

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM353809

SUBMISSION TYPE:	RESUBMISSION		
NATURE OF CONVEYANCE:	Release of Security Interests, Pursuant to Bankruptcy Order		
RESUBMIT DOCUMENT ID:	900332228		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
JPMORGAN CHASE BANK, N.A.		07/25/2012	National Association:
RECEIVING PARTY DATA			
Name:	Cinram International Inc.		
Street Address:	2255 Markham Road		
City:	Scarborough		
State/Country:	CANADA		
Entity Type:	CORPORATION: CANADA		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	4189188	VISION	
CORRESPONDENCE DATA			
Fax Number:	4043659532		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	404-233-7000		
Email:	mmmipdocket@system.foundationip.com		
Correspondent Name:	R. Lee Strasburger, Jr.		
Address Line 1:	1600 Atlanta Financial Center		
Address Line 2:	3343 Peachtree Road, N.E.		
Address Line 4:	Atlanta, GEORGIA 30326		
ATTORNEY DOCKET NUMBER:	17754-104688		
NAME OF SUBMITTER:	R. Lee Strasburger, Jr.		
SIGNATURE:	/R. Lee Strasburger, Jr./		
DATE SIGNED:	09/02/2015		
Total Attachments: 75			
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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re	:	Chapter 15
	:	
CINRAM INTERNATIONAL INC., <i>et al.</i> , ¹	:	Case No. 12-11882 (KJC)
	:	
Debtors in a Foreign Proceeding.	:	(Jointly Administered)
	:	
-----	x	Re: Docket No. 9

CERTIFIED:
AS A TRUE COPY:
ATTEST:

DAVID D. BIRD, CLERK
U.S. BANKRUPTCY COURT

BY: *Christine Blum*
Deputy Clerk 7-14-2015

ORDER (I) RECOGNIZING THE CANADIAN SALE ORDER, (II) AUTHORIZING AND APPROVING THE SALE FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS, (III) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

Upon consideration of the *Foreign Representative's Motion for Entry of an Order (I) Recognizing the Canadian Sale Order, (II) Authorizing and Approving the Sale Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Certain Related Relief* dated June 25, 2012 (the "**Motion**") filed by Cinram International ULC (the "**Foreign Representative**"), in its capacity as the court-appointed and duly authorized foreign representative for the above-captioned debtors (collectively, the "**Debtors**") in a proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA Proceeding**") pending before the Ontario Superior Court of Justice (the "**Canadian Court**"), for entry of an order (this "**Order**"), pursuant to sections 363, 365, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of title 11 of the United States Code, as

¹ The last four digits of the United States Tax Identification Number or Canadian Business Number, as applicable, of each of the Debtors follow in parentheses: (a) Cinram International Inc. (4583); (b) Cinram (U.S.) Holding's Inc. (4792); (c) Cinram, Inc. (7621); (d) Cinram Distribution LLC (3854); (e) Cinram Manufacturing LLC (2945); (f) Cinram Retail Services LLC (1741); (g) Cinram Wireless LLC (5915); (h) IHC Corporation (4225); and (i) One K Studios, LLC (2132). The Debtors' executive headquarters is located at 2255 Markham Road, Toronto, Ontario, M1B 2W3, Canada.

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amended from time to time (the "**Bankruptcy Code**"), Rules 2002, 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 6004-1(b) of the Local Rules of Bankruptcy Practice and Procedure for the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), (a) recognizing the Approval and Vesting Order entered by the Canadian Court on July 12, 2012 (the "**Canadian Sale Order**"), (b) authorizing and approving the sale (the "**Sale**") of substantially all of the Asset Sellers' property and assets used in connection with the business carried on by the Asset Sellers in North America (collectively, the "**Assets**"), excluding, without limitation, the Olyphant Facility, the Excluded Assets, and such other assets identified in the APA, pursuant to the terms and conditions of that certain Asset Purchase Agreement (the "**APA**")² between Cinram International Inc. and Cinram Group, Inc. (the "**Purchaser**"), a copy of which is attached to the Motion as Exhibit B, free and clear of liens, claims, encumbrances, and other interests, (c) authorizing the assumption and assignment of the Assumed Contracts (as defined in the APA), Real Property Leases, Personal Property Leases for property located in the United States, and Assumed Employee Plans (collectively, the "**Assumed Contracts**") to the Purchaser, and (d) granting certain relief related thereto; and upon sufficient and adequate notice of the Motion; and no other or further notice of the Motion needing to be provided; and it appearing that this Court has jurisdiction over this matter pursuant to sections 157 and 1334 of title 28 of the United States Code, and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012; and it appearing that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Foreign Representative, the Debtors, their creditors,

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the APA.

and other parties in interest; and this Court having reviewed and considered the (a) *Declaration of John Bell in Support of (I) Verified Chapter 15 Petitions, (II) Foreign Representative's Motion for Order Granting Provisional and Final Relief in Aid of Foreign CCAA Proceeding and (III) Certain Related Relief*, and (b) *Declaration of Mark Hootnick in Support of the Foreign Representative's Motion for Entry of an Order (I) Recognizing the Canadian Sale Order, (II) Authorizing and Approving the Sale Free and Clear of All Liens, Claims, Encumbrances, and Other Interests, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief*; and upon the record of the hearings on the Motion and all other pleadings and proceedings in these chapter 15 cases; and after due deliberation thereon and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND DETERMINES THAT:³

Jurisdiction, Final Order, and Statutory Predicates

A. This Court has jurisdiction over the Motion, the transactions contemplated by the APA and any other ancillary documents and agreements related thereto pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a), and the Amended Standing Order of Reference from the United States District Court for the District of Delaware dated as of February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these chapter 15 cases and the Motion in this Court and this District is proper under 28 U.S.C. § 1410.

