officer**”) are hereby fully, finally, irrevocably and forever released and discharged from any and all claims, obligations and liabilities that they may have incurred or may have become subject to as Directors or Officers of the CCAA Parties after the commencement of the within proceedings, provided that nothing herein shall release or discharge any of the Directors or Officers if such Director or Officer is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed gross negligence, fraud or wilful misconduct in its capacity as a Director or Officer.

EXTENSION OF THE STAY PERIOD

30. THIS COURT ORDERS that the Stay Period (as defined in the Initial Order) be and is hereby extended to 11:59 p.m. on February 1, 2013.

TITLE OF PROCEEDINGS

31. THIS COURT ORDERS that the title of these proceedings is amended to reflect the new names of the Applicants as follows:

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

APPROVAL OF MONITOR'S REPORTS, ACTIVITIES AND FEES

32. THIS COURT ORDERS that the First Report of the Monitor dated July 9, 2012, the Second Report of the Monitor dated August 17, 2012, the Third Report of the Monitor dated September 9, 2012 and the Monitor's Fourth Report and the activities described therein are hereby approved.

33. THIS COURT ORDERS that the fees and disbursements of the Monitor for the period June 25, 2012 to September 30, 2012 and its counsel, Stikeman Elliott LLP, for the period June 25, 2012 to August 31, 2012, all as particularized in the Bishop Affidavit and the MacKenzie Affidavit are hereby approved.

SEALING

34. THIS COURT ORDERS that pursuant to Section 10(3) of the CCAA the cash flow forecast attached as Appendix "A" to the Confidential Supplement to the Monitor's Fourth 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.

DRAFT: 1 - October 12, 2012 at 2:16 PM

ADDITIONAL PROVISIONS

35. THIS COURT ORDERS that the CCAA Parties or the Monitor may apply to this Court for advice and directions, or to seek relief in respect of, any matters arising from or under this Order.

36. 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, provided that no order shall be made varying, rescinding or otherwise affecting the provisions of this Order unless notice of a motion is served on the Service List in these proceedings on not less than five (5) days' notice, or upon such other notice, if any, as this Court may order, returnable ●, 2012.

37. THIS COURT ORDERS that the amount of the Directors' Charge may be decreased upon the consent of the Pre-Petition First Lien Agent, counsel to the CCAA Parties and the Monitor or upon further Order of this Court.

38. 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 CRW International ULC, formerly 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.

39. 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**

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**Bank Accounts**

CUSH Inc.'s USD Concentration/Funding account at JPMorgan Chase

CUSH Inc.'s USD Benefits payments account at JPMorgan Chase

CUSH Inc.'s USD Money Market Account at Community Bank

CUSH Inc.'s USD account at JPMorgan Chase, N.A., Toronto Branch

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

ORDER

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Lawyers for the Applicants

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
(Administrative Reserve/
Distribution/Transition Order)
(Returnable October 19, 2012)**

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