



MANAGEMENT INFORMATION CIRCULAR

Annual Meeting of Shareholders of

CINEPLEX INC.

To be held on May 16, 2012

March 31, 2012

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SCHEDULE A

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of Cineplex Inc. (the “**Corporation**”) will be held at 10:30 a.m. Eastern Daylight Time on Wednesday, May 16, 2012 at the Scotiabank Theatre, 259 Richmond Street West, Toronto, Ontario, for the following purposes:

- (a) to receive the consolidated financial statements of the Corporation for the period ended December 31, 2011 and the report of the auditors thereon;
- (b) to elect directors for the coming year;
- (c) to appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the coming year and to authorize the directors to fix the remuneration to be paid to the auditors; and
- (d) to transact such other business as may properly come before the Meeting and any and all adjournments thereof.

The accompanying Management Information Circular provides additional information relating to matters to be dealt with at the Meeting and forms part of this Notice of Annual Meeting of Shareholders.

DATED at Toronto, Ontario this 31st day of March, 2012.

By Order of the Directors

“Ellis Jacob”

President and Chief Executive Officer

Note: If you are a Shareholder and you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to CIBC Mellon Trust Company so as to arrive not less than 48 hours before the time set for the holding of the Meeting or any reconvened meeting after an adjournment or postponement thereof (excluding Saturdays, Sundays and holidays). The enclosed form of proxy may be returned by facsimile to (416) 368-2502 or toll-free at (866) 781-3111, or by mail: (a) in the enclosed envelope; or (b) in an envelope addressed to Cineplex Inc., c/o Proxy Department, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1. The Directors of the Corporation have fixed the record date for the Meeting as April 9, 2012 (the “**Record Date**”). Only Shareholders of record at the close of business on the Record Date will be entitled to notice of the Meeting.

CINEPLEX INC.

MANAGEMENT INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation by the directors (the “**Directors**”) of Cineplex Inc. (the “**Corporation**”) of proxies to be used at the annual meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of the Corporation to be held on Wednesday, May 16, 2012 at the Scotiabank Theatre, 259 Richmond Street West, Toronto, Ontario, commencing at 10:30 a.m. Eastern Daylight Time, and at any reconvened meeting after any postponement or adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting. All dollar amounts in this information circular are expressed in Canadian dollars. The information contained herein is given as at March 31, 2012, except where otherwise noted.

THE CORPORATION

The Corporation is governed by the *Business Corporations Act* (Ontario) (the “**OBCA**”) pursuant to articles of arrangement dated January 1, 2011. The Corporation is a reporting issuer and the Common Shares are traded on the Toronto Stock Exchange (“**TSX**”) under the stock symbol “CGX”. The convertible debentures of the Corporation are traded on the TSX under the symbol “CGX.DB”. The principal and head office of the Corporation is located at 1303 Yonge Street, Toronto, Ontario, M4T 2Y9.

The Corporation is the successor of Cineplex Galaxy Income Fund (the “**Fund**”), which was an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario. On January 1, 2011, the Fund completed a conversion pursuant to a plan of arrangement (the “**Arrangement**”) under the OBCA, involving, among others, the Corporation and the Fund. As a result of the completion of the Arrangement and related transactions, the Corporation now owns, directly and indirectly, subsidiaries which operate the businesses which were owned by the Fund and its subsidiaries prior to the completion of the Arrangement. Following completion of the Arrangement, on January 1, 2011, each of the Fund and Cineplex Galaxy Trust were wound up and dissolved.

Cineplex Entertainment Limited Partnership (“**Cineplex Entertainment LP**”) is a limited partnership formed under the laws of the Province of Manitoba. Cineplex Entertainment LP was created to acquire and hold substantially all of the theatre business assets previously owned by Cineplex Odeon Corporation (“**COC**”) and its subsidiary Cineplex Odeon (Quebec) Inc. and all the shares of Galaxy Entertainment Inc. (“**Galaxy**”). The general partner of Cineplex Entertainment LP is Cineplex Entertainment Corporation (the “**GP**”).

All references to “**Cineplex**” in this information circular refer to the Corporation and its subsidiaries, including Cineplex Entertainment LP, the GP, Famous Players LP, Famous Players Co. and Galaxy.

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally or by telephone on behalf of the Corporation. The Corporation will bear the total cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this information circular.

Appointment and Revocation of Proxies

Together with this information circular, the Shareholders will also be sent a form of proxy. The persons named in such proxy form as persons to vote on behalf of you as a Shareholder are representatives of the Corporation. **A Shareholder who wishes to appoint some other person to represent him or her at the Meeting may do so by crossing out the person named in the enclosed proxy and inserting such other person’s name in the blank space provided in the form of proxy or by completing another form of proxy. Such other person need not be a Shareholder.**

To be valid, proxies must be deposited at the offices of CIBC Mellon Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or sent by facsimile to (416) 368-2502 (or toll free facsimile within North America to (866) 781-3111) Company so as not to arrive later than 10:30 a.m. Eastern Daylight Time on Monday, May 14, 2012. For clarity, Canadian Stock Transfer Company Inc. acts as the administrative agent for CIBC Mellon Trust Company. If the Meeting is adjourned, proxies must be deposited 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used, or be deposited with the Chair prior to the commencement of the Meeting or any reconvened meeting.

The document appointing a proxy must be in writing and completed and signed by a Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney thereof. Persons signing as officers, attorneys, executors, administrators, directors, etc., should so indicate and may be asked to provide satisfactory evidence of such authority.

A Shareholder who has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it as set forth above; (b) by depositing an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting, or any reconvened meeting after an adjournment or postponement thereof, at which the proxy is to be used;; or (c) in any other manner permitted by law.

Voting of Proxies

The persons named in the accompanying form of proxy will vote, or withhold from voting, Common Shares in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Shareholder as indicated on the proxy. In the absence of such specification, such Common Shares will be voted: **(a) FOR the election of each of the nominees to the Board of Directors listed under the heading “Matters to be Considered at the Meeting – Election of Directors”;** and **(b) FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation.**

The persons appointed under the accompanying form of proxy are conferred with discretionary authority with respect to amendments or variations of matters identified in the form of proxy and Notice of Meeting and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matter or business. At the date of this information circular, the Directors know of no such amendments, variations or other matter.

QUORUM

A quorum is required for the Meeting. For the Meeting, persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Common Shares will constitute a quorum.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

Information set forth in this section is very important to persons who hold Common Shares otherwise than in their own names. A non-registered Shareholder (a “**Beneficial Holder**”) who beneficially owns Common Shares, but such Common Shares are registered in the name of an intermediary (such as a securities broker, financial institution, trustee, custodian or other nominee who holds Common Shares on behalf of the Shareholder or in the name of a clearing agency in which the intermediary is a participant) should note that only proxies deposited by Shareholders whose names are on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to a Shareholder by a broker are probably not registered in the Shareholder’s own name on the records of the Corporation; such Common Shares are more likely registered in the name of the Shareholder’s broker or an agent of the broker.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Holders in advance of Shareholders' meetings. Every broker or other intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Holders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Holder by its broker is identical to that provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Holder. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications ("**Broadridge**"). Broadridge typically prepares a voting instruction form (a "**Voting Form**") that it mails to the Beneficial Holders and asks Beneficial Holders to return the Voting Form directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions representing the voting of Common Shares to be represented at the Meeting. A Beneficial Holder receiving a Voting Form cannot use that Voting Form to vote Common Shares directly at the Meeting. The Voting Form must be returned to Broadridge well in advance of the Meeting to have the Common Shares voted.

Although Beneficial Holders may not be recognized directly at the Meeting for purposes of voting Common Shares registered in the name of their broker or other intermediary, a Beneficial Holder may attend at the Meeting as proxyholder for the registered holder and vote their Common Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the registered holder should enter their own names in the blank space on the Voting Form provided to them and return same to Broadridge or their broker or other intermediary (or agent of such broker or other intermediary) in accordance with the instructions provided on the Voting Form well in advance of the Meeting.

COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at March 31, 2012, there were 60,808,917 Common Shares outstanding. Pursuant to the articles and by-laws of the Corporation, Shareholders of record at the record date are entitled to notice of and to attend the Meeting in person or by proxy, and to one vote per Common Share on any vote at the Meeting. As such, each Shareholder of record at the close of business on April 9, 2012, the record date established for the notice of the Meeting (the "**Record Date**"), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting.

As at the date hereof, to the knowledge of the Directors, the only person who beneficially owns or exercises control or direction over more than 10% of the outstanding Common Shares is "Fidelity" (which may include Fidelity Management & Research Company, Pyramis Global Advisors, LLC, Pyramis Global Advisors Trust Company, Strategic Advisers Incorporated and FIL Limited). As per a public filing dated October 7, 2011, Fidelity holds 6,308,633 Common Shares (approximately 10.34% of the outstanding Common Shares), each of which is entitled to one vote regarding the matters to be determined at the Meeting.

The Corporation currently has a normal course issuer bid in place for the purchase of up to 5,600,000 of its Common Shares, or approximately 9.7% of its public float of 57,852,617 Common Shares as at August 15, 2011. During the year ended December 31, 2011, the Corporation acquired 137,400 Common Shares at an average price of \$24.75 per Common Share. The normal course issuer bid expires in August 2012.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The annual report, the financial statements of the Corporation for the period ended December 31, 2011 and the Auditors' Report thereon accompanying this information circular will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

Election of Directors

The Corporation is required to have a minimum of one Director and a maximum of 20 Directors. The number of Directors was previously fixed by the board of Directors (the “**Board**”) at nine. Directors are appointed at each annual meeting of Shareholders to hold office for a term expiring at the close of the next annual meeting.

The Board has adopted a majority voting policy in Director elections that will apply at any meeting of Shareholders where an uncontested election of Directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular Director nominee is greater than the votes for such Director, the Director nominee will be required to submit his or her resignation to the Chair of the Board promptly following the Corporation’s annual meeting. Following receipt of resignation, the Compensation, Nominating and Corporate Governance Committee (the “**CNCG Committee**”) will consider whether or not to accept the offer of resignation. With the exception of special circumstances, the CNCG Committee will be expected to recommend that the Board accept the resignation. Within 90 days following the Corporation’s annual meeting, the Board will make its decision and disclose it by a press release, such press release to include the reasons for rejecting the resignation, if applicable. A Director who tenders his or her resignation pursuant to this majority voting policy will not be permitted to participate in any meeting of the Board or the CNCG Committee at which the resignation is considered. A copy of the majority voting policy of the Corporation may be found on the Corporation’s website at www.cineplex.com.

The table set forth below identifies the names of, and certain information for, the persons proposed to be nominated for election by Shareholders as Directors. Other than Mr. Jacob, each of the nominees is independent in that neither he nor she has any direct or indirect relationship with Cineplex which could, in the view of the Board, be reasonably expected to interfere with the exercise of that individual’s independent judgment.

Name, Principal Occupation and Residence	Age	Date Appointed as Director of the Corporation / Trustee of the Fund / Director of the GP	Common Shares Beneficially Owned or Over Which Control or Direction is Exercised ⁽¹⁾	Value of Common Shares Beneficially Owned or Controlled ⁽²⁾
Robert Bruce ⁽³⁾ President, Communications Rogers Communications Inc. Ontario, Canada	55	December 2010 / May 2010 / May 2010	2,795	\$79,937
Joan Dea ⁽⁴⁾ Managing Director Beckwith Investment Corp. California, USA	48	December 2010 / November 2006 / November 2006	2,795	\$79,937
Ian Greenberg ⁽⁴⁾ President and CEO Astral Media Inc. Quebec, Canada	69	December 2010 / May 2010 / February 2010	2,795	\$79,937
Ellis Jacob ⁽⁵⁾ President and CEO Cineplex Inc. Ontario, Canada	58	December 2010 / May 2010 / November 2003	329,206	\$9,415,292
Sarabjit Marwah ⁽³⁾ Vice Chairman and Chief Operating Officer The Bank of Nova Scotia Ontario, Canada	60	December 2010 / November 2009 / November 2009	7,795	\$222,937
Anthony Munk ⁽³⁾ Managing Director Onex Corporation Ontario, Canada	51	December 2010 / May 2010 / November 2003	36,013	\$1,029,972

Name, Principal Occupation and Residence	Age	Date Appointed as Director of the Corporation / Trustee of the Fund / Director of the GP	Common Shares Beneficially Owned or Over Which Control or Direction is Exercised ⁽¹⁾	Value of Common Shares Beneficially Owned or Controlled ⁽²⁾
Edward Sonshine ⁽⁴⁾⁽⁶⁾ Chief Executive Officer RioCan Real Estate Investment Trust Ontario, Canada	65	December 2010 / May 2010 / February 2010	13,393	\$383,040
Robert Steacy ⁽³⁾ Corporate Director Ontario, Canada	62	December 2010 / May 2005 / May 2005	6,797	\$194,394
Phyllis Yaffe ⁽⁴⁾ Corporate Director Ontario, Canada	63	December 2010 / February 2008 / February 2008	6,196	\$177,206

Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Corporation, has been furnished by the respective nominees, and includes share equivalents of Deferred Share Units. With respect to the CEO, this amount includes also Deferred Share Units and one-third of the Performance Share Units which are guaranteed; DSUs and PSUs will be paid in cash.
- (2) Represents the total value of the Common Shares beneficially owned by the noted nominee based on the price of the Common Shares on the TSX as at the close of trading of March 30, 2012 as the last business day of the year (closing price of \$28.60).
- (3) Member of the Audit Committee of the Board.
- (4) Member of the Compensation, Nominating and Corporate Governance Committee of the Board.
- (5) Mr. Jacob has been the President and Chief Executive Officer, as well as a Director, of the Corporation since December 2010. Prior to this, he had been the President and Chief Executive Officer of the GP since October 2003. He is not an independent Director by virtue of his position with the Corporation.
- (6) Mr. Sonshine previously served as a Trustee of the Fund and a director of the GP from October 2003 through August 2005.