B. This Order constitutes a final and appealable order as set forth in 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h), 6006(d), or 6006(g), this Court

³ The findings and conclusions set forth herein constitute this Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by this Court at the Sale Hearing and any other proceeding related to the Motion are incorporated herein to the extent not inconsistent herewith. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

finds that there is no reason for delay in the implementation of this Order, and directs entry of judgment as set forth herein.

C. The bases for the relief sought in the Motion are sections 363(b), (f) and (m), 365, 1501, 1507, 1520, 1521, 1525, 1527, and 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, and 6006, and Local Rule 6004-1.

D. The relief granted herein is necessary and appropriate, serves the public interest and the interests of international comity, is consistent with the public policy of the United States, is warranted pursuant to sections 1520 and 1521 of the Bankruptcy Code, and will not cause any hardship to any parties in interest that is not outweighed by the benefits of the relief granted.

E. The relief requested in the Motion, including recognition of the Canadian Sale Order and approval of the APA, consummation of the Sale to the Purchaser, and assumption and assignment of the Assumed Contracts to the Purchaser is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest in these chapter 15 cases.

F. On July 12, 2012, the Canadian Court entered the Canadian Sale Order, wherein the Canadian Court, among other things, (a) approved the APA and certain ancillary agreements thereto, (b) authorized and directed the Debtors and their Canadian affiliates to take all steps necessary to consummate the transactions contemplated by the APA, (c) vested in the Purchaser absolute, clear, and unencumbered title in and to the Assets free and clear of all liens and encumbrances relating to, accruing or arising any time prior to the Closing Date (collectively, the “**Liens**”), claims and other interests, with such Liens, claims, and interests attaching to the proceeds generated from the sale of the Assets, and (d) found that the APA is commercially reasonable and is in the best interests of the Debtors, their Canadian affiliates, and all of their stakeholders.

The Purchaser

G. The APA, each of its terms, and each of the transactions contemplated therein were negotiated, proposed and entered into by Cinram International Inc. and the Purchaser in good faith, without collusion, and from arm's-length bargaining positions. The Purchaser is a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code, is purchasing the Assets in good faith, and, accordingly, is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

H. The Purchaser is not an "insider" or "affiliate" of the Foreign Representative or the Debtors as those terms are defined in the Bankruptcy Code. None of the Foreign Representative, the Debtors, nor the Purchaser has engaged in any conduct that would cause or permit the APA or the Sale to be avoided or permit any award of attorney's fees, costs, or damages under section 363(n) of the Bankruptcy Code. The Purchaser has not acted in a collusive manner with any person and the aggregate price paid by Purchaser for the Assets was not controlled by any agreement among bidders or potential bidders.

No Fraudulent Transfer

I. The consideration provided by the Purchaser pursuant to the APA: (a) is fair and reasonable; (b) is the highest and best offer for the Assets; (c) will provide a greater recovery to the Debtors' creditors than would be provided by any other available alternative; and (d) constitutes reasonably equivalent value (as those terms are defined in each of the Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, and section 548 of the Bankruptcy Code). The consideration provided by the Purchaser pursuant to the APA also constitutes fair consideration under the Bankruptcy Code and the laws of the United States, any state, territory, possession, or the District of Columbia. No other person, entity, or group of entities has offered to purchase the Assets for greater economic value to the Debtors than the

Purchaser. The Debtors' determinations that the APA constitutes the highest and best offer for the Assets were a valid, sound, and reasonable exercise of the Debtors' business judgment.

J. The Purchaser is not a mere continuation of the Debtors, and there is no continuity of enterprise between the Debtors and the Purchaser. The Purchaser is not holding itself out to the public as a continuation of the Debtors. The Purchaser is not a successor to the Debtors and the Sale does not amount to a consolidation, merger, or *de facto* merger of Purchaser and the Debtors.

Validity of Transfer

K. The Foreign Representative and Debtors, where applicable, (a) have full corporate power and authority to execute and deliver the APA and all other documents contemplated thereby, (b) have all corporate authority necessary to consummate the transactions contemplated by the APA, and (c) are authorized to take all corporate action necessary to authorize and approve the APA and the consummation of the transactions contemplated thereby. No consents or approvals, other than those expressly provided for in the APA, are required for the Debtors to consummate the Sale, the APA, or the transactions contemplated thereby.

L. The APA was not entered into for the purpose of hindering, delaying, or defrauding creditors under the Bankruptcy Code or under the laws of the United States, any state, territory, or possession, or the District of Columbia. Neither the Debtors nor the Purchaser are fraudulently entering into the transactions contemplated by the APA.

