



CINEPLEX INC.

MANDATE OF THE BOARD OF DIRECTORS

The by-laws of Cineplex Inc. (the “**Corporation**”) provide that the investments and affairs the Corporation will be subject to the control and authority of a minimum of three and a maximum of ten directors. The directors are responsible for supervising the activities and managing the investments and affairs of the Corporation pursuant to the bylaws. The responsibilities of the board of directors described herein are made pursuant to such provision and do not impose any additional responsibilities or liabilities on the directors at law or otherwise.

Composition

The board of directors shall be constituted with a majority of individuals who qualify as independent directors.

Responsibilities of the Board of Directors

The board of directors is responsible for supervising the activities and managing the investments and affairs of the Corporation pursuant to the bylaws and in that regard shall be specifically responsible for:

- (i) the adoption of a strategic planning process and approval, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation’s business and investments;
- (ii) to the extent feasible, satisfying itself as to the integrity of the CEO and senior officers of the Corporation and its subsidiaries and that the CEO and other senior officers create a culture of integrity throughout the organization;
- (iii) the identification of the principal risks for the Corporation and ensuring the implementation of appropriate risk management systems;
- (iv) succession planning;
- (v) adopting a disclosure policy which enables the Corporation to communicate effectively and addresses how the Corporation interacts with all of its stakeholders, including analysts and the public, contains measures for the Corporation to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (vi) the integrity of the internal control and management information systems of the Corporation and its subsidiaries;
- (vii) establishing and maintaining a standing Audit Committee of the board;

- (viii) reviewing and reassessing the adequacy of the terms of reference of the Audit Committee at such intervals or times as the board deems appropriate;
- (ix) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of the Corporation;
- (x) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;
- (xi) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors;
- (xii) implementing a process for examining the size of the board of directors and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (xiii) implementing a process for reviewing the adequacy and form of compensation of directors and ensuring that compensation realistically reflects the responsibilities and risk involved in being a director;
- (xiv) meeting regularly with management of the Corporation or any other of the Corporation's investments to receive reports respecting the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, management concerns and any areas of concern involving the Corporation; and
- (xv) meeting regularly without management of the Corporation or its subsidiaries present.

Responsibilities of the Chair

The role and responsibilities of the Chair of the board of the Corporation are set out below:

- (i) the Chair shall be expected to attend and chair meetings of the board of directors of the Corporation;
- (ii) the Chair shall not be a member of management of the Corporation or its subsidiaries;
- (iii) the Chair shall not be expected to and shall not perform policy making functions other than in his or her capacity as a director of the Corporation. The Chair shall not have the right or entitlement to bind the Corporation in his or her capacity as Chair;
- (iv) the Chair shall provide direction with respect to the dates and frequencies of board meetings and related committee meetings and the CEO of the Corporation and the Chair shall liaise with management to prepare board meeting agendas;
- (v) the Chair shall ensure that the board understands the boundaries between board and management responsibilities; and
- (vi) the Chair shall ensure that the board of directors carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management of the Corporation or its subsidiaries present and may involve assigning responsibility for administering the board's relationship to management to a committee of the board.

Decisions Requiring Prior Approval of the Board of Directors

Approval of the board of directors shall be required for:

- dividends;
- significant acquisitions/dispositions;
- related party transactions;
- the release of any financial information to be publicly disseminated;
- the issuance or repurchase of shares of the Corporation;
- the terms of reference of committees of the board; and
- any other matter that would give rise to a “material change” to the Corporation.

The foregoing list is intended to specify particular matters requiring board approval and is not intended to be an exhaustive list.

Measures for Receiving Shareholder Feedback

All publicly disseminated materials of the Corporation shall provide for a mechanism for feedback of shareholders. Persons designated to receive such information shall be required to provide a summary of the feedback to the directors on a semi-annual basis or at such other more frequent intervals as they see fit.

Expectations of Management

Management of CEC shall be required to report to the board of directors at the request of the board on the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, management concerns and any other matter the board or its Chair may deem appropriate. In addition, the board expects management of the Corporation to promptly report to the Chair of the board any significant developments, changes, transactions or proposals respecting the Corporation or its subsidiaries.

Definitions

“**independent director**” means a director who has no direct or indirect material relationship with the Corporation or its affiliates.

“**material relationship**” means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. Without limiting the generality of the foregoing, the following persons are considered to have a material relationship with the Corporation:

- (a) a person who is, or has been within the last three years, an employee or executive officer of the Corporation/the LP, or any of its predecessor, subsidiary entities or affiliated entities;
- (b) a person whose immediate family member is, or has been within the last three years, an executive officer of the Corporation, or any of its predecessor, subsidiary or affiliated entities;
- (c) a person who: (i) is a partner¹ of the Corporation's internal or external auditor; (ii) is employed by the firm that is the Corporation's internal or external auditor; or (iii) was within the last three years

¹ “partner” does not include a fixed income partner whose interest in the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with an internal or independent auditor if the compensation is not contingent in any way on continued services.

a partner or employee of that firm and personally worked on the Corporation's audit (or that of its predecessor or subsidiary entities) within that time;

- (d) a person whose spouse, minor child or stepchild, or child or stepchild who shares a home with the person: (i) is a partner of the firm that is the Corporation's internal or external auditor; (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation's audit (or that of its predecessor or subsidiary entities) within that time;
- (e) a person who is, or has been, or whose immediate family member is, or has been within the last three years, an executive officer of an entity if any of the Corporation or its predecessor or subsidiaries' current executives serves or served at that same time on the entity's compensation committee;
- (f) a person who received, or whose immediate family member who is employed as an executive officer of the Corporation or any of its predecessor or subsidiary entities received, more than \$75,000 in direct compensation from the Corporation or its predecessor or subsidiary entities during any 12 month period within the last three years, other than: (i) as remuneration for acting in his or her capacity as member of the board of directors or trustees or any board committee; or (ii) fixed amounts of compensation under a retirement plan for prior service with the Corporation or any of its predecessor or subsidiary entities if the compensation is not contingent in any way on continued service; and
- (g) a person who is an affiliated entity of the Corporation or any of its predecessor or subsidiary entities.

Approved January 1, 2011