Set out below is a brief profile for each of the persons nominated for election as Director.

- **Robert Bruce.** Mr. Bruce currently serves as President, Communications for Rogers Communications Inc., having previously served as President, Rogers Wireless from May 2005 to September 2009. In his current role, he is responsible for marketing, sales, distribution, retail stores, customer care and operations for both cable and wireless. Mr. Bruce joined Rogers Wireless in September 2001 as Executive Vice President and Chief Marketing Officer of Rogers Wireless and President, Wireless Data Services. Prior to joining Rogers Wireless, Mr. Bruce was Senior Vice President, Marketing at BCE Mobile Communications. Previously, he held senior operating and marketing roles with Pepsi-Cola Canada, Oshawa Foods Limited and Warner Lambert. In addition to his role as a Director of the Corporation, Mr. Bruce sits on the board of the Canadian Wireless Telecommunications Association and the United Way Campaign Cabinet. At the annual general meeting of the Corporation held May 18, 2011, Mr. Bruce received 91.9% votes in favour of his appointment from voting Shareholders.
- **Joan Dea.** Ms. Dea is the Managing Director of Beckwith Investment Corp., a private investment and consulting firm. From 2003 to 2008, Ms. Dea worked with BMO Financial Group, most recently as Executive Vice President, Head of Strategic Management and Corporate Marketing. In that capacity, she was responsible for strategy development and performance management, branding and customer experience and major change initiatives. From 1989 to 2003, Ms. Dea worked at the Boston Consulting Group and its predecessor firm, Canada Consulting Group, where she was a leader on issues of global competitiveness, customer experience strategies and financial services. She became a partner in 1994. She began her career in Corporate Finance with Chemical Bank. In addition to her role as a Director of the Corporation, Ms. Dea is a member of the boards of directors of Torstar Corporation (serving on its nominating and corporate governance committee as well as salary and organization committee) and Charles Schwab Bank (serving on the audit and risk committee). She is

actively involved in several charitable organizations, currently serving as a member of the board of directors for Women's Initiative (serving on the executive committee as well as chair of the nominating and governance committee) and having been on the board of the National Ballet of Canada for 13 years, having served as vice chair for six of those years. Ms. Dea was named one of the 100 most powerful women in Canada in 2007. At the annual general meeting of the Corporation held May 18, 2011, Ms. Dea received 98.8% votes in favour of her appointment from voting Shareholders.

- **Ian Greenberg.** Mr. Greenberg founded Astral Media Inc. with his four brothers over 50 years ago and has been the President and Chief Executive Officer since 1996. He is a member of the Canadian Council of Chief Executives and is actively involved as a member of the board of directors of Astral Media Inc. in addition to his role as a Director of the Corporation. He is actively involved in a number of industry and charitable associations, including the MS Society of Canada, the Canadian Cancer Society, United Way, Centraide and the Montreal Museum of Fine Arts. A graduate of Harvard Business School's Advanced Management Program, Mr. Greenberg was named one of Québec's most influential business personalities by *Revue Commerce* in February 2001. In 2007, Mr. Greenberg received the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution to the Canadian broadcasting system and in November 2008, he was inducted into the Canadian Association of Broadcasters' Hall of Fame. At the annual general meeting of the Corporation held May 18, 2011, Mr. Greenberg received 93.6% votes in favour of his appointment from voting Shareholders.
- **Ellis Jacob, C.M.** Mr. Jacob has been working in the motion picture exhibition industry since 1987 and its successors. Prior to assuming his current positions as President and Chief Executive Officer of the Corporation in 2003, Mr. Jacob was Chief Executive Officer and co-founder of Galaxy. Prior to founding Galaxy, Mr. Jacob represented Alliance Atlantis Communications Inc. as Head of Integration during 1998 and 1999. From 1987 to 1998, Mr. Jacob held various positions with COC as Vice President, Finance, Chief Financial Officer, Executive Vice President and, ultimately, Chief Operating Officer. Mr. Jacob is a director and member of the finance and audit committee of the Toronto International Film Festival Group. He is a director of the Motion Picture Theatre Associations of Canada and a member of board of directors of the National Association of Theater Owners as well as a member of its executive committee. In addition to his role as a Director of the Corporation, Mr. Jacob also is a member of the board of directors and chair of the audit committee for Husky Injection Molding Systems Ltd. and a member of the board of directors and a member of the audit committee for Dundee Corporation. Mr. Jacob is an active community member, currently serving as a member of the board of directors for the Baycrest Centre for Geriatrics, a member of Baycrest's Strategic Planning Committee, chair of Baycrest's Finance and Audit Committee and a member of the Board of Governors for Mount Sinai Hospital. He holds the ICD.D designation from the Institute of Corporate Directors and was appointed a Member of the Order of Canada in 2010. At the annual general meeting of the Corporation held May 18, 2011, Mr. Jacob received 99.4% votes in favour of his appointment from voting Shareholders.
- **Sarabjit Marwah.** Mr. Marwah is currently the Vice-Chairman and Chief Operating Officer of The Bank of Nova Scotia ("**Scotiabank**"). He is responsible for many of Scotiabank's corporate functions, and is actively involved in developing Scotiabank's strategic plans and priorities. He joined Scotiabank's Finance Division in 1979, and over the years held successively more senior positions, including Deputy Comptroller, Senior Vice-President and Comptroller, and Executive Vice-President Finance. He was appointed Chief Financial Officer in 1998, Senior Executive Vice-President & Chief Financial Officer in 2002 and his current role in 2008. In addition to his role as a Director of the Corporation, Mr. Marwah is a member of the boards of directors of several Scotiabank subsidiaries as well as The Hospital for Sick Children. He was past chair of the Humber River Regional Hospital, a past member of the board of directors of the C.D. Howe Institute, Torstar Corporation, and the 2008 and 2009 United Way Cabinets, and is active in several community organizations. At the annual general meeting of the Corporation held May 18, 2011, Mr. Marwah received 92.3% votes in favour of his appointment from voting Shareholders.

- **Anthony Munk.** Mr. Munk is currently a Managing Director of Onex Corporation, a leading North American private equity firm. Prior to joining Onex Corporation in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England. He is a member of the board of directors of Barrick Gold Corporation (where he serves on the finance committee), RSI Home Products (where he serves on both the audit and compensation committees), JELD-WEN Holding, Inc. and Tomkins Building Products, Inc. At the annual general meeting of the Corporation held May 18, 2011, Mr. Munk received 99.7% votes in favour of his appointment from voting Shareholders.
- **Edward Sonshine, O.Ont., Q.C.** Mr. Sonshine is the Chief Executive Officer, as well as a member of the board of trustees of RioCan Real Estate Investment Trust, having held those positions since the company's founding in 1993. In addition to his Director role with the Corporation, Mr. Sonshine is a member of the boards of directors of each of the Royal Bank of Canada (where he serves as a member of the risk committee as well as the nominating and governance committee) and Chesswood Group Limited (where he serves as chair of the board). Mr. Sonshine is also active in the community and currently serves as vice-chair of Mount Sinai Hospital and as Chair of the Israel Bonds Organization of Canada. Mr. Sonshine was appointed Queen's Counsel in 1983 and a Member of the Order of Ontario in 2011. At the annual general meeting of the Corporation held May 18, 2011, Mr. Sonshine received 93.3% votes in favour of his appointment from voting Shareholders.
- **Robert J. Steacy.** Mr. Steacy retired as Executive Vice President and Chief Financial Officer of Torstar Corporation in 2005, where he served as the senior financial officer for 16 years. Mr. Steacy has been a Chartered Accountant since 1976 (Institute of Chartered Accountants of Ontario). In addition to sitting on the Board of the Corporation, he currently serves as a director of each of Canadian Imperial Bank of Commerce (where he serves as a member of the audit committee), Postmedia Network Canada Corporation (where he serves as chair of the audit committee and a member of the compensation and pension committee) and Domtar Corporation (where he serves as a member of the finance committee, a member of the nominating and corporate governance committee and as chair of the audit committee). Mr. Steacy also serves as a director OCP Holdings Corporation, a private investment company. At the annual general meeting of the Corporation held May 18, 2011, Mr. Steacy received 99.8% votes in favour of his appointment from voting Shareholders.
- **Phyllis Yaffe (Chair).** In 2007, Ms. Yaffe retired from the role of Chief Executive Officer of Alliance Atlantis Communications Inc., a position that she held from 2005. She has held a number of strategic positions in film and television in Canada since the 1980s including Chief Operating Officer of Alliance Atlantis Communications Inc. and Chief Executive Officer of Alliance Atlantis Broadcasting Inc. In addition to being Chair of the Board of the Corporation, she is the lead director on the board of directors of Torstar Corporation, serves on its salary and organization committee and is chair of its nominating and corporate governance committee. Ms. Yaffe is also member of the boards of directors of Astral Media Inc., Lions Gate Entertainment Corporation and Blue Ant Media, a privately held Canadian media company. She is also chair of the board of governors for Ryerson University and chair of Women Against Multiple Sclerosis. Ms. Yaffe was selected as the Canadian Women in Communications 1999 Woman of the Year and received the Lifetime Achievement Award from Women in Film and Television in 2000. At the annual general meeting of the Corporation held May 18, 2011, Ms. Yaffe received 99.7% votes in favour of her appointment from voting Shareholders.

Appointment of Auditors

It is proposed that the firm of PricewaterhouseCoopers LLP, Chartered Accountants, be re-appointed as auditors of the Corporation, to hold office until the next annual meeting of the Shareholders or until its successor is appointed, and that the Directors be authorized to fix the remuneration of the auditors.

PricewaterhouseCoopers LLP have been the auditors of the Fund and the Corporation, as successor to the Fund, since the Fund's inception. At the annual general meeting of the Corporation held May 18, 2011, PricewaterhouseCoopers received 99.8% votes in favour of their re-appointment from voting Shareholders.

The persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, will vote such proxies in favour of a resolution to re-appoint PricewaterhouseCoopers LLP as auditors of the Corporation and authorize the Directors to fix its remuneration.

EXECUTIVE AND OTHER COMPENSATION

Compensation of Executive Officers

Under applicable securities legislation, the Corporation is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeded \$150,000. As such, the information presented herein includes the required disclosure about the compensation of the CEO, CFO and the Corporation's three most highly compensated executive officers as the Named Executive Officers ("NEOs"). For the year ended December 31, 2011, the NEOs are: Ellis Jacob, President and Chief Executive Officer; Gord Nelson, Chief Financial Officer; Dan McGrath, Chief Operating Officer; Michael Kennedy, Executive Vice-President, Filmed Entertainment; and Jeff Kent, Chief Technology Officer.

Compensation Discussion and Analysis

The CNCG Committee has the responsibility to review and make recommendations to the Directors concerning the compensation of the executive officers of Cineplex, including the NEOs, within the constraints of the agreements described below under "Employment Contracts". The CNCG Committee is currently comprised of four members: Mr. Sonshine (Chair), Ms. Dea, Mr. Greenberg and Ms. Yaffe. No member of the CNCG Committee is an officer, employee or former officer or employee of the Corporation or any of its subsidiaries. No executive officer of the Corporation also serves as a director or member of the compensation committee of another issuer, one of whose executive officers is a member of the Board or the CNCG Committee. Each member of the CNCG Committee is independent.

The CNCG Committee annually reviews the compensation strategy, policies and principles for executive officers, including the apportionment of pay between fixed compensation and performance-based compensation. The CNCG Committee reviews and approves all compensation and benefits of the NEOs.

Objectives

The Corporation's executive compensation program is guided by the tenet that a meaningful portion of an executive's pay should be based on business results. Pay for performance encourages management to make decisions and take actions that are aligned with the Corporation's business objectives and Shareholders' interests. In order for the Corporation to achieve its strategic goals, it needs to attract, motivate and retain experienced talent and leadership. Compensation opportunities are to be competitive with both similarly sized Canadian organizations and the US organizations in the film exhibition industry. There must be a strong link between incentive compensation and long-term Shareholder value creation. Management's compensation opportunity must be tied to the achievement of objectives that create sustainable growth and long-term Shareholder value.

The CNCG Committee's executive compensation philosophy is guided by its objective to attract, motivate and retain executives critical to the success of the Corporation and the enhancement of Shareholder value. To achieve these objectives, the CNCG Committee seeks to align the financial interests of the NEOs with those of Shareholders, in both the short and long-term, provide incentives to meet and exceed performance-based goals, and differentiate the level of compensation paid to NEOs based on market benchmarks, individual performance and contribution to overall business performance, development and achievement of business strategy, leadership qualities and scope of responsibilities.

The CNCG Committee's general philosophy is that bonus and equity or equity-referenced compensation should fluctuate with the Corporation's success in achieving financial and other goals. In structuring executive compensation packages, the CNCG Committee considers how each component of compensation promotes retention

and/or motivates performance by the executive. Base salaries, perquisites and personal benefits, and severance and other termination benefits are primarily intended to attract and retain highly qualified executives. These are the elements of Cineplex's executive compensation program where the value of the benefit in any given year is not dependent on performance (although base salary amounts and benefits determined by reference to base salary may increase from year to year depending on performance, among other things). The Corporation believes that in order to attract and retain top executives, it needs to provide executives with certain predictable compensation levels that reward their continued service.

Annual incentive bonuses are primarily intended to motivate the NEOs to achieve specific strategies and operating objectives, although the CNCG Committee believes annual incentive bonuses also help attract and retain top executives. The Corporation's mid-term and long-term equity or equity-referenced incentives are primarily intended to align the NEOs long-term interests with Shareholders' long-term interests, although the CNCG Committee believes the incentives also play a role in helping the Corporation attract and retain top executives. Annual bonuses, mid-term and long-term equity awards are the elements of the executive compensation program that are designed to reward performance and thus, the creation of Shareholder value.