M. The Debtors have good and marketable title to the Assets and are the lawful owners of the Assets. Subject to section 363(f) of the Bankruptcy Code, the transfer of the Assets to the Purchaser will be, as of the closing of the transactions contemplated by the APA (the "**Closing Date**"), a legal, valid, and effective transfer of the Assets, which transfer vests or will vest the Purchaser with all right, title, and interest in the Assets free and clear of (a) all

Liens, and (b) all debts arising under, relating to, or in connection with any act of the Debtors or claims (as that term is defined in section 101(5) of the Bankruptcy Code and herein), liabilities, obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests, matters, or any similar rights of any kind or nature, whether (i) arising prior to or subsequent to the commencement of this case, (ii) imposed by agreement, understanding, law, equity, or otherwise, (iii) known or unknown, (iv) secured or unsecured, or in the nature of setoff or recoupment, (v) choate or inchoate, (vi) filed or unfiled, (vii) scheduled or unscheduled, (viii) noticed or unnoticed, (ix) recorded or unrecorded, (x) perfected or unperfected, (xi) allowed or disallowed, (xii) contingent or non-contingent, (xiii) liquidated or unliquidated, (xiv) matured or unmatured, (xv) material or nonmaterial, (xvi) disputed or undisputed, (xvii) arising prior to or subsequent to the commencement of the CCAA Proceeding or these chapter 15 cases, or (xviii) imposed by agreement, understanding, law, equity, or otherwise, including claims otherwise arising under the doctrines of successor liability, in each case to the fullest extent permitted by law (collectively as described in this subclause (b), (the “**Claims**”), relating to, accruing, or arising any time prior to the Closing Date, except to the extent expressly set forth in the APA.

N. On the Closing Date, this Order shall be construed, and shall constitute for any and all purposes, a full and complete general assignment, conveyance, and transfer of the Debtors’ interests in the Assets. This Order is and shall be effective as a determination that, on the Closing Date and except to the extent expressly set forth in the APA, all Liens, Claims, and other interests of any kind or nature whatsoever existing as to the Assets prior to the Closing Date shall have been unconditionally released, discharged, and terminated, in each case to the fullest extent permitted by law, and that the conveyances described herein have been effected;

provided, that such Liens, Claims, and other interests shall attach to the proceeds of the Sale in the order of their priority, with the same validity, force, and effect which they now have against the Assets.

O. This Order is and shall be binding upon and govern the acts of all persons and entities, including all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease; and each of the foregoing persons and entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA.

P. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, registration, and governmental authorization or approval of the Debtors with respect to the Assets, and upon entry of this Order, all such licenses, permits, registrations, and governmental authorizations and approvals shall be deemed to be transferred to the Purchaser as of the Closing Date.

Q. To the extent permitted by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Assets sold, transferred, or conveyed to the Purchaser on account of the filing or pendency of these chapter 15 cases or the consummation of the transactions contemplated by the APA.

Section 363(f)

R. The conditions of section 363(f) of the Bankruptcy Code have been satisfied in full and, upon entry of this Order the Debtors may sell the Assets free and clear of all Liens,

Claims, encumbrances, and interests, in each case to the fullest extent permitted by law and except as otherwise provided in the APA or the Canadian Sale Order. The Purchaser would not have entered into the APA and would not consummate the transactions contemplated thereby if the Sale and the assumption of liabilities and obligations as set forth in the APA by the Purchaser were not free and clear of Liens and Claims as provided herein.

S. Except to the extent expressly set forth in the APA, the Purchaser shall not be responsible for any Liens or Claims, including, without limitation, in respect of (a) any labor or employment agreements, (b) any mortgages, deeds of trust and security interests, (c) intercompany loans and receivables between the Debtors and any non-debtor subsidiary, (d) any pension, welfare, compensation, or other employee benefit plans, agreements, practices, and programs, including, without limitation, any pension plan of any Debtors, (e) any other employee, worker's compensation, occupational disease or unemployment or temporary disability related claim, including, without limitation, claims that might otherwise arise under or pursuant to (i) the Employee Retirement Income Security Act of 1974, as amended, (ii) the Fair Labor Standards Act, (iii) Title VII of the Civil Rights Act of 1964, (iv) the Federal Rehabilitation Act of 1973, (v) the National Labor Relations Act, (vi) the Worker Adjustment and Retraining Act of 1988, (vii) the Age Discrimination and Employee Act of 1967 and the Age Discrimination in Employment Act, as amended, (viii) the Americans with Disabilities Act of 1990, (ix) the Consolidated Omnibus Budget Reconciliation Act of 1985, (x) state discrimination laws, (xi) state unemployment compensation laws or any other similar state laws, or (xii) any other state or federal benefits or claims relating to any employment with the Debtors or any of their predecessors, (f) Claims or Liens arising under any environmental laws with respect to any assets owned or operated by Debtors or any of their predecessors at any time prior to the Closing

Date and any of the Debtors' liabilities other than those assumed under the APA, (g) any bulk sales or similar law, (h) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and (i) any other theories of successor liability, except as expressly set forth in the APA.

T. Except to the extent expressly stated in the APA, the Purchaser shall have no liability, obligation, or responsibility under the WARN Act (29 U.S.C. §§ 210 et seq.), the Comprehensive Environmental Response Compensation and Liability Act, or any foreign, federal, state, or local labor, employment, or environmental law by virtue of the Purchaser's purchase of the Assets or assumption of any liabilities identified in the APA.

U. Upon entry of this Order, the Debtors may sell the Assets free and clear of all Liens and Claims against the Debtors or any of the Assets to the extent provided in the APA and this Order because, in each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied. Those holders of Liens or Claims against the Debtors or any of the Assets who did not object or who withdrew their objections to the Sale or the Motion are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code.

V. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to act to cancel any Liens and other encumbrances of record.