From time to time and as necessary, the CNCG Committee retains independent compensation consultants to help identify appropriate peer companies and to obtain and evaluate current executive compensation data for those companies. The CNCG Committee initially retained the consulting firm Towers Watson to conduct a review of executive compensation matters in 2010. During 2010, a complete review of executive compensation, including updates on governance and key trends, compensation plan design, and executive compensation benchmarking was conducted as reported in the 2011 Management Information Circular dated March 31, 2011 (the "2011 Circular").

During 2010, \$55,395 was paid to Towers Watson for its services to the CNCG Committee, of which approximately \$20,000 related to proxy and general industry benchmarking. During 2011, Towers Watson was paid \$44,361, of which approximately \$20,000 related to proxy and general industry benchmarking. Apart from services to the CNCG Committee, no other services have been provided by Towers Watson directly to Cineplex

Competitive Benchmarking

To attract and retain the talent the Corporation needs to meet its business goals, the executive compensation program has to be market competitive. In 2010 and again in 2011, market reviews were conducted by Towers Watson to compare salary, target bonus, target total cash, expected value of long-term incentives, and total direct compensation. With input from the CNCG Committee, two groups of comparators were established. A select proxy sample of North American industry-related companies provided a point of comparison for the CNCG Committee in evaluating and setting compensation at Cineplex for the roles of Chief Executive Officer, Chief Financial Officer, Chief Operating Officer (previously Executive Vice President) and Executive Vice President, Filmed Entertainment. There was no suitable proxy match for the Chief Technology Officer.

The 2011 Circular provided details of the 2010 competitive benchmarking. The benchmark group recommended most recently by Towers Watson contains many of the same companies as in the 2011 Circular but given the transition from an income fund to a corporation, a heavier weighting of corporations is in place for the comparative mix for 2011.

The benchmark group and selection criteria are relevant as the US comparators provide a strong industry comparison while the Canadian general industry comparators reflect the local competitive arena for executive talent. As the Corporation's executive team is well qualified to manage US theatre exhibition businesses as in many cases also has the ability to transition to other industries within Canada, both benchmark groups are considered relevant.

In 2011, the select proxy sample included Canadian comparators as follows:

Astral Media Inc.	The Forzani Group Ltd.
Corus Entertainment Inc.	Torstar Corporation
Groupe Aeroplan	Yellow Media Inc.
RioCan REIT	Cogeco Inc.

The select proxy sample also included US comparators as follows:

AMC Entertainment Inc.
Carmike Cinemas Inc.
Cinemark Holdings Inc.
Lions Gate Entertainment Corp.
Regal Entertainment Group

For all of the executive roles noted above, the CNCG Committee also reviewed a select survey sample comprised of 19 publicly-traded, autonomous, Canadian, general industry companies with revenue between \$500 million and \$2.5 billion. Where insufficient data was available for the select survey sample, Towers Watson used broader samples from their compensation data bank. For context, they included the scope of responsibility (measured by revenue responsibility) specific to each benchmark when providing market data. Actual revenue for this larger group was \$690 million at the 25th percentile, \$1.209 billion at the 50th percentile and \$1.645 billion at the 75th percentile.

CCL Industries	New Gold Inc.
Canfor Corp.	ShawCor Ltd
Capital Power Corporation	Stantec Inc.
Cogeco Inc.	Tembec Inc.
Emera Inc.	The Forzani Group Ltd.
Enerplus Corporation	TMX GROUP INC.
IAMGOLD Corporation	Uni-Select
Laurentian Bank of Canada	Veresen Inc.
Methanex Corporation	Yellow Media
MacDonald Dettwiler & Associates Ltd Inc.	

The information provided from these surveys allowed the CNCG Committee to confirm the appropriate mix of salary and incentive plan reward levels for the NEOs and also to ensure that overall compensation continues to be competitive.

Compensation Risk Assessment

As part of its oversight of compensation practices, the CNCG Committee considers the implications of the risks associated with the Corporation's compensation policies and practices by completing a thorough assessment of the programs and practices and how pay-for-performance aligns with the time horizons of risk. Examples of policies and practices that help to mitigate risk are as follows and many are described in more detail throughout this *Executive and Other Compensation* section:

- Common Share ownership guidelines for executives and directors
- Clawbacks in the mid-term and long-term equity (or equity referenced) plans
- Non-Hedging Policy
- Code of Business Conduct and Ethics
- No single measure plans; no measures repeated across plans
- High percentage of variable pay for NEOs and other executives
- Plans span from one year to 10 years, providing strong link to time horizon on risk
- Plans are capped with thresholds and steps; CNCG Committee or Board discretion may be applied
- Mid-term plan balances absolute and relative performance over 3 years
- Options are limited to 25% of the mid and long-term incentives
- Plan measures tie to the Corporation's strategic objectives
- Strong focus on open communication and disclosure

Based on the review of compensation plans in 2011, the CNCG Committee believes that there are strong practices in place to minimize the likelihood of material risk taking by key individuals in principal business units or any member of the executive team. The CNCG Committee has not identified any risks that are reasonably likely to have a

material adverse effect on the Corporation. To ensure that risk and pay for performance are strongly aligned, the CNCG Committee has adopted clawback provisions in the mid-term and long-term incentive plans that can be applied when financial restatements occur that are due to misconduct or otherwise based on its assessment and judgment of the circumstances at that time.

In 2011, the Corporation established a policy that neither Directors nor executives (including but not limited to NEOs) are permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or Director. It was also established that no executive or Director had previously purchased any such financial instrument for hedging.

The CNCG Committee has reviewed the adoption by some corporations of a formal policy around “say-on-pay”. The Committee will continue to monitor legislative activities and governance recommendations relating to say-on-pay.

On a general basis, the CNCG Committee and the Board retain the ability to exercise discretion to increase or decrease performance-based compensation to accommodate any highly unusual circumstances that would otherwise improperly reward or penalize NEOs separate and apart from general market, industry or company performance. Other than assigning values to the individual performance measure for each NEO as that measure contains no specific quantitative metrics, no such discretion has been applied to date.

Elements of Compensation

Compensation is intended to reward NEOs for demonstrating leadership, providing strategic direction to their functional unit or business area, executing on individual performance objectives and wider corporate objectives. Compensation is also intended to reward performance aligned with business results, ensure competitive pay relative to the marketplace, and retain key individuals through long-term incentives. The components of the executive compensation program are described in the following table:

Compensation element	How it is paid	What it is designed to reward
Base Salary	Cash	Rewards skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive.
Annual Cash Incentive	Cash	Rewards executives for their contribution to the achievement of annual financial and non-financial goals. Payouts, made after the end of a fiscal year, are based on how the executive and the Corporation performed against established measures and objectives.
	Deferred Share Units (“DSUs”)	Executives may elect to defer a portion of their annual cash incentive. Provides another vehicle through which executives can achieve Common Share ownership requirements.
Mid and Long-Term Incentives	Long Term Incentive Plan Units (old long-term incentive plan relating to 2010 performance) (“LTIP Units”)	Encouraged Fund unit (“Unit”) ownership while rewarding significant performance that resulted in the Fund exceeding its per Unit distributable cash targets. Provided alignment between the interests of executives and holders of Units (“Unitholders”). A final award was made under the Long Term Incentive Plan in March 2011 relating to 2010 performance. For 2011, the Board adopted replacement long term incentive plans (performance share units and Common Share Options) summarized below.
	Performance Share Units (“PSUs”)	Provides a strong link between pay and performance by measuring and rewarding three years of forward looking performance on a variety of corporate measures. This cash plan is aligned to Common Share price performance, further linking executives and Shareholders. A PSU “floor” allows executives to include a portion of PSU value in Common Share ownership requirements. See section entitled <i>Deferred Compensation Plans - Performance Share Unit Plan</i> .

Compensation element	How it is paid	What it is designed to reward
	Common Share Options (“Options”)	Rewards contribution to the long-term performance of the Corporation and demonstrated potential for future contribution. Links the interests of executives and Shareholders for Common Share price appreciation over a ten-year period. See section entitled <i>Performance-based Incentives -Mid and Long-Term Incentive Compensation -Option Plan</i> .

Other elements of compensation	Program Objectives
Pension and benefits	Provide pension and benefits that are generally competitive and that minimize financial risk for the Corporation.
Perquisites	Part of the overall competitively-positioned executive compensation package.
Common Share ownership	Aligns executive interests with Shareholder interests by requiring executives to meet minimum Common Share ownership requirements.

During 2011, the compensation of the NEOs consisted of two principal elements: (i) fixed compensation; and (ii) performance-based compensation. Fixed compensation included salary, benefits and retirement contributions. Performance-based compensation included an annual cash incentive bonus, awards made pursuant to the long-term incentive plan (the “**LTIP**”) of Cineplex Entertainment LP, awards made pursuant to the option plan (the “**Option Plan**”) of the Corporation and awards made pursuant to the performance share unit plan (the “**PSU Plan**”) of the Corporation.

(i) *Fixed Compensation Elements*

(a) *Base Salaries*

Base salaries are paid as a secure and predictable component of cash compensation, which the CNCG Committee views as an essential component of attracting and retaining talented individuals.

Base salaries are paid to the NEOs in accordance with each of their employment agreements described below under “*Employment Agreements*”. Base salaries are reviewed annually to reflect the NEO’s and the Corporation’s performance during the prior year, to maintain competitive rates in relation to market changes and to reflect changes to the NEO’s scope of responsibilities. Base salaries are set by the CNCG Committee after consultation with the CEO and the remaining NEOs. For NEOs other than the CEO, the CNCG Committee’s determinations regarding base salaries are strongly influenced by the assessment and recommendations of the CEO.

NEOs have annual performance objectives that include individual goals that relate to the business performance of the Corporation and/or the NEO’s business unit function. The extent to which an NEO has achieved these goals in one year will influence his total compensation package for the following year. Salaries for NEOs are reviewed at the same time as salaries for all full-time employees, and in the absence of any compelling market data specific to a role, adjustments are generally in line with the overall salary budget of the organization. In light of market conditions and the incentive awards made during the three years prior to 2011, base salaries for NEOs were not increased in during the prior three years. In 2011, based on a review of the compensation benchmarking, only one of the NEOs received a salary increase, which also included a change in his responsibilities.

For the year ended December 31, 2011, base salaries represented the following percentage of each NEO's total compensation:

Ellis Jacob	13.3%
Gord Nelson	36.0%
Dan McGrath	31.0%
Michael Kennedy	43.3%
Jeff Kent	41.9%

This percentage will vary from year to year primarily due to variations in the annual bonus earned and the annual mid-term and long-term awards.

(b) Benefits and Perquisites

All NEOs participate in the group benefits plan for all employees which provides health, dental and out-of-country benefits coverage on a cost-sharing basis. In addition to this group coverage, Mr. Jacob receives an annual allowance of up to \$20,000 to cover his personal and immediate family's medical costs not reimbursed under the group benefits plan. The remaining NEOs receive an annual allowance of \$10,000 for the same purpose. This coverage provides additional support to these individuals during times of illness and is intended to aid in their preventative health care and quick recovery in times of illness. Only the amounts actually paid under this allowance in 2011 are included in the Summary Compensation Table.

An additional fee of approximately \$2,000 is paid on behalf of each NEO to an external provider to access medical consultations on an expedited basis.

A whole life insurance policy valued at \$1,000,000 is provided to Mr. Jacob in lieu of life coverage available under the group benefits plan. A whole life policy valued at \$500,000 is provided to Mr. McGrath in lieu of life coverage available under the group benefits plan. These two policies are convertible upon retirement and, in the case of Mr. Jacob, provide a more appropriate level of coverage than is available under the group benefits plan. Each of the remaining NEOs pay personally for term life insurance under the group benefits plan.

Disability coverage is available under the group benefits plan based on the lesser of: (i) 66.67% of the first \$3,000 of pre-tax monthly earnings plus 50% of any portion of pre-tax monthly earnings in excess of \$3,000, less 100% of direct deductible sources of income; (ii) 85% of post-tax monthly earnings, less 100% of direct or indirect deductible sources of income; and (iii) \$10,000, the maximum monthly benefit. This benefit is paid for by the NEOs directly.

As at December 31, 2011, additional disability coverage in the following amounts of monthly benefit was provided by Cineplex to each NEO as follows:

Ellis Jacob	\$29,600
Gord Nelson	\$5,000
Dan McGrath	\$10,850
Michael Kennedy	\$5,000
Jeff Kent	\$5,000

The additional level of disability coverage is deemed appropriate and necessary as the formula for disability coverage in the group benefits plan does not provide sufficient replacement income for individuals with a base salary in excess of \$185,000 per annum. These monthly benefit amounts are treated as non-taxable income.

Each of the NEOs is required to travel in his normal course of business and an annual car allowance treated as taxable income is paid to each NEO as follows. The amounts have been set and are benchmarked against widely-available data in compensation surveys.

Ellis Jacob	\$24,000
Gord Nelson	\$14,000
Dan McGrath	\$14,000
Michael Kennedy	\$14,000
Jeff Kent	\$14,000

(c) *Retirement Contributions*

Defined Contribution Plan

NEOs participate in a defined contribution pension plan sponsored by Cineplex Entertainment LP (the “**DC Plan**”). Employer contributions are made to the DC Plan based on contributions by the NEO to a Group Registered Retirement Savings Plan (the “**GRRSP**”) based on the following schedule:

Employee GRRSP Contributions	0%	1%	2%	3% or more
<i>Employment Service</i>	<i>Cineplex DC Pension Contributions</i>			
Less than 5 years	1%	1%	2%	3%
5 – 10 years	1%	1.3%	2.7%	4%
More than 10 years	1%	1.7%	3.3%	5%

This schedule of contributions is regularly reviewed against market data and is deemed to provide a competitive retirement incentive for employees. The above benefit is available to all full-time Cineplex employees at the same employer contribution levels. Taking the schedule and maximums into account as set out above, the NEOs received DC contributions in 2011 as a percentage of 2011 base salary as follows:

Ellis Jacob	2.9% (limited by contribution maximum)
Gord Nelson	5.0%
Dan McGrath	5.0%
Michael Kennedy	4.0%
Jeff Kent	4.0%

As adjustments to pension contributions occur on service anniversaries throughout the year, the weighted averages for the year are reported here.