W. If any person or entity which has filed statements or other documents or agreements evidencing Liens on, or interests in, all or any portion of the Assets shall not have delivered to the Debtors prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of Liens, and any other documents necessary for the purpose of documenting the release of all Liens or interests which the person or entity has or may assert with respect to all or any portion of the Assets, the

Foreign Representative is hereby authorized and directed, and the Purchaser is hereby authorized, on behalf of the Debtors and each of the Debtors' creditors, to execute and file such statements, instruments, releases, and other documents on behalf of such person or entity with respect to the Assets.

Compelling Circumstances for an Immediate Sale

X. Good and sufficient reasons for approval of the APA and the Sale have been articulated. The relief requested in the Motion is in the best interests of the Foreign Representative, the Debtors, their creditors, and other parties in interest. The Debtors have demonstrated (a) good, sufficient, and sound business purposes and justifications for approving the APA, and (b) compelling circumstances for the Sale outside of (i) the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code, and (ii) a plan of reorganization, in that, among other things, the immediate consummation of the Sale to the Purchaser is necessary and appropriate to maximize the value of the Debtors' Assets and distributions to their creditors.

Y. To maximize the value of the Assets and preserve the viability of the business to which the Assets relate, it is essential that the Sale occur within the time constraints set forth in the APA. Time is of the essence in consummating the Sale.

Z. Given all of the circumstances of these chapter 15 cases and the adequacy and fair value of the consideration provided under the APA, the Sale constitutes a reasonable and sound exercise of the Debtors' business judgment and should be approved.

General Authorization of Assumption and Assignment

AA. The consummation of the Sale and the assumption and assignment of the Closing Assumed Contracts (as hereinafter defined) designated by Purchaser for assumption and assignment at Closing and the Open Contracts and the Olyphant Contracts designated by Purchaser after Closing for assumption and assignment, are legal, valid, and properly authorized

under all applicable provisions of the Bankruptcy Code, including sections 363(b), 363(f), 363(m), 365, and 105(a) thereof. Good and sufficient notice of the assumption and assignment of the Closing Assumed Contracts at Closing and the procedures for the assumption and assignment of the Open Contracts and Olyphant Contracts after Closing was provided to contract counterparties by service of (a) the Motion and (b) the notice of potential assumption and assignment of Closing Assumed Contracts. The Assumption and Assignment Procedures (as defined in the Motion) are good and sufficient under the circumstances, including in light of the CCAA Proceeding and the Canadian Sale Order.

BB. Pursuant to sections 365 and 105(a) of the Bankruptcy Code, and subject to and conditioned upon the closing of the Sale, and subject to the designation rights and procedures contained in this Order and section 9.2 of the APA, the Debtors and Foreign Representatives' assumption and assignment to the Purchaser, and the Purchaser's assumption of the Closing Assumed Contracts, the Open Contracts and the Olyphant Contracts is hereby approved.

CC. Except as otherwise set forth herein and subject to the procedures set forth herein, the Debtors are hereby authorized and directed in accordance with sections 363, 365, and 105(a) of the Bankruptcy Code to assume and assign to the Purchaser the Closing Assumed Contracts free and clear of all Claims, Liens, or other interests of any kind or nature whatsoever, without the need for any further documentation. The Debtors and the Purchaser have cured, or have provided adequate assurance that they will cure on or prior to the Closing Date as to each Closing Assumed Contract (or for each Open Contract and Olyphant Contract that becomes an Assumed Contract after the Closing Date as a result of designation by the Purchaser, have provided adequate assurance that they will promptly cure as to each Open Contract and Olyphant Contract being designated by the Purchaser for assumption and assignment and becoming an

Assumed Contract, subject to the applicable counterparty's right to object in accordance with the procedures set forth herein) all defaults existing as of or prior to assumption and assignment to the Purchaser.

Assumption and Assignment of Closing Assumed Contracts

DD. On July 6, 2012, the Debtors and the Foreign Representative, in compliance with section 9.2 of the APA, filed with this Court and served upon counterparties to all unexpired leases and executory contracts related to the Purchased Assets (without regard to whether the Purchaser had then designated such leases and executory contracts for assumption and assignment) a notice that such unexpired leases and executory contracts may be designated for assumption and assignment to the Purchaser in connection with the Closing, including cure amounts proposed to be paid to the applicable counterparty in the event that such contracts are assumed and assigned to the Purchaser in connection with the Closing. Pursuant to the terms of such notice, counterparties were provided ten Business Days to object to the assumption and assignment of their unexpired leases and executory contracts. Such notice is good, sufficient, and appropriate under the circumstances. If an objection to assumption and assignment of any executory contract or unexpired lease set forth on such notice is timely filed, a hearing on such objection shall be held before this Court as soon as reasonably practicable thereafter and, in any case, prior to the Closing Date. Any executory contract or unexpired lease set forth on such notice that is not assumed and assigned to the Purchaser in connection with the Closing shall be treated in accordance with the procedures set forth below for Open Contracts.

EE. The Purchaser shall have the right, consistent with section 9.2 of the APA, to determine at any time before or at Closing which of the executory contracts and unexpired leases will be assumed and assigned to it at Closing. Within one Business Day after the Closing, the

Foreign Representative shall file with this Court a list of all Assumed Contracts for which this Court authorized and approved assumption and assignment and that were actually assumed and assigned to the Purchaser at the Closing (the "**Closing Assumed Contracts**"), and shall serve notice of such assumption and assignment upon all counterparties to such Closing Assumed Contracts.

Assumption and Assignment of Open Contracts

FF. Notwithstanding anything to the contrary herein, from and after the Closing Date the Purchaser shall have the right, exercisable without limitation at any time and from time to time, to notify the Seller that it is designating any Assumed Contracts, Real Property Leases Personal Property Leases, or Assumed Employee Plans not assigned to the Purchaser on the Closing Date (each, an "**Open Contract**") for assumption and assignment to the Purchaser. Within three Business Days of their receipt of such a notice, the Debtors shall file with this Court notice of such designation and serve a notice (a "**Designation Notice**") upon the applicable counterparty to such Open Contract of the assumption and assignment of its contract, including an updated cure amount to be paid in connection with such assumption and assignment. Such counterparties shall have seven Business Days from receipt of such Designation Notice to file an objection to such assumption and assignment with this Court. If no such objection is filed, the Debtors shall be authorized to assume and assign such Open Contract to the Purchaser and pay such cure amount in full satisfaction of all defaults under the Open Contract without any further order of this Court. The applicable date of assumption shall be the date of service of the Designation Notice. If such an objection is filed, a hearing shall be scheduled before this Court as soon as reasonably practicable thereafter. The Purchaser shall endeavor in good faith to complete the assumption and assignment or rejection process for all Open Contracts by September 15, 2012.

GG. Notwithstanding anything herein, the Debtors may, on not fewer than ten Business Days' prior written notice to the Purchaser (each such notice, a "**Rejection Notice**"), cause to be rejected any Open Contract set forth in the Rejection Notice, subject to the right of the Purchaser, upon receipt of the Rejection Notice and prior to the rejection of the applicable Open Contract, to either (a) designate such Open Contract for assumption and assignment in accordance with the procedures set forth in Section 9.2(j) of the APA and herein, as applicable, or (b) agree in writing to reimburse the applicable Debtors for the out-of-pocket expenses incurred under such Open Contract from and after the date of the Rejection Notice until the date on which the Purchaser provides the Debtors with notice of the Purchaser's decision as to whether to assume such Open Contract or permit its rejection, in which case the Debtors shall refrain from rejecting such Open Contract until the date they receive notification of such decision by the Purchaser. The Debtors shall act reasonably and in good faith in providing any Rejection Notices, including with respect to the quantity of Open Contracts set forth therein, and shall cooperate with the Purchaser in determining whether or not to assume any Open Contract.

Assumption and Assignment of Olyphant Contracts

HH. Notwithstanding anything to the contrary herein, from and after the Closing Date the Purchaser shall have the right, exercisable without limitation at any time and from time to time, to notify the Seller that it is designating any Olyphant Contract for assumption and assignment to the Purchaser. Within three Business Days of their receipt of such a notice, the Debtors shall file with this Court notice of such designation and serve a Designation Notice upon the applicable counterparty to such Olyphant Contract, including the proposed cure amount to be paid in connection with such assumption and assignment. Such counterparties shall have seven Business Days from receipt of such Designation Notice to file an objection to such assumption and assignment with this Court. If no such objection is filed, the Debtors shall be authorized to

assume and assign such Olyphant Contract to the Purchaser and pay such cure amount in full satisfaction of all defaults under the Olyphant Contract without any further order of this Court. The applicable date of assumption shall be the date of service of the Designation Notice. If such an objection is filed, a hearing shall be scheduled before this Court as soon as reasonably practicable thereafter.

Assumption and Assignment Generally

II. The Assumed Contracts, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, shall be transferred to, and remain in full force and effect for the benefit of, the Purchaser in accordance with their respective terms, notwithstanding any provision in any such Assumed Contract (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer. In addition, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any further liability with respect to the Assumed Contracts for any breach of such Assumed Contract occurring after such assignment to, and assumption by, the Purchaser, except as provided in the APA.

JJ. No sections or provisions of any Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, that purport to provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor counterparty to the Assumed Contracts based on assignment of the Assumed Contract, the commencement of these cases, or the financial condition or insolvency of any of the Debtors shall have any force or effect with respect to the Sale and assignments authorized by this Order. Such provisions constitute unenforceable anti-assignment provisions under section 365(f) of the

Bankruptcy Code and are otherwise unenforceable under section 365(e) of the Bankruptcy Code. No assignment of any such Assumed Contract to the Purchaser shall in any respect constitute a default under any such Assumed Contract. The non-debtor party to each Assumed Contract to be assumed and assigned at the Closing received notice as set forth in the Motion and shall be deemed to have consented to such assignment under section 365(c)(1)(B) of the Bankruptcy Code and the Purchaser shall enjoy all of the Debtors' rights and benefits under each such Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, as of the applicable date of assumption without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

KK. The failure of the Foreign Representative, Debtors, or Purchaser to enforce at any time one or more terms or conditions of any Assumed Contract, Open Contract, or Olyphant Contract shall not be a waiver of such terms or conditions or of the Foreign Representative's, Debtors', or Purchaser's rights to enforce every term and condition of such contract.

LL. Subject to the procedures set forth herein, all parties to the Assumed Contracts, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, are forever barred and enjoined from raising or asserting against the Purchaser any assignment fee, default, breach, Claim, pecuniary loss, or condition to assignment arising under or related to such contract existing as of the Closing Date or arising by reason of the Sale, these chapter 15 cases, or the CCAA Proceeding.

MM. Subject to the rights of contract counterparties to file objections as set forth herein, the Purchaser has demonstrated adequate assurance of future performance with respect to

the Assumed Contracts pursuant to sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code.

NN. In the event that the Purchaser shall determine to reject or refuse assignment of any Assumed Contracts in accordance with the procedures set forth in this Order, the Purchaser shall have no obligations with respect thereto, including any obligation to cure defaults thereunder.

Prohibition of Actions Against the Purchaser

OO. Except as otherwise specifically provided herein or in the APA and to the fullest extent permitted by law, the Purchaser shall not be liable for any Claims against the Foreign Representative or the Debtors, or any of their predecessors or affiliates, and the Purchaser shall have no successor or vicarious liabilities of any kind or character, including pursuant to any theory of antitrust, environmental, successor, or transferee liability, labor law, de facto merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, whether asserted or unasserted, whether legal or equitable, whether liquidated or unliquidated, including liabilities on account of warranties, intercompany loans and receivables between the Debtors and any non-debtor subsidiary, liabilities relating to or arising from any environmental laws, and any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of any of the Assets prior to the Closing Date.

PP. Upon entry of this Order, all persons and entities are forever barred, estopped, and permanently enjoined from asserting against the Purchaser, any of its successors or assigns, their property, or the Assets, such persons' or entities' Liens, Claims, or interests in and to the Assets that arose prior to the Closing Date, including the following actions: (a) commencing or continuing in any manner any action or other proceeding against the Purchaser, any of its

affiliates, its successors, assets, or properties; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Purchaser, any of its affiliates, its successors, assets, or properties; (c) creating, perfecting, or enforcing any Lien or other Claim against the Purchaser, any of its affiliates, its successors, assets, or properties; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Purchaser, any of its affiliates, or successors; (e) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the provisions of this Order, other orders of this Court or the Canadian Court, the APA, or actions contemplated or taken in respect thereof; or (f) revoking, terminating, failing, or refusing to transfer or renew any license, permit, or authorization to operate any of the Assets or conduct any of the businesses operated with the Assets.

QQ. On the Closing Date, or as soon as possible thereafter, each creditor is authorized and directed, and the Purchaser is hereby authorized, on behalf of each of the Debtors' creditors, to execute such documents and take all other actions as may be necessary to release Liens, Claims, and other interests in or on the Assets, if any, as provided for herein, as such Liens may have been recorded or may otherwise exist.

RR. Upon entry of this Order, all persons and entities shall be forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Assets to the Purchaser in accordance with the terms of the APA and this Order.

SS. The Purchaser has given substantial consideration under the APA for the benefit of the Debtors and their creditors. The consideration given by the Purchaser shall constitute valid and valuable consideration for the releases of any potential Claims and Liens pursuant to

this Order, which releases shall be deemed to have been given in favor of the Purchaser by all holders of Liens against or interests in, or Claims against the Debtors, or any of the Assets.

TT. Effective as of the Closing Date, the Purchaser and its successors and assigns shall be designated and appointed the Debtors' true and lawful attorney and attorney-in-fact, with full power of substitution, in the Debtors' name and stead, on behalf of and for the benefit of the Purchaser, its successors and assigns, for the limited purposes of demanding and receiving from any third party any and all of the Assets and to give receipts and releases for and in respect of the Assets, or any part thereof, and from time to time to institute and prosecute against third parties for the benefit of the Purchaser and its successors and assigns any and all proceedings at law, in equity, or otherwise, which the Purchaser and its successors and assigns may deem proper for the collection or reduction to possession of any of the Assets.

Notice of the Motions, Sale, and Sale Hearing

UU. As evidenced by the certificates of service filed with this Court: (a) proper, timely, adequate, and sufficient notice of the Motions and the Sale Hearing has been provided by the Foreign Representative; (b) such notice was good, sufficient, and appropriate under the circumstances; and (c) no other or further notice of the Motion, the proposed Sale, or the Sale Hearing is or shall be required.

VV. A reasonable opportunity to object and be heard with respect to the Motion and the relief requested therein, including the assumption and assignment of the Assumed Contracts and any cure costs related thereto under section 365 of the Bankruptcy Code, has been afforded to all interested persons and entities.

WW. The disclosures made by the Foreign Representative concerning the Motion, the Sale Hearing, and the assumption and assignment of the Assumed Contracts were good, complete, and adequate.

NOW THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Motion is granted.
2. All objections, if any, to the Motion, the relief requested therein, or (to the extent filed prior to the date hereof) the assumption and assignment of a Closing Assumed Contract that have not been withdrawn, waived or settled as announced to this Court at the Sale Hearing, or by stipulation filed with this Court, and all reservations of rights included therein, are hereby overruled on the merits, except as expressly provided herein.
3. The Canadian Sale Order is hereby recognized and affirmed in all respects, and shall be fully enforceable pursuant to its terms.
4. The APA, all transactions contemplated therein, and all of the terms and conditions thereof are hereby approved.
5. Pursuant to sections 363 and 105 of the Bankruptcy Code, the Foreign Representative and the Debtors are authorized to enter into and perform all of their obligations under and comply with the terms of the APA and consummate the Sale, pursuant to and in accordance with the terms and conditions of the APA and this Order, and to take any and all actions necessary and appropriate to implement the Canadian Sale Order, the APA, and this Order.
6. The Debtors are authorized in accordance with sections 365 and 105(a) of the Bankruptcy Code to assume and assign the Assumed Contracts, Open Contracts, and Olyphant Contracts to the Purchaser free and clear of all Claims in accordance with the procedures set forth in this Order and section 9.2 of the APA, all of which such procedures are approved.
7. The Assumed Contracts shall be transferred to, and remain in full force and effect for the benefit of the Purchaser in accordance with their respective terms, notwithstanding any

provision in any such Assumed Contract (including those of the type described in sections 365(e)(1) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such assignment or transfer. There shall be no rent accelerations, assignment fees, increases, or any other fees charged to the Purchaser or the Debtors as a result of the assumption or assignment of Assumed Contracts, the commencement of these chapter 15 cases, or the commencement of the CCAA Proceeding. No Assumed Contract, including all Open Contracts and Olyphant Contracts that subsequently are assumed and assigned to the Purchaser in accordance with the procedures set forth in this Order, may be terminated, or the rights of any party modified in any respect, including pursuant to any "change of control" clause, by any other party thereto, as a result of the transactions contemplated by the APA.

8. The sale of the Assets to the Purchaser shall constitute a legal, valid, and effective transfer of the Foreign Representative's and the Debtors' right, title, and interest in the Assets notwithstanding any requirement for approval or consent by any person or entity and shall vest the Purchaser with any and all right, title, and interest of the Foreign Representative and the Debtors in and to the Assets free and clear of all Liens, Claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code except as otherwise provided in the APA, with such Liens and Claims attaching to the proceeds generated from the sale of the Assets in the order of their priority, with the same validity, force, and effect which they now have against the Assets.

9. This Order and the APA shall be binding in all respects upon the Foreign Representative, the Debtors, all creditors and equity-holders of the Debtors, all counterparties to the Assumed Contracts, all successors and assigns of the Debtors and their affiliates and subsidiaries, and any trustees, examiners, "responsible persons," or other fiduciaries that are or

may be appointed in these chapter 15 cases under the Bankruptcy Code. The APA shall not be subject to rejection or avoidance under any circumstances.

10. All persons and entities are prohibited and enjoined from taking any action to adversely affect or interfere with the ability of the Foreign Representative to transfer the Assets to the Purchaser in accordance with the APA and this Order.

11. The transactions contemplated by the APA are undertaken by the Purchaser in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein of the Sale shall not affect the validity of the Sale to the Purchaser, unless such authorization is duly stayed pending such appeal.

12. The terms and provisions of this Order shall be binding upon and govern the acts of any and all filing agents, filing officers, administrative agencies and units, governmental departments and units, secretaries of state, federal, state, and local officials, and other persons or entities which may be required by operation of law, the duties of their office, or contract to accept, file, register, or otherwise record or insure any title or state of title in or to the Assets.

13. The failure specifically to include any particular provision of the APA in this Order or any related agreements in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of this Court, the Foreign Representative, and the Purchaser that the APA and any related agreements are authorized and approved in their entirety, and in the case of the APA and any related agreements, with such amendments thereto as may be made by the parties in accordance with the terms and conditions of the APA and this Order.

14. The APA, and any related agreements, documents, or other instruments, may be waived, modified, amended, or supplemented by agreement of Cinram International Inc. and the

Purchaser, and in accordance with the terms thereof, without further order of the Court; *provided, however*, that any such waiver, modification, amendment, or supplement does not materially change the terms of the APA and does not have a material adverse effect on the Debtors.

15. Nothing in this Order or the APA releases, nullifies, precludes, or enjoins the enforcement of any liability to a governmental unit under police and regulatory statutes or regulations that any entity would be subject to as the owner or operator of property after the date of entry of this Order. Nothing in this Order or the Asset Purchase Agreement authorizes transfer to the Purchaser of any licenses, permits, registrations, or other governmental authorizations and approvals without the Purchaser's compliance with all applicable legal requirements under non-bankruptcy law governing such transfers.

16. In the event that there is a direct conflict between the terms of this Order and the APA, the terms of this Order shall govern and control.

17. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

18. Notwithstanding Bankruptcy Rules 6004(h), 6006(d), and 6006(g), this Order shall not be stayed after the entry of this Order and shall be effective immediately upon entry, and the Foreign Representative and the Purchaser are authorized to close the Sale immediately upon entry of this Order.

19. This Court shall retain jurisdiction with respect to any and all matters, claims, rights, or disputes arising from or related to the Motions or the implementation or interpretation of this Order.

Dated: *July 25*, 2012

Frederic C. ...
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

CINRAM INTERNATIONAL INC.

As the "Seller"

And

CINRAM ACQUISITION, INC.

As the "Buyer"

Made as of June 22, 2012

ASSET PURCHASE AGREEMENT

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

BETWEEN:

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

– and –

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

RECITALS:

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

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

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

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

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

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

ARTICLE 1. – INTERPRETATION

1.1 Definitions

In this Agreement,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Effective Date**” means April 30, 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) having jurisdiction over any Asset Seller, the Buyer, the Purchased Assets or the Assumed Liabilities on behalf of any country, province, state, locality or other geographical or political subdivision thereof; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“**Permitted Encumbrances**” means:

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

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

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

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

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

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

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

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

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

(p) the Assumed Liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Seller's Representations" has the meaning given that term in Section 12.4.

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

"Superior Proposal" means any written Acquisition Proposal made after the date of this Agreement that:

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

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

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

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

"Tax" and **"Taxes"** means:

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

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

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

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

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

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

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

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

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

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

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

1.2 Exhibits and Schedules

The following Exhibits and Schedules form part of this Agreement:

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

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

1.3 Statutes

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

1.4 Headings and Table of Contents

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

1.5 Gender and Number

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

1.6 Currency

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

1.7 Knowledge

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

1.8 Invalidity of Provisions

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

1.9 Entire Agreement

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

1.10 Waiver, Amendment

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

1.11 Governing Law; Jurisdiction and Venue

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

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

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

ARTICLE 2. – PURCHASE AND SALE

2.1 Agreement to Purchase and Sell Purchased Assets

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

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

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

(c) the Asset Sellers' Accounts Receivable;

(d) the Asset Sellers' Inventories;

(e) the Asset Sellers' Prepaid Expenses;

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

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

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

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

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

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

2.2 Excluded Assets

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

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

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

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

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

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

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

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

2.3 Assumption of Liabilities

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

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

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

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

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

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

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

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

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

(g) Transfer Taxes;

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

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

2.4 Excluded Liabilities

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

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

2.5 Assignment of Purchased Assets

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

2.6 Transition Services

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

ARTICLE 3. – PURCHASE PRICE AND RELATED MATTERS

3.1 Purchase Price

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

- (a) The sum of \$5,000,000 shall be paid in cash by the Buyer upon execution of this Agreement by the Parties as a deposit (the “**Deposit**”), which Deposit shall be paid to and held by JPMorgan Chase Bank pursuant to an escrow agreement in the form attached hereto as Exhibit F (the “**Escrow Agreement**”);
- (b) The Deposit shall be held pursuant to the Escrow Agreement until the Closing and credited toward the Purchase Price at the Closing;
- (c) The balance of the Purchase Price for the Purchased Business, after crediting the Deposit pursuant to Section 3.1(b), and subject to the adjustments provided in Section 3.2, less \$10,000,000, shall be paid in cash at the Closing;
- (d) \$10,000,000 of the Purchase Price shall be paid on the earlier of the closing of the acquisition of the European Business and December 17, 2012; and
- (e) The Purchase Price pursuant to the Offer for the European Business (the “**European Purchase Price**”), shall be paid as provided in the Offer.

3.2 Purchase Price Adjustments

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

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

3.3 Purchase Price Allocation

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

ARTICLE 4. – REPRESENTATIONS AND WARRANTIES BY THE SELLER

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

4.1 Entity Power

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

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

4.2 Due Authorization and Enforceability of Obligations

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

4.3 Approvals and Consents

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

4.4 Non-Contravention

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

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

4.5 Title

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

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

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

4.6 Contracts

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

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

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

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

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

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

(d) Without limiting the generality of the foregoing provisions of this Section 4.7, the Balance Sheet of the Purchased Business dated as of the Effective Date and attached hereto as Exhibit G (the "**Effective Date Balance Sheet**") fairly presents in all material respects the financial position of the Purchased Business as of the Effective Date. The cash collateral assets securing the Letters of Credit retained by the Seller pursuant to Section 2.2(1) are not included as current assets on the Effective Date Balance Sheet.

4.8 **Receivables, Payables and Inventories**

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

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

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

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

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

4.9 Intellectual Property

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

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

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

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

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

4.10 Environmental Matters

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

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

4.11 Labour and Employee Benefits Matters

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

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

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

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

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

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

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

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

4.12 Compliance with Laws; Permits

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

4.13 Litigation

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

4.14 Insurance

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

4.15 Huntsville, Alabama Real Property

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

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

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

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

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

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

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

4.16 Competition Act

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

4.17 ICA

For purposes of the ICA and the regulations thereunder:

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

4.18 Hart Scott Rodino Antitrust Improvement Act

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

4.19 European Business

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

4.20 Additional Sellers

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

ARTICLE 5. – REPRESENTATIONS AND WARRANTIES OF THE BUYER

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

5.1 Corporate Power

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

5.2 Due Authorization and Enforceability of Obligations

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

5.3 Approvals and Consents

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

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

5.4 Financing

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

5.5 GST Registration

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

5.6 Competition

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

ARTICLE 6. – ASSETS

6.1 As is, Where Is

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

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

6.2 Diligence

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

ARTICLE 7. – CONDITIONS

7.1 Conditions for the Benefit of the Buyer and the Seller

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

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

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

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

7.2 Conditions for the Benefit of the Buyer

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

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

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

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

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

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

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

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

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

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

7.3 Conditions for the Benefit of the Seller

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

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

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

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

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

ARTICLE 8. – ADDITIONAL AGREEMENTS OF THE PARTIES

8.1 Access to Information

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

8.2 Conduct of Business Until Closing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.3 Approvals and Consents

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

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

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

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

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

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

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

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

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

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

8.4 Access of the Seller and the Buyer to Records

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

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

8.5 Further Assurances

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

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

8.6 Tax Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.7 Employee Matters

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

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

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

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

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

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

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

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

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

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

8.8 Deal Protection

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.9 Notices of Material Breach

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

8.10 Release

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

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

8.11 Title Policies and Documents

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

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

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

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

8.12 Title Review/Permitted Encumbrances

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

8.13 Surveys.

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

8.14 Prorations and Charges.

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