Under defined contribution pension plan legislation, all amounts are fully vested for the participants after two years of service and amounts will be locked in after departure until age 55. After age 55, an annuity may be purchased or the plan value may be transferred to a locked-in retirement account, a life income fund or another pension plan.

Details of specific contributions made by the Corporation to each NEO’s DC Plan account are set out in the Summary Compensation Table and in the Pension Arrangements section below.

If an NEO’s annual registered retirement savings plan contribution maximum would be exceeded by a combination of GRRSP and prior year DC contributions, DC contributions are made in full and GRRSP contributions are reduced to ensure that the maximum is not exceeded. DC contributions are calculated as a percentage of the previous year’s base salary. DC contributions are calculated for all plan members based on current base salary at the time of contribution.

Defined Benefit Plan

Pursuant to the terms of his employment agreement, a supplemental executive retirement plan (“**SERP**”) was established by Cineplex Entertainment LP for Mr. Jacob effective as at January 1, 2006 and amended and restated as

at October 1, 2010. The SERP was updated to supplement the retirement income of Mr. Jacob in recognition of his service in predecessor organizations and the entertainment industry in general.

Under the terms of the SERP, if Mr. Jacob terminates his employment before his 60th birthday (Mr. Jacob is currently 58 years of age), provided that he provides at least six months prior written notice of such termination, Mr. Jacob will be entitled to the lesser of:

- (A) a target pension equal to 2% of his average total annual compensation (base salary and an annual bonus deemed to be equal to 50% of base salary) for the three fiscal years most recently completed prior to termination multiplied by Mr. Jacob's years of service ("**Pensionable Service**") (which shall be deemed for all purposes to have commenced on July 1, 1999); or
- (B) \$350,000 multiplied by Mr. Jacob's Pensionable Service, divided by Pensionable Service projected to Mr. Jacob's 60th birthday; in each case, less any pension benefit provided to Mr. Jacob under Cineplex Entertainment LP's defined contribution pension plan (the "**Registered Pension Plan Offset**").

If Mr. Jacob terminates his employment on or after his 60th birthday, but before his 61st birthday, he will be entitled to \$350,000 annually, less the Registered Pension Plan Offset. If Mr. Jacob terminates his employment on or after his 61st birthday, but before his 62nd birthday, he will be entitled to \$375,000 annually, less the Registered Pension Plan Offset. If Mr. Jacob terminates his employment on or after his 62nd birthday, he will be entitled to \$400,000 annually, less the Registered Pension Plan Offset. Provided Mr. Jacob's employment is not terminated as described below, he is entitled (at his option) to elect to receive a lump sum payment equal to the commuted value of the applicable benefit described above. The maximum aggregate annual pension that Mr. Jacob is entitled to receive under the SERP and under the DC Plan is \$400,000. If Mr. Jacob's employment is terminated: (i) by Cineplex Entertainment LP without cause; (ii) by Mr. Jacob based on constructive dismissal or similar circumstances or within 12 months following a change of control; or (iii) by Mr. Jacob or Cineplex Entertainment LP as a result of Mr. Jacob becoming disabled, Mr. Jacob will be entitled (at his option) to either receive a lump sum payment of the present value of an annuity that would provide for annual payments determined as if he had attained age 65 but with such payments to commence as of the termination of his employment, or to receive such annual payments commencing as of the termination of his employment.

The total amount accrued under the SERP as at December 31, 2011 related to Mr. Jacob is approximately \$4,028,500. The total cost of the SERP attributable to Mr. Jacob's 2011 service is approximately \$294,400 as reflected in the Defined Benefit Plan table following the Summary Compensation Table.

Commencing on April 1, 2007, and on April 1 in each subsequent year during the term of Mr. Jacob's employment agreement, Cineplex Entertainment LP is required to secure its obligations under the SERP by posting a letter of credit with a face amount equal to the cumulative amount which has been charged as an expense for the SERP in the consolidated financial statements of Cineplex Entertainment LP since the effective date of the SERP, provided that the face amount of such letter of credit shall not exceed the lump sum payment which would be payable to Mr. Jacob if he voluntarily terminated his employment at any time on or after age 60 or if he voluntarily terminated his employment with more than six months' notice if under the age of 60.

(ii) *Performance-based Incentives*

(a) *Annual cash incentive*

Each NEO is entitled to receive an annual cash incentive bonus of up to a specified percentage of his or her base salary based upon the achievement of financial metrics as described below (as well as meeting individual performance objectives in the case of NEOs other than the Chief Executive Officer) (collectively, the "**Bonus Measures**"). The Bonus Measures are established by the Board during the annual budgeting and business planning process in February of each year.

An annual cash incentive is a standard element of compensation packages at the executive level and provides a pay-for-performance reward for performance in a one-year period. The measures in each plan correlate to each NEO's responsibilities which are cross functional with the exception of the Executive Vice President, Filmed Entertainment role.

The bonus design for each of the NEOs in 2011 was as follows:

	Ellis Jacob	Gord Nelson	Dan McGrath	Michael Kennedy	Jeff Kent
Bonus Target	100%	55%	75%	40%	40%
Bonus Maximum	200%	110%	150%	80%	80%

Bonus Measures						2011 Targets
	Ellis Jacob	Gord Nelson	Dan McGrath	Michael Kennedy	Jeff Kent	
Absolute and Adjusted EBITDA(equal weighting)	50%	50%	50%	50%	50%	\$182,000,000
Individual Performance	25%	25%	25%	20%	25%	Board or CEO Assessment
Net Concession Retention per Patron	5%	5%	5%	-	5%	\$3.50
Guest Service	5%	5%	5%	-	5%	91%
Other Theatre Operating Expenses per Patron	5%	5%	5%	-	5%	\$3.70
Total Other Income	5%	5%	5%	-	5%	\$128,445,000
Film Measures	5%	5%	5%	30%	5%	Confidential
Bonus Measures Total	100%	100%	100%	100%	100%	

	Ellis Jacob	Gord Nelson	Dan McGrath	Michael Kennedy	Jeff Kent
Actual 2011 Achieved	100.32%	100.32%	100.32%	106.04%	100.32%
Payout as % of Salary	100.32%	55.17%	75.24%	42.41%	40.12%
% of Actual Bonus relating to Undisclosed Targets as a % of Total Compensation of the NEO	1.34%	1.98%	2.33%	1.68%	6.93%

“Absolute EBITDA” is calculated by adjusting EBITDA for non-controlling interests, extraordinary gains and gains or losses on disposal of assets. EBITDA is calculated by adding income tax expense, amortization and interest expense net of interest income to the net income of the Corporation. As this measure is not adjusted for actual Canadian industry attendance figures which are highly dependent on studio film product and are largely uncontrollable, an adjusted EBITDA calculation that adjusts for actual Canadian attendance will be equally weighted against Absolute EBITDA for bonus purposes. The result of using a weighted EBITDA is to provide both an absolute and a relative measure, and attendance-adjusted EBITDA is commonly used within the US industry.

“Net Concession Retention per Patron” is arrived at by dividing total Concession Revenues, less Cost of Concessions, as set out in the financial statements, by annual attendance. “Guest Service” is arrived at by mystery shopping scores at Corporation theatres. “Other Theatre Operating Expenses per Patron” is arrived at by dividing Other Operating Expenses as set out in the financial statements by annual attendance. “Total Other Income” is as set out in the financial statements. A description of “Film Measures” and the performance targets are not disclosed because they represent information based on individual negotiations with studios that disclosure thereof would be seriously prejudicial to the Corporation's competitive position if such information were to become public. The level of difficulty in reaching this undisclosed target is the same as for other measures in the bonus plans.

Each NEO has an individual performance measure. This is a qualitative and discretionary assessment by the Board or CEO based on each NEO's performance during the past year against overall strategic objectives, individual performance objectives, leadership skills and other competencies required at the executive level. The CNCG Committee and the Board retain the ability to exercise discretion to increase or decrease performance-based compensation. Other than assigning values to the individual performance measure for each NEO as that measure contains no specific quantitative metrics, no such discretion has been applied to date.

For NEOs, the bonus opportunity for achieving the Bonus Measures for the year ended December 31, 2011 had targets ranging from 40% to 100% of base salary and the maximum opportunity ranging from 80% to 200% of base salary as set out in the preceding table.

Actual bonus amounts paid to the NEOs are identified in the Summary Compensation Table. These bonuses were calculated based on the achievement of each bonus measure between the threshold and maximum set for each measure as described above. In the case of payment under the CEO bonus for 2011, the EBITDA, Theatre Operating Expense and Individual Performance measures were under target (Individual Performance due to EBITDA performance and not personal performance), and the Film, Concession, Total Other Income and Guest Service measures were at or above target.

Executive Deferred Share Unit Plans

Under the two executive deferred share unit plans (collectively, the "**Executive DSU Plans**"), NEOs and certain other senior officers are entitled to elect to receive all or a portion of the annual cash incentive bonus to which they are entitled, if any, during such calendar year in the form of a deferred share unit ("**DSU**") rather than a cash payment. The Executive DSU Plans are in place to facilitate equity ownership for those employees who were subject to Common Share ownership guidelines. The Executive DSU Plans do not provide any additional compensation to the NEOs and are not considered additional elements of compensation.

There are two separate, yet very similar, Executive DSU Plans. In January, 2011, the Corporation adopted a deferred share unit plan (the "**Three Year DSU Plan**") that was intended to facilitate equity ownership for those employees who were subject to Common Share ownership guidelines; the Three Year DSU Plan had previously been adopted by the Fund in 2008. In January, 2011, the Corporation also adopted a second DSU plan providing for a longer deferral period (the "**Payment on Termination DSU Plan**"). The difference between the Three Year DSU Plan and the Payment on Termination DSU Plan relates only to the vesting of DSUs, with DSUs granted under the Three Year DSU Plan vesting three years from the date of grant and DSUs granted under the Payment on Termination DSU Plan vesting upon the cessation of employment of the holder of such DSUs. For purposes of this management information circular, the Three Year DSU Plan and the Payment on Termination DSU Plan are collectively referred to as the Executive DSU Plans.

Under the terms of the Executive DSU Plans, the DSU participant will be credited on the date that his or her Annual Incentive Plan Payment would otherwise be payable with a number of DSUs equal to the amount of Annual Incentive Plan Payment designated to be received in the form of DSUs divided by the "fair market value" of the Common Shares on such date. The "fair market value" is defined as, if the Common Shares are listed on the TSX, the value of a Common Share determined by reference to the five-day weighted average closing price of a Common Share on the immediately preceding five trading days, or, if the Common Shares are not so listed or traded, the "fair market value" will be the value established by the Board in its sole discretion. In addition, additional partial DSUs will be credited to such DSU participant equal to cash dividends paid on the same number of Common Shares, based on the "fair market value" of a Common Share at the time cash dividends are made on the Common Shares.

Under the Three Year DSU Plan, DSUs granted in lieu of the Annual Incentive Plan Payment will vest on December 15 of the third calendar year following the year in respect of which the Annual Incentive Plan Payment is payable (the "**Vesting Date**"). On or after the Vesting Date (but in no event later than December 31 of the calendar year in which the Vesting Date falls), the vested DSUs will be settled for cash consideration determined by multiplying the number of vested DSUs by the "fair market value" of a Common Share on such date. If the services of a participant in the Three Year DSU Plan are terminated prior to the Vesting Date, the participant is entitled, by given written notice to the Corporation, to redeem such participant's DSUs on a date which shall not be prior to the sixth trading day following the release of the Corporation's quarterly or annual results and shall be no later than: (i) the end of the

calendar year following the year in which the participant's employment was terminated; and (ii) the Vesting Date for an amount equal to the "fair market value" of all DSUs held by such participant under the DSU Plan. If the participant fails to provide notice to the Corporation, the participant will be deemed to have elected to redeem all DSUs as of the earliest to occur of: (i) the end of the calendar year following the year in which the participant's employment was terminated; and (ii) the Vesting Date.

Under the Payment on Termination DSU Plan, a participant will be entitled to receive, after the effective date the participant ceases to be an employee of the Corporation (the "**Termination Date**"): (i) on the day, designated by the participant in writing to the Board, during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following such date, which date shall be no later than the end of the calendar year following the year in which the Termination Date occurs; and (ii) if no notice is given, then on the 90th day following the Termination Date, a lump sum cash payment equal to the number of vested DSUs credited to such participant's DSU account multiplied by the value of a Common Share on the Termination Date.

Upon a "change of control", at the discretion of the CNCG Committee, all DSUs will vest and be redeemable at their "fair market value". Alternatively, to the extent that the change of control would also result in a capital reorganization, arrangement, amalgamation or reclassification of the capital of the Corporation and the CNCG Committee does not accelerate the vesting of DSUs, the CNCG Committee may make adequate provisions to ensure that, upon completion of the proposed change of control, the number of DSUs outstanding under each Executive DSU Plan and/or determination of the "fair market value" shall be appropriately adjusted in such manner as it considers equitable, in its discretion, to prevent substantial dilution or enlargement of the rights granted to holders of the DSUs. For purposes of the Executive DSU Plans, a "change of control" is defined as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities unrelated to the Corporation or any of its subsidiaries acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% of the Common Shares or exercises control or direction over more than 50% of the Common Shares (on a fully diluted basis) and holders of Common Shares prior to such acquisition hold less than 50% of the Common Shares (on a fully diluted basis) following such acquisition.

The Executive DSU Plans are unfunded. The terms and conditions of DSUs granted under the Executive DSU Plans are subject to adjustments in certain circumstances, as set forth in the Executive DSU Plans, in the discretion of the Board. The Board may discontinue either or both of the Executive DSU Plans at any time or, except as set forth below, may amend the Executive DSU Plans at any time (including amendments to change the vesting provisions of any DSU), provided, however, that no such amendment may adversely alter or impair any DSU previously granted without the consent of the applicable participant.

In March 2011, the Payment on Termination DSU Plan was amended to clarify: (i) that no amount will be paid to or in respect of a participant and no DSUs would be granted to a participant, to compensate such participant for a downward fluctuation in the price of Common Shares; and (ii) the provisions relating to payments made upon the occurrence of a change of control.

Mr. Jacob elected to take 100% of his 2011 Annual Incentive Plan Payment in DSUs pursuant to the Payment Upon Termination DSU Plan and Mr. Nelson elected to take 50% of his 2011 Annual Incentive Plan Payment in DSUs pursuant to the Three Year DSU Plan. None of the other NEOs elected to receive DSUs under the DSU Plans.

(b) *Mid and Long-Term Incentive Compensation*

(A) *LTIP (plan was retired in 2011)*

The officers, including the NEOs, and key employees of Cineplex Entertainment LP were eligible to participate in the LTIP. The purpose of the LTIP was to provide eligible participants with mid-term (less than five years) compensation opportunities that would enhance Cineplex Entertainment LP's ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that resulted in the Fund exceeding its per Unit distributable cash targets. For awards prior to the service period beginning January 1, 2011, pursuant to the LTIP, Cineplex Entertainment LP set aside a pool of funds based on the amount, if any, by which the

Fund's distributable cash per Unit, for the entire fiscal year, exceeded certain defined distributable cash threshold amounts. This pool of funds was transferred to a trustee, who would use the entire amount to purchase Units (prior to 2011) or Common Shares (commencing in 2011) on the open market and would hold the Units, and following the completion of the Arrangement, Common Shares, until such time as ownership vested to each participant.

Generally, one-third of these Units or Common Shares vest 30 days after the consolidated financial statements for the corresponding year are approved by the Board, with an additional one-third vesting on each of the first and second anniversaries of that date. LTIP participants are entitled to receive dividends on all Common Shares held for their accounts prior to the applicable vesting date. Unvested Common Shares held by the trustee for LTIP participants will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date and those Common Shares will be sold and the proceeds returned to Cineplex and excluded from future LTIP calculations. On January 1, 2011, all Units held pursuant to the LTIP were converted to Common Shares, all entitlements to Units became entitlements to Common Shares and all entitlements to receive distributions on Units became entitlements to dividends on Common Shares.

The Board or the CNCG Committee had the power to, among other things: (i) determine those individuals who would participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards would vest or be paid to each participant. In this determination, the Board requested the recommendation of the CEO relating to the number of participants and the level of participation for each participant which varied depending upon the size of the pool in a particular year and the relative contributions of the participants to the successful performance of the organization. Generally, LTIP participation was awarded to selected employees at the Executive Director level and above.

A final award was made under the LTIP in March, 2011 relating to the year ended December 31, 2010 which is reported in the Summary Compensation Table. No further grants will be made under the LTIP.

For the performance period ended December 31, 2010, the LTIP provided for awards based on the amount by which distributable cash exceeded a base distribution threshold of \$1.26 per Unit per annum. The amount awarded for such period is subject to a \$10,000,000 maximum.

Percentage by which Adjusted Free Cash Flow per Common Share Exceeds Base Distribution Threshold	Maximum Proportion of Excess Adjusted Free Cash Flow Available for LTIP Payments
20% or less	15%
greater than 20%	30% of any excess over 10%

(B) *Performance Share Unit Plan (replaced LTIP plan in 2011)*

Performance Share Unit Plan

In January 2011, the Corporation adopted a performance share unit plan (the “**PSU Plan**”) to replace the LTIP. Certain employees of Cineplex, as selected by the CEO of the Corporation and approved by the CNCG Committee, are eligible to participate in the PSU Plan. The PSU Plan is intended to: (a) focus participants on, and reward participants for achieving, the mid-term business and financial goals of the Corporation; (b) assist the Corporation in attracting, retaining and rewarding employees; and (c) match the three-year time horizon of the plan to performance measures with the same time horizon.

Each PSU notionally represents the value of one Common Share on the date of the grant. Additional partial PSUs will be credited to each PSU participant equal to cash dividends paid on the same number of Common Shares, based on the “fair market value” of a Common Share at the time cash dividends are made on the Common Shares.

The CNCG Committee will determine the term of each grant of PSUs (the “**Performance Period**”) and will annually determine, based on the recommendation of the CEO, performance measures for the PSU Plan (the “**Performance Measures**”), which shall consist of a defined metric or set of metrics and performance objectives and an adjustment factor (the “**Multiplier**”) that is linked to the achievement of thresholds set out in the Performance Measures, both of which shall apply during the relevant Performance Period. Each participant will be notified in writing of their participation in the PSU Plan, which notification shall set out the particular Performance Measures and Multipliers, if any, with respect to the particular grant of PSUs that they have been awarded.

For the 2011 PSU grant, the following performance conditions and targets were established based on input from CNCG Committee members, management and Towers Watson, as well as including a review of projections by investment analysts. The performance conditions and targets reflect an equal mix of absolute and relative measures, and unlike the Annual Incentive Plan which measures EBITDA as a specific target, the PSU Plan measures Growth in EBITDA over a three-year period. As the Options have the potential to be “under water” with no payout, the PSU plan has a “guaranteed floor” of one-third to provide a retention incentive. The Multipliers for each metric are added together for a final Multiplier that is used at the end of the Performance Period to determine payout.

2012 PSU Performance Conditions

Payouts will be prorated between each hurdle

Growth in Total Revenues/ Screen (over 3 years) 33% weight		Absolute EBITDA Growth (3 Year Average) 33% weight		Absolute and Relative Total Shareholder Return (TSR) (over 3 years) 33% weight (1/2 each)																																								
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Exhibitor Rank</th> <th style="text-align: left;">Multiplier</th> </tr> </thead> <tbody> <tr> <td>1st</td> <td>2.0 x</td> </tr> <tr> <td>2nd</td> <td>1.5 x</td> </tr> <tr> <td>3rd</td> <td>1.0 x</td> </tr> <tr> <td>4th</td> <td>0.5 x</td> </tr> <tr> <td>5th</td> <td>0.33 x</td> </tr> </tbody> </table>		Exhibitor Rank	Multiplier	1 st	2.0 x	2 nd	1.5 x	3 rd	1.0 x	4 th	0.5 x	5 th	0.33 x	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><u>Performance Multiplier</u></th> </tr> </thead> <tbody> <tr> <td>Max</td> <td>7.5%</td> <td>2.0 x</td> </tr> <tr> <td>Target</td> <td>5.0%</td> <td>1.0 x</td> </tr> <tr> <td>Threshold*</td> <td>2.5%</td> <td>0.33 x</td> </tr> </tbody> </table>		<u>Performance Multiplier</u>			Max	7.5%	2.0 x	Target	5.0%	1.0 x	Threshold*	2.5%	0.33 x	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><u>Absolute</u></th> </tr> <tr> <th></th> <th style="text-align: center;"><u>Performance</u></th> <th style="text-align: center;"><u>Multiplier</u></th> </tr> </thead> <tbody> <tr> <td>Max</td> <td style="text-align: center;">40%</td> <td style="text-align: center;">2.0 x</td> </tr> <tr> <td>Target</td> <td style="text-align: center;">30%</td> <td style="text-align: center;">1.0 x</td> </tr> <tr> <td>Threshold</td> <td style="text-align: center;">20%</td> <td style="text-align: center;">0.33 x</td> </tr> </tbody> </table>		<u>Absolute</u>				<u>Performance</u>	<u>Multiplier</u>	Max	40%	2.0 x	Target	30%	1.0 x	Threshold	20%	0.33 x
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** In all cases the Threshold represents a Guaranteed Floor to participants of 0.33x*

On the date that the Board approves the audited financial statements of the Corporation, in the year immediately following a Performance Period, (the “**Financial Statement Approval Date**”) and prior to the vesting of PSUs for such Performance Period, an adjusted award of PSUs (the “**Adjusted Award**”) shall be calculated by multiplying the number of PSUs held by an individual by the final Multiplier for the Performance Period. Following such a calculation, the PSUs held by such individual will be adjusted accordingly to correspond to the Adjusted Award.

Under the terms of the PSU Plan, a participant’s Adjusted Award will vest on the Financial Statement Approval Date for the applicable Performance Period. On a date selected by the CNCG Committee, which shall be within 30 days after the vesting date, and subject to any withholding obligations, a participant will be entitled to redeem their vested PSUs and the Corporation will make a lump sum cash payment in an amount equal to the number of vested PSUs held by such participant multiplied by the weighted average closing price of the Common Shares for the ninety days immediately prior to the end of the relevant Performance Period.

If a participant resigns or is terminated for cause, such participant will, unless otherwise determined by the CNCG Committee in writing, forfeit all rights to the PSUs held by such participant. If the employment of a participant is terminated: (i) due to the death, qualified retirement, or permanent disability; (ii) without cause; or (iii) if the participant is transferred to a non-eligible position within Cineplex, then a pro rata portion of the PSUs held by such participant will vest on the date immediately prior to the occurrence of such termination event. The value and payment timing will be calculated based on the participant's departure date in relation to the plan period. When termination occurs within the second or third year of a plan period, the PSU Plan does not accelerate payment, creating an automatic post-retirement hold on equity-referenced compensation.

If the employment of a participant is terminated upon or within twelve months following a "change of control" or if there is termination for good reason (if applicable to a participant) upon or within twelve months of a "change of control", all PSUs will immediately vest and all amounts payable under the PSU Plan will be paid to such participant within 30 days of the termination date. Under such circumstances, the CNCG Committee will determine the Adjustment Factor to be applied for each participant, based on the achievement of each Performance Measure up to the date of the change of control and on any other factors that the CNCG Committee deem to be appropriate.

Following the occurrence of a "change of control" in which: (i) the resulting entity remains a publicly traded entity with equity securities traded on the TSX or a similar exchange; (ii) the business of the Corporation is to be a significant part of the business of the resulting entity going forward; and (iii) where the mechanics of the PSU Plan can reasonably be continued, the PSU Plan will continue in force, as determined at the sole discretion of the CNCG Committee.

Following the occurrence of a "change of control" in which the resulting entity is to be a private entity (with no equity securities listed for trading on an exchange), all PSUs will immediately vest upon (or immediately prior to) the change of control transaction. Under such circumstances, the CNCG Committee will determine the Adjustment Factor to be applied for each participant, based on the achievement of each Performance Measure up to the date of the change of control and on any other factors that the CNCG Committee deem to be appropriate. Additionally, the CNCG Committee and/or the owner of the resulting entity will have the right to make the payment of up to one-half of the amount payable on such a "change of control" to any participant subject to the ongoing employment of such participant through to the end of the applicable Performance Period.

For purposes of the PSU Plan, a "change of control" is defined as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities unrelated to the Corporation or any of its subsidiaries acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% of the Common Shares or exercises control or direction over more than 50% of the Common Shares (on a fully diluted basis) and holders of Common Shares prior to such acquisition hold less than 50% of the Common Shares (on a fully diluted basis) following such acquisition.

The PSU Plan is unfunded. The terms and conditions of PSUs granted under the PSU Plan are subject to adjustments in certain circumstances, as set forth in the PSU Plan, in the discretion of the CNCG Committee. The CNCG Committee may discontinue the PSU Plan at any time or, except as set forth below, may amend the PSU Plan at any time (including amendments to change the vesting provisions of any PSU), provided, however, that no such amendment or termination may diminish any rights accrued in respect of grants of PSUs made prior to the effective date of such amendment or termination.

The PSUs granted to the NEOs in 2011 are set out in the *Non-Equity Incentive Plan Compensation - Long Term Incentive Plans* column of the Summary Compensation Table. In the case of the CEO for 2011, an annual grant of 45,838 PSUs was made as well as a special grant of 69,156 PSUs on a one-time basis in accordance with his contract renewal to December, 2015.

(C) *Option Plan*

In 2008, the Fund adopted the Option Plan to focus and reward senior executives for enhancing long-term Shareholder value through: (a) aligning the interests of certain officers and employees of Cineplex Entertainment LP

(“**Participants**”) with those of Shareholders; (b) providing compensation opportunities to attract, retain and motivate Participants; and (c) providing Participants with an incentive for excellence in individual performance.

Under the Option Plan, Options to purchase Common Shares of the Corporation may be granted to Participants in respect of unissued Common Shares. In determining the number of Options to be granted to a Participant, consideration is given to the individual’s present and potential contribution to the success of the Corporation, based on the assessment of the CEO. The CNCG Committee considers the recommendation of the CEO and annually decides the number and allocation of Options per Participant to be granted by the Board. Options are granted to selected individuals at the Executive Director level and above.

The aggregate number of Common Shares reserved for issuance upon the exercise of all Options granted under the Option Plan may not exceed 5,250,000 Common Shares. At the special meeting of Unitholders of the Fund held in December 2010, this number was increased from 4,500,000, with Unitholder approval. Any further increase in this number will require the approval of the Shareholders given by the affirmative vote of a majority of the votes cast at a meeting of the Shareholders of the Corporation, except as provided below.

Except with the approval of the Shareholders given by the affirmative vote of a majority of the votes cast at a meeting of the Shareholders (excluding the votes attaching to Common Shares beneficially owned by insiders to whom Common Shares may be issued pursuant to any unit compensation arrangement and their associates), no Options shall be granted to any Participant if such grant could result in the aggregate number of Common Shares issued to insiders within any 12-month period, or issuable to insiders at any time, under the Plan and any other security compensation arrangement, to exceed 10% of the total number of issued and outstanding Common Shares and securities exchangeable for Common Shares at such time.

The terms, conditions and limitations of each Option granted under the Option Plan will be determined by the CNCG Committee, subject to the rules of the TSX and any other applicable regulatory authority. All Options will have a fixed exercise price (the “**Exercise Price**”), which Exercise Price shall not be less than the closing price of the Common Shares on the TSX on the trading day immediately preceding the date of grant (except that if no Common Shares traded in the five preceding trading days, the Exercise Price will be not less than the average of the closing bid and ask prices over the preceding five trading days). The Options will generally be non-transferable. Except as determined otherwise, Options will vest as to one-third of the total Options grant in each of the first three anniversaries of the grant thereof. Options will have a maximum term of ten years, subject to extension of up to ten business days in the event that termination of an Option would otherwise occur during a blackout period. This maximum term was extended from five years, with required Unitholder approval, at the special meeting of Unitholders of the Fund held in December 2010.

Pursuant to the Option Plan, a Participant, rather than exercising an Option, may elect at any time to surrender his or her vested Options for cancellation and receive an amount (the “**Growth Amount**”) equal to the difference between the market price of the Common Share underlying the Option and the Exercise Price of the Option, which Growth Amount, less any amounts required to be withheld, will be payable in either: (i) cash (unless not permitted by the Corporation in its discretion); or (ii) through the issuance by the Corporation to the Participant of a number of Common Shares calculated by dividing the Growth Amount by the market price of the underlying Common Shares. Commencing January 1, 2012 the Corporation has adopted equity-settled accounting and is now requiring Participants to settle only in Common Shares. On February 8, 2012, the Board approved an immaterial amendment to the Option Plan to provide for flexibility for the automated exercise of options by optionholders.

The Option Plan provides that a Participant will be required to repay funds from the disposition of Common Shares acquired on exercise of an Option or proceeds derived from an Option in certain circumstances, including where the Participant has been determined to have engaged in acts of fraud or breach of fiduciary duty.

Subject to the overriding discretion of the CNCG Committee with respect to an Option, an Option and all rights to purchase Common Shares pursuant thereto shall expire and terminate immediately upon the Participant who holds such Option ceasing to be an officer or employee, except that: (i) other than in the case of termination for cause, all vested and exercisable Options held at the time a Participant ceases to be an eligible person may be exercised by the Participant for a period of 30 days following the time that such Participant ceases to be an eligible person and after such 30 day period shall expire and terminate; (ii) in the case of retirement, all Options held at the time a Participant

ceases to be an eligible person will continue to vest and may be exercised by the Participant for a period of three years following the time that such Participant ceases to be an eligible person and after such three year period shall expire and terminate; (iii) in the case of death or disability, all vested and exercisable Options held at the time a Participant ceases to be an eligible person may be exercised by the Participant for a period of one year following the time that such Participant ceases to be an eligible person and after such one year period shall expire and terminate; and (iv) where an employment agreement provides otherwise.

Upon a “change of control”, all Options will become exercisable. A “change of control” is defined in the Option Plan as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% of the Common Shares or exercises control or direction over more than 50% of the Common Shares.

The terms and conditions of Options granted under the Option Plan are subject to adjustments in certain circumstances, as set forth in the Option Plan, in the discretion of the Board. The Board may discontinue the Option Plan at any time or, except as set forth below, may amend the Option Plan at any time (including amendments to change the vesting provisions of any Option, to change the termination provisions of any Option that does not entail an extension beyond the original expiration date and to change eligible participants of the Option Plan), provided, however, that no such amendment may adversely alter or impair any Option previously granted to a Participant without the consent of the Participant. Any such amendment shall, if required, be subject to the prior approval of, or acceptance by, the TSX.

An amendment to: (i) increase the aggregate number of Common Shares issuable under the Option Plan; (ii) extend the term of an Option other than as provided for in the Option Plan; (iii) reduce the Exercise Price of Options previously granted, (iv) any cancellation and reissuance of Options to the same Participant at a lower price; (v) any change in the eligibility to participate in the Plan which would permit non-employee Director participation in the Plan; or (vi) any change which would permit Options to be transferable or assignable, other than in the event of death or legal incapacity, requires approval by vote of a majority of the votes cast at a meeting of the Shareholders of the Corporation (excluding the votes attaching to Common Shares beneficially owned by insiders to whom Common Shares may be issued pursuant to any unit compensation arrangement and their associates).

Following completion of the Arrangement, all Options exercisable for Units under the Option Plan became Options exercisable for Common Shares.

Option-Based Awards

Each year the CNGC Committee considers the number of Options to purchase Common Shares of the Corporation to be awarded to Participants as part of its annual compensation review. Prior to its formal determination, the CNGC Committee will generally meet with the CEO to solicit his views as to the Options that ought to be awarded to other senior officers. In determining the number of Options to be granted to a Participant, it is intended that consideration will be given to the individual’s present and potential contribution to the success of the Corporation, other compensation elements awarded or available to the Participant, the number of Options currently held by the Participant, the number of Common Shares reserved for issuance under the Option Plan that remain available for issuance and the limitations on grants to insiders provided for under the terms of the Option Plan.

In 2011, Options were granted to the CEO and the NEOs in the amounts set out in the Summary Compensation Table. With respect to the grant of Options to the CEO, 153,218 Options were granted as part of the annual grant and a further 500,000 Options were granted on a one-time basis in accordance with his contract renewal to December, 2015.

Option Dilution

The following dilution calculations include total Options available to grant and granted but not yet exercised. As at December 31, 2011, there were 3,335,671 Options available to grant and granted and not yet exercised (from the

5,250,000 Common Shares reserved for issuance as provided under the Option Plan), representing a dilution level of 5.71% on the 58,465,254 outstanding Common Shares.

Plan Category	Number of Securities to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options (\$)	Number of securities remaining available for future issuance under Option Plan
Equity Compensation plans approved by security holders	1,587,538	\$19.88	1,748,133
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	1,587,538	\$19.88	1,748,133

Common Share Ownership Requirements

All NEOs and other key members of the senior management team are subject to Common Share ownership guidelines. In 2010, the CNCG Committee updated the Common Share ownership guidelines as an outcome of the executive compensation review conducted by Towers Watson. Other than Mr. Jacob, the NEOs have a three-year period from January 1, 2011 in which they are encouraged to reach and maintain the Common Share ownership levels noted in the following chart. Mr. Jacob is required to reach and maintain the Common Share ownership level noted below as at the present time. Neither unvested LTIP Common Shares nor unexercised Options will count towards this ownership requirement. However, DSUs or “guaranteed” PSUs held on behalf of a NEO will count towards such NEO’s Common Share ownership requirement. To deal with fluctuations in the Common Share price, the ownership value will reference the higher of market or value as at January 1, 2011 when the Corporation was converted from an income fund structure.

Name	Ownership Expectation as a multiple of Base Salary	Ownership Expectation in Value ⁽¹⁾
Ellis Jacob ⁽²⁾	3 x Base Salary	\$2,410,257
Gord Nelson	2 x Base Salary	\$696,296
Dan McGrath	2 x Base Salary	\$850,000
Michael Kennedy	1 x Base Salary	\$342,792
Jeff Kent	1 x Base Salary	\$294,586

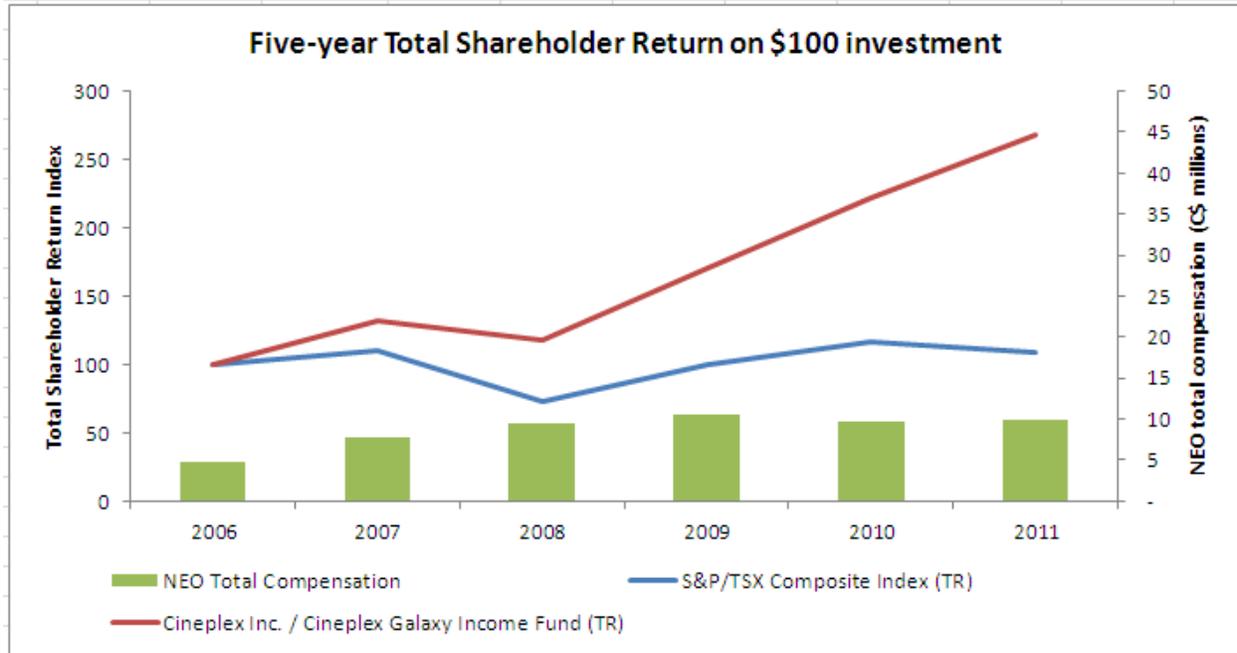
Notes:

- (1) Ownership expectation as to all NEOs other than the CEO will be effective as at January 1, 2014. The calculation is based on base salaries as at December 31, 2011.
- (2) As at March 31, 2012, Mr. Jacob’s holdings as defined above totalled 329,206 Common Shares and Common Share equivalents with a value of \$9,415,293, based on a Common Share price of \$28.60, in excess of the guideline requirement.

While there are no specific post-retirement Common Share ownership requirements in place, the structure of the PSU Plan ensures that NEOs and other executives will hold PSUs that do not vest until up to two years after departure. PSUs are the primary long-term incentive vehicle and represent a significant portion of variable pay across the NEO group.

Performance Graph

The following graph compares the return for \$100 invested in Units on December 31, 2006 with the total return of the S&P/TSX Composite Index (the “**Index**”), assuming the reinvestment of distributions in additional Units (prior to 2011) and the reinvestment of dividends in additional Common Shares (commencing in 2011). The following graph also demonstrates an alignment between Shareholder return and the level of NEO compensation.



Since the inception of the Fund, the Fund, and the Corporation following completion of the Arrangement, has consistently performed higher than the Index.

For purposes of the discussion regarding the relationship between NEO compensation and Shareholder value (or Unitholder value prior to 2011), NEO compensation is based on the amounts disclosed in the Summary Compensation Table in the information circulars relating to fiscal periods from 2006 to 2011 for the five most highly compensated executive officers in each year.

During that period, the total return delivered to Unitholders/Shareholders through capital appreciation and receipt of distributions/dividends was approximately 167.9% whereas the total increase in compensation to NEOs was 26.5%. For the latest fiscal year (2011), the total return delivered to Shareholders was 20.8% compared to an increase in NEO compensation of 4.9%.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Unit-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation ⁽³⁾		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long-term Incentive Plans (\$) ⁽³⁾			
Ellis Jacob ⁽⁶⁾ Chief Executive Officer	2011	803,419	2,494,230	1,331,410	806,104	0	317,370	204,947	6,011,480
	2010	803,419	1,827,804	0	964,618 ⁽⁷⁾	0	665,350	239,896	4,501,087
	2009	803,419	1,828,067	529,575	1,046,069	0	348,600	220,242	4,775,972
Gord Nelson Chief Financial Officer	2011	348,148	261,111	87,037	192,100	0	17,408	60,721	966,525
	2010	348,148	769,581	0	222,324 ⁽⁷⁾	0	17,408	87,730	1,445,191
	2009	348,148	769,685	264,788	233,246	0	17,408	81,075	1,714,350
Dan McGrath Chief Operating Officer (previously EVP)	2011	425,000	398,438	132,813	319,779	0	20,659	72,404	1,369,093
	2010	348,148	769,581	0	222,324	0	15,667	88,451	1,444,171
	2009	348,148	769,685	264,788	233,246	0	13,926	87,656	1,717,449
Michael Kennedy EVP, Filmed Entertainment	2011	342,792	179,966	59,989	145,403	0	17,140	46,100	791,390
	2010	342,792	480,971	0	146,248	0	17,140	60,442	1,047,593
	2009	342,792	481,046	138,150	155,503	0	13,360	59,739	1,190,590
Jeff Kent Chief Technology Officer	2011	294,586	165,705	55,235	118,215	0	11,787	56,590	702,118
	2010	294,586	577,221	0	135,586	0	11,783	65,178	1,084,354
	2009	294,586	577,278	138,150	147,531	0	9,290	60,539	1,227,374

Notes:

- The Unit-based awards column (2009 and 2010 rows) represents the total amount funded to the LTIP trustee on behalf of the NEOs including both vested and unvested LTIP Units (prior to 2011) and Common Shares (commencing in 2011). LTIP awards are reported in the year in which the executive's service was rendered. Generally, one-third of these Units/Common Shares will vest equally in each of the three years following the year of service for which the grant was made. Subsequent changes in the fair value of the Units/Common Shares are not recognized. Following completion of the Arrangement, all entitlements to Units under the LTIP became entitlements to Common Shares. This plan has closed and no award was made relating to service in 2011.
The Unit-based awards column (2011 row) shows the value of the PSU award made in 2011 at a grant value of \$21.69. This award is fully vested and will pay out in Q1, 2014 based on a three-year performance period. In addition to an annual grant of 45,838 PSUs worth \$994,230, the CEO also received a one-time grant of 69,156 PSUs worth \$1,500,000, as a result of outstanding performance and in recognition of a commitment to a further five-year term of employment.
- Until December 31, 2011, the Corporation accounted for Options issued under the Option Plan as cash-settled liabilities. Commencing January 1, 2012, the Corporation has adopted equity-settled accounting for Options. A Black-Scholes valuation of 2.163 was applied to the 2011 Options grant. In 2011, the CEO received an annual grant of 153,218 Options that vest at a rate of one-third per year commencing on the grant first anniversary date worth \$331,410. In addition, the CEO also received a one-time special grant of 500,000 Options worth approximately \$1,000,000 as a result of outstanding performance and in recognition of a commitment to a further five-year term of employment. These special Options will vest at a rate of 25% per year commencing on the grant first anniversary date.
- All amounts reflected in the "Non-Equity Incentive Plan Compensation, Annual Incentive Plan" column relate to the annual cash incentive program and are based on the Bonus Measures. While the full value of their annual incentive plan payment for 2011 is reflected above, Messrs. Jacob and Nelson elected to receive 100% and 50%, respectively, of their annual incentive plan payment for 2011 as DSUs.
- The "Pension Value" amounts for Mr. Jacob are the total of the amounts shown in both of the "Compensatory Change" columns of the Defined Benefit Plans and Defined Contribution Plans tables set forth under "Pension Arrangements". The pension amounts for the remaining NEOs are the amounts shown in the "Compensatory Change" column of the Defined Contribution Plans table set forth under "Pension Arrangements".
- The "All Other Compensation" column includes annual car allowances, medical insurance premiums and fees, and monthly distributions/dividends on unvested LTIP Common Shares.
- While Mr. Jacob was also a Director of the Corporation and a director of the GP, he received no compensation for those services.

Employment Agreements

Each of the NEOs is subject to an employment agreement. Each employment agreement contains provisions setting out: (i) the base salary; (ii) the manner for increasing the base salary; (iii) scope of responsibilities; (iv) entitlements to benefits; (v) entitlement to participation in compensation plans; and (vi) severance benefits that may be provided on termination of services. With the exception of Mr. Jacob whose employment contract has a termination/renewal date of December 31, 2015, none of the remaining NEOs have a term limit in their employment agreements.

Each employment agreement provides that the executive will be provided with a compensation package (salary, incentives and benefits). The base salaries paid to each of the NEOs as at December 31, 2011 are set out in the Summary Compensation Table. In light of market conditions and the incentive awards made during the prior three years, base salaries for NEOs were not increased in during the prior three years. In 2011, based on a review of the compensation benchmarking, only one of the five NEOs received a salary increase.

All of the NEOs are entitled to receive an annual cash incentive bonus based upon the achievement of EBITDA targets and other targets set by the CNCG Committee. The annual bonus design and targets are approved by the CNCG Committee and are set out in the “*Annual Cash Incentive*” section herein. All performance targets on financial measures are the same for any NEOs who have the measure within their bonus plan.

Under the terms of the employment agreements, the CEO receives an annual car allowance in the amount of \$24,000; all other NEOs are entitled to an annual car allowance of \$14,000.

All of the NEOs are eligible to participate in any long-term incentive plans that may exist from time to time. The Board determines the amount of any annual awards under these plans and the amount of each individual award based on the relative contribution of the individual as assessed by the CEO and the CNCG Committee.

All NEOs are subject to a non-compete clause for 12 months following departure and a non-solicitation clause for the same 12 month period.

In the case of Mr. Jacob, his employment agreement stipulates that he shall be a member of the Board, subject to election by the Shareholders. No compensation is paid for this board role. Mr. Jacob will also receive post-retirement health and dental benefits for the remainder of his life under all conditions of departure other than termination for cause.

With respect to the PSU Plan and Option Plan, any grants made to the CEO before retirement will vest fully on a post-retirement basis.

As a result of outstanding performance and in recognition of a commitment to a further five year term of employment, a special award was granted to the CEO in February 2011 in the amount of 500,000 Options and PSUs with a value of \$1,500,000.00. The Options will vest at a rate of 25% per year over 4 years. These awards are disclosed in detail in the Summary Compensation Table.

Incentive Plan Awards

The following table sets out all outstanding incentive-based awards for each NEO as at December 31, 2011. The value of unvested Unit-Based Awards noted in the following chart are included in the values noted in the Unit-Based Awards rows of the Summary Compensation Table. Annual incentive award amounts to be paid in DSUs are included in the values noted in the Annual Incentive Plans column of the Summary Compensation Table.

Name	Option-Based Awards				Unit-Based Awards	
	Number of Common Shares Underlying Unexercised Options (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised “In-The-Money” Options (\$)	Number of Common Shares in Unit-Based Awards That Have Not Vested (#) ⁽²⁾	Market or Payout Value Of Unit-Based Awards That Have Not Vested (\$) ⁽³⁾
Ellis Jacob	653,218	23.12	02/15/2021	1,698,367	225,157	5,791,048
	215,000	14.00	02/18/2014	2,519,800		
Gord Nelson	40,239	23.12	02/15/2021	104,621	52,698	1,355,407
	97,500	14.00	02/18/2014	1,142,700		
Dan McGrath	61,402	23.12	02/15/2021	159,645	54,280	1,396,082
	57,500	14.00	02/18/2014	673,900		
Michael Kennedy	27,734	23.12	02/15/2021	72,108	30,602	787,102
	30,000	14.00	02/18/2014	351,600		
Jeff Kent	25,536	23.12	02/15/2021	66,394	34,309	882,437
	30,000	14.00	02/18/2014	351,600		

Notes:

- (1) Includes both unvested and vested Options valued as at December 31, 2011.
- (2) The number of Common Shares that have not vested is the outstanding unvested LTIP balance for each participant as at December 31, 2011, plus the number of PSUs and DSUs granted during 2011, including dividend equivalents, which will pay out in cash, not shares. All amounts are included in the Summary Compensation Table as earlier noted. In the case of the DSUs, they represent that portion of “Annual Incentive Plan” amounts as shown in the Summary Compensation Table taken by NEOs as deferred compensation.
- (3) The market value of the unvested awards was \$25.72 per Common Share as at December 31, 2011.

The following table sets out the value of incentive plan awards vested or earned for each NEO during the past year. All of these amounts are included in the Summary Compensation Table as described in the notes below.

Name	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Unit-Based Awards – Value Vested During the Year (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) ⁽³⁾
Ellis Jacob	1,764,646	2,259,184	806,104
Gord Nelson	882,323	951,217	192,100
Dan McGrath	882,323	951,217	319,779
Michael Kennedy	457,800	643,326	145,403
Jeff Kent	457,800	713,430	118,215

Notes:

- (1) One-third of the 2008 Option grant vested on February 14, 2011 with a value of \$8.69 per share on December 31, 2011 and one-third of the 2009 Option grant vested on February 18, 2011 with a value of \$11.72 per share on December 31, 2011.
- (2) The amounts reflected in “Unit-Based Awards – Value Vested During the Year” represent one-third of the LTIP Units awarded in 2009 and 2010, and the Common Shares awarded in 2011 that vested in 2011 on their scheduled anniversaries, as set out in the “Unit-Based Awards” column in the Summary Compensation Table.
- (3) The amounts reflected in the final column, “Non-Equity Incentive Plan Compensation – Value Earned During the Year”, represent the “Annual Incentive Plan” cash payments or amounts deferred into DSUs for 2011 as reflected in the “Annual Incentive Plan” column in the Summary Compensation Table. All DSU amounts are also included in the prior table as “Market or Payout Value Of Unit-Based Awards That Have Not Vested”.

Pension Arrangements

Cineplex’s pension plans are described above under “*Compensation Discussion & Analysis*” and the tables below outline the details for 2011 relating to each NEO.

Defined Benefit Plan Table – SERP - Ellis Jacob

Name	Number of Years Credited Service (#)	Annual Benefits Payable (\$)		Accrued Obligation at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accrued Obligation at Year End (\$)
		At Year End	At Age 65				
Ellis Jacob	12.5	290,215	367,594	3,385,500	294,400	348,600	4,028,500

The “Compensatory Change” value noted above is included as part of the “Pension Value” noted in the Summary Compensation Table as it relates to Mr. Jacob for 2011.

Defined Contribution Plan Table – Pension Plan for Employees of Cineplex Entertainment LP

Name	Accumulated Value at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accumulated Value at Year End (\$)
Ellis Jacob	166,035	22,970	(18,177)	170,828
Gord Nelson	210,570	17,408	(14,854)	213,123
Dan McGrath	83,172	20,659	(3,729)	100,102
Michael Kennedy	82,045	17,140	(9,884)	89,301
Jeff Kent	58,807	11,783	(29)	70,565

As to each NEO other than Mr. Jacob, the amount reflected above as the “Compensatory Change” is noted as the 2011 “Pension Value” in the Summary Compensation. As to Mr. Jacob, the amount noted in Summary Compensation Table combines the “Compensatory Change” values noted in the Defined Benefit Plan Table as well as the Defined Contribution Benefit Plan Table.

Termination and Change of Control Benefits

Under the terms of each NEO’s employment agreement, in the event of termination other than for cause or disability, and including upon a “change of control” (as defined below), the employment agreements for the NEOs provide that the NEO will be paid a lump sum amount equal to 36 months (Mr. Jacob), 24 months (Messrs. McGrath and Nelson), 18 months (Mr. Kennedy) and 15 months (Mr. Kent), respectively, of salary and bonus. The NEO will also continue to receive benefits for a maximum period of between 15 months and three years following the termination of the executive (other than in the case of Mr. Jacob, who will continue to receive such benefits for the remainder of his life).

For purposes of the employment agreements, a “change of control” is defined as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities unrelated to Cineplex acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% (one-third in the case of Mr. Jacob) of the Common Shares (on a fully diluted basis) or exercises control or direction over more than 50% (one-third in the case of Mr. Jacob) of the Common Shares (on a fully diluted basis) following such acquisition. Each of the employment agreements for the NEOs includes non-competition and non-solicitation covenants in effect for 12 months following the date on which the executive ceases to be employed by Cineplex Entertainment LP.

The following charts outline payments that would be made under various termination scenarios, all with an effective departure date of December 31, 2011. In all cases any outstanding salary, bonus and unused vacation relating to the period of employment up to the date of departure would be due and payable but are not included in the chart. The employment agreements for each of the NEOs provide that all unvested LTIP Common Shares will vest immediately upon a change in control. In addition, the Option Plan, Executive DSU Plans and PSU Plan provide that the vesting terms under each such plan may be accelerated upon a change of control (as described above). Termination and change of control provisions for these plans are set out under the “*Compensation Analysis and Discussion*”.

The amounts reflected in the below charts are not reflected in the Summary Compensation Table as no NEO terminations occurred during 2011.

Termination in the Event of: (a) Without Cause; (b) Ellis Jacob and Dan McGrath Resignation for Good Reason (other than under a Change in Control); or (c) All NEOs due to Change in Control, either by Employer or by Employee for Good Reason (CEO does not require Good Reason for first 12 months)

Name	Period of Notice	Salary & Bonus Notice (\$) ⁽¹⁾	Unit-Based Awards (\$) ⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Three Year DSU Plan (\$) ⁽⁴⁾	Payment on Termination DSU Plan (\$)	Pension Value (\$) ⁽⁵⁾	All Other Compensation (\$) ⁽⁶⁾
Ellis Jacob	36 months	4,820,514	5,230,403	4,218,165	0	560,645	98,718 +68,910	622,477
Gord Nelson	24 months	1,079,259	981,567	468,800	129,751	0	34,815	32,594
Dan McGrath	24 months	1,487,500	1,078,726	0	0	0	41,318	55,960
Michael Kennedy	18 months	719,863	641,345	0	0	0	25,710	22,853
Jeff Kent	15 months	515,526	758,891	0	0	0	14,734	31,716

Notes:

- (1) Salary and Bonus Notice payments to Mr. Jacob will be made within 10 business days; all other NEOs can select lump sum or salary continuance. In the event of a change of control, all payments are made on a lump sum basis within 10 business days.
- (2) Value of Unit-Based Awards (Unvested LTIP Common Shares) is calculated at closing price on December 31, 2011 of \$25.72 per Common Share. These LTIP Common Shares will vest on the regular schedule over a two-year period. In the event of a change of control, all LTIP Common Shares vest immediately. No additional share-based awards are granted upon departure. Also included is the value of PSUs that will pay out at termination. In the case of the CEO, PSUs are fully valued and pay out at the end of the three-year Performance Period. For all other NEOs, PSUs are prorated for the period of active employment within the Performance Period.
- (3) In the case of the Mr. Jacob, this includes all outstanding Options, both unvested and vested. In the case of the remaining NEOs, this represents Options granted in 2009 and 2011 that were vested and unexercised as at December 31, 2011. No additional Options are granted upon departure.
- (4) The Executive DSU Plans include the value of dividend equivalents earned to the end of 2011.
- (5) In the case of Mr. Jacob, \$98,718 of the Pension Value represents the incremental annual SERP pension payable for his lifetime with 60% continuing to his spouse upon his death. A lump sum commuted value may be selected in lieu of the annual pension. \$68,910 represents three years of DC plan employer contributions during the notice period. In the event of resignation with six months' notice, there is no incremental annual SERP pension and no further DC plan contributions. For the remaining NEOs, the Pension Value is equivalent to DC plan employer contributions during the notice period.
- (6) Dividends paid on LTIP Common Shares during the vesting period are included in All Other Compensation as follows:

Ellis Jacob	\$59,133
Gord Nelson	\$24,898
Dan McGrath	\$24,898
Michael Kennedy	\$15,560
Jeff Kent	\$18,674

All Other Compensation does not include the value of group benefits that continue during the notice period. In the case of Mr. Jacob, All Other Compensation includes insurance costs relating to the notice period totalling \$54,330, the extension of health and other insurance benefits for the remainder of his life valued at \$325,980 and the LTIP dividends as set out above. For the remaining NEOs, All Other Compensation includes insurance costs relating to the notice period plus the LTIP distributions set out above. In the event of termination due to change in control, All Other Compensation is as above minus the dividends on LTIP Units.

Termination With Cause (all NEOs), CEO Resignation with less than six months' notice, all other NEO Resignations

No compensation will be paid upon termination under these conditions, other than compensation payable in connection with the Executive DSU Plans as noted in the following chart relating to NEOs due to Disability. Any amounts under the Three Year DSU Plan, the Option Plan or the LTIP that vested to an NEO prior to the date of resignation would remain vested in that NEO.

All NEOs due to Disability

Name	Period of Notice	Salary & Bonus Notice (\$)	Unit-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Three Year DSU Plan (\$)	Payment on Termination DSU Plan (\$)	Pension Value (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾
Ellis Jacob	36 months	0	5,230,403	4,218,165	0	560,645	98,718	622,477
Gord Nelson	24 months	0	981,567	1,247,321	129,751	0	0	32,594
Dan McGrath	24 months	0	1,078,726	833,545	0	0	0	55,960
Michael Kennedy	18 months	0	641,345	423,708	0	0	0	22,853
Jeff Kent	15 months	0	758,891	417,993	0	0	0	31,716

Notes

- (1) Value of Unit-Based Awards (unvested LTIP Common Shares) is calculated at closing price on December 31, 2011 of \$25.72 per Common Share. These LTIP Common Shares will vest on the regular schedule over a two-year period. Also included is the value of PSUs that will pay out at termination. In the case of the CEO, PSUs are fully valued and pay out at the end of the three-year Performance Period. For all other NEOs, PSUs are prorated for the period of active employment within the Performance Period.
- (2) The Option Plan provides for unvested and vested options to be exercised within one year from date of departure due to disability.
- (3) In the case of Mr. Jacob, this represents the incremental annual SERP pension payable for his lifetime with 60% continuing to his spouse upon his death, and no further DC plan contributions. A lump sum commuted value may be selected in lieu of the annual pension.
- (4) All Other Compensation is the same as set out in item (5) to the previous table. Continued benefits coverage during the notice period is dependent upon the carrier's plan policies.

Compensation Changes

As at the date hereof, there are no significant changes to the Corporation's compensation policies and practices planned for the next financial year.

CEO Succession Planning

A key responsibility of the Board, acting on the recommendations of the CNCG Committee, is to ensure there is both an emergency and long-term plan in place to replace the CEO when necessary, either due to retirement, resignation, termination, disability or death. In addition to reviewing the existing CEO's performance annually on a formal basis, regular discussions are held with the CEO about his retirement plans and term of his contract to facilitate long-term succession planning for this role. Based on the talent review process noted below and with the input of the CEO, as well as separate consideration of any external candidates who are considered qualified for the CEO role, the CNCG Committee reviews its assessment with the Board and ensures that there is a short-term and a long-term plan to manage CEO succession in an orderly manner and also to ensure the very best talent is selected.

The CNCG Committee is also responsible to ensure that there are plans and programs in place to evaluate the current and potential bench strength for the executive team that reports to the CEO and for other key executives. Each year the CNCG Committee conducts a talent review with the CEO to assess the actual performance against objectives, key strengths, development opportunities and the promotion potential of key executives. To support this process, throughout the year key executives present business information at Board or committee meetings to demonstrate their business knowledge and potential for taking on more responsibility. Social and other events beyond meetings are held to allow Directors to interact more informally with key executives and other employees.

Compensation of Directors of the Corporation

The following table sets out all amounts of compensation provided to the Directors for the year ended December 31, 2011. As Mr. Jacob did not receive compensation for his services as a Director of the Corporation, his total compensation is discussed under “*Compensation of Executive Officers*”.

Director Compensation Table

Name	Fees Earned ⁽¹⁾	Total Compensation (\$)	Percentage of Total Compensation Elected to be Received as DSUs
Robert Bruce	\$70,000	\$70,000	100%
Joan Dea	\$70,000	\$70,000	100%
Ian Greenberg	\$70,000	\$70,000	100%
Sarabjit Marwah	\$70,000	\$70,000	100%
Anthony Munk	\$70,000	\$70,000	50%
Edward Sonshine	\$85,000	\$85,000	100%
Robert Steacy	\$90,000	\$90,000	50%
Phyllis Yaffe	\$110,000	\$110,000	50%

Notes:

- (1) Mr. Steacy, Mr. Sonshine and Ms. Yaffe received additional compensation for their Chair roles as disclosed in the table above and described below.

For service during 2011, Directors each received an annual retainer of \$70,000. In addition, the Chair of the Audit Committee of the Corporation received an additional annual retainer of \$20,000, the Chair of the CNEC Committee received an additional annual retainer of \$15,000 and the Board Chair received an additional annual retainer of \$40,000. The Directors were also reimbursed for out-of-pocket expenses for attending meetings. Mr. Jacob, as a member of management, does not receive any compensation for serving as a Director.

No additional equity compensation was awarded to the Directors in 2011, apart from DSUs that were earned as part of the annual retainer.

Share Ownership Guidelines for Directors

Effective January 1, 2011 the Directors are subject to Common Share ownership guidelines of three times the annual retainer of \$70,000, resulting in Common Share ownership levels of \$210,000 per Director (including Directors with Chair or Committee Chair responsibilities). The calculation of the Common Share ownership of Directors shall include share equivalents of Deferred Share Units. Directors will have until January 1, 2014 to meet this ownership level. Current ownership levels are reported in the *Election of Directors* section in this circular. To deal with fluctuations in the Common Share price, the ownership value will reference the higher of market or value as at January 1, 2011 when the Corporation was converted from an income fund structure.

DSU Plan for Directors

In January 2011, the Corporation adopted the Board of Directors Deferred Share Unit Plan (the “**Directors’ DSU Plan**”). The vesting conditions (which may include time restrictions, performance conditions or a combination of both), if any, for DSUs granted under the Directors’ DSU Plan are determined by the CNEC Committee and set out in writing to each participant.

Under the Directors' DSU Plan, the Directors of the Corporation, other than Directors who are also employees of the Corporation, are entitled to elect to receive all or a portion of the annual board and, if applicable, chair retainer payable in the following fiscal year in the form of DSUs rather than as a cash payment. Such election may be delivered no later than the last day of the Corporation's fiscal year with respect to the annual board retainer for the following fiscal year. For a Director who is elected during a year, such an election shall be made as soon as is practicable following such Director's election, and in any event no later than the date that such Director becomes eligible to participate in the Directors' DSU Plan. In addition to such an election, the CNCG Committee, with the approval of the Board, may make additional grants ("**Discretionary Grants**") of DSUs to the Directors at such times and in such amounts as the CNCG Committee may determine.

Under the terms of the Directors' DSU Plan, the DSU participant will be credited on the date that his or her annual retainer would otherwise be paid with a number of DSUs equal to the amount of the annual retainer designated to be received in the form of DSUs divided by the "fair market value" of the Common Shares on such date. The "fair market value" is defined as, if the Common Shares are listed on the TSX, the value of a Common Share determined by reference to the five-day weighted average closing price of a Common Share on the immediately preceding five trading days, or, if the Common Shares are not so listed or traded, the "fair market value" will be the value established by the Board in its sole discretion. In the case of Discretionary Grants, a participant will be credited with the DSUs allotted by such Discretionary Grant on the day so designated by the CNCG Committee.

Additional DSUs will be credited to each DSU participant equal to cash dividends paid on the same number of Common Shares, based on the "fair market value" of a Common Share at the time cash dividends are made on the Common Shares.

Under the Directors' DSU Plan, a participant will be entitled to receive, after the effective date the participant ceases to be a Director of the Corporation, and is no longer otherwise employed by the Corporation (the "**Termination Date**"): (i) on the day, designated by the participant in writing to the Board, during the period commencing on the business day immediately following the Termination Date and ending on the 90th day following such date, which date shall be no later than the end of the calendar year following the year in which the Termination Date occurs; and (ii) if no notice is given, then on the 90th day following the Termination Date, a lump sum cash payment equal to the number of vested DSUs credited to such participant's DSU account multiplied by the value of a Common Share on the Termination Date, net of any applicable withholdings.

Upon a "change of control", and at the discretion of the CNCG Committee, all DSUs granted under the Directors' DSU Plan will immediately vest. Alternatively, to the extent that the change of control would also result in a capital reorganization, arrangement, amalgamation or reclassification of the capital of the Corporation and the CNCG Committee does not accelerate the vesting of DSUs, the CNCG Committee may make adequate provisions to ensure that, upon completion of the proposed change of control, the number of DSUs outstanding under each DSU Plan and/or determination of the "fair market value" shall be appropriately adjusted in such manner as it considers equitable, in its discretion, to prevent substantial dilution or enlargement of the rights granted to holders of the DSUs. For purposes of the Directors' DSU Plan, a "change of control" is defined as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities unrelated to the Corporation or any of its subsidiaries acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% of the Common Shares or exercises control or direction over more than 50% of the Common Shares (on a fully diluted basis) and holders of Common Shares prior to such acquisition hold less than 50% of the Common Shares (on a fully diluted basis) following such acquisition.

The terms and conditions of DSUs granted under the Directors' DSU Plan are subject to adjustments in certain circumstances, as set forth in the Directors' DSU Plan, in the discretion of the Board. The Board may discontinue the Directors' DSU Plan at any time or may amend the Directors' DSU Plan at any time (including amendments to change the terms and conditions of any DSU). If the Directors' DSU Plan is terminated, prior awards of DSUs shall remain outstanding and in effect in accordance with their applicable terms and conditions.

In March 2011, the Directors' DSU Plan was amended to clarify: (i) that no amount will be paid to or in respect of a participant and no DSUs would be granted to a participant, to compensate such participant for a downward

fluctuation in the price of Common Shares; and (ii) the provisions relating to payments made upon the occurrence of a change of control.

Elections made under the Directors' DSU plan relating to 2011 compensation are reported in the Director Compensation Table.

DIRECTORS' AND OFFICERS' INSURANCE

The Directors and officers of the Corporation and its subsidiaries are covered under directors' and officers' insurance policies that provide an aggregate limit of liability to the insured Directors and officers of \$40,000,000. For the insurance term year November 2011 through November 2012, the Corporation paid a total premium of \$119,000 or a rate per million of coverage of \$2,976. For the prior insurance term of November 2010 through November 2011, the Corporation carried an aggregate limit of \$40,000,000 for a total premium of \$114,500 or a rate per million coverage of \$2,863.

The by-laws of the Corporation provide for indemnification of its Directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain usual limitations.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors, other than as disclosed in this information circular, no "informed person" had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with the Fund, and following the completion of the Arrangement, the Corporation, since the commencement of the Fund's 2009 fiscal year. "**Informed Person**" means: (a) a Director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all Common Shares; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE GOVERNANCE

The Board and management of the Corporation recognize that effective corporate governance practices are fundamental to the long-term success of the Corporation. Sound corporate governance contributes to Shareholder value through increased confidence. The Board and management are therefore committed to maintaining a high standard of corporate governance and compliance with the corporate governance guidelines of the Canadian Securities Regulators.

The mandate of the Board is attached as Schedule "A" and is available on the System for Electronic Document Retrieval and Analysis ("**SEDAR**") at www.sedar.com.

Board Composition and Independence

The Board views an individual as independent if he or she has no direct or indirect relationship with Cineplex which could, in the view of the Board, be reasonably expected to interfere with the exercise of that individual's independent judgment.

The Board is currently comprised of nine individuals, all of whom other than Mr. Jacob, are independent within the meaning of applicable securities laws. Each of the Directors currently on the Board is being nominated for election at the Meeting to be a Director.

Each of Ms. Dea, Mr. Steacy and Ms. Yaffe has no relationship with Cineplex that could be said to affect their independence. Regarding the following individuals, notwithstanding the relationships noted below, the Board has determined that Messrs. Bruce, Greenberg, Marwah, Munk and Sonshine are independent for purposes of applicable

securities laws as the relationship noted could not reasonably be expected to interfere with the Director's exercise of his independent judgment:

- **Robert Bruce** is an executive officer of Rogers Communications Inc., with whom Cineplex Entertainment LP or a subsidiary has entered into arrangements for the provision of media and telecommunications services from time to time and in the ordinary course of business. Mr. Bruce and the Board each consider the level of media services involved not to be material. The total media services purchased by Rogers Communications Inc. from the Corporation in 2011 amounted to less than \$2 million; the services purchased by the Corporation from Rogers Communications Inc. include only internet and telephone services for the corporate offices as well as for mobile devices.
- **Ian Greenberg** is an executive officer of Astral Media Inc., with whom Cineplex Entertainment LP has entered into arrangements for the provision of media services from time to time and in the ordinary course of business. Mr. Greenberg and the Board each consider the level of media services involved not to be material to their respective companies. Each of Cineplex Entertainment LP and Astral Media Inc. provide media services to the other for approximately \$3.5 million in 2011.
- **Sarabjit Marwah** is an executive officer of Scotiabank, which is a lead party to the Corporation's financing syndicate and with whom Cineplex Entertainment LP has partnered in the SCENE loyalty program. Mr. Marwah and the Board have each determined that the relationship between the Corporation and Scotiabank could not reasonably be expected to interfere with Mr. Marwah's exercise of his independent judgment. The banking relationship between the Corporation and Scotiabank is in the ordinary course of business; Mr. Marwah does not personally participate in any negotiations or management of matters relates to either the Corporation banking syndicate or the SCENE loyalty program.
- **Anthony Munk** became a Director of the GP in 2003 as he was appointed by the Fund then controlling Unitholder, Onex Corporation. Onex Corporation and the Corporation no longer have a financial relationship and have not had a financial relationship since April, 2009. Mr. Munk and the Board have determined that the historical relationship between the Fund and Onex Corporation could not reasonably be expected to interfere with Mr. Munk's exercise of his independent judgment.
- **Edward Sonshine** is an executive officer of RioCan Real Estate Investment Trust ("**RioCan**"), from which Cineplex Entertainment LP and its subsidiaries lease a number of properties. While the relationship is material to the Corporation, Mr. Sonshine and the Board have determined that the relationship could not reasonably be expected to interfere with Mr. Sonshine's exercise of his independent judgment. During the fourth quarter and full year ended December 31, 2011, Cineplex Entertainment LP incurred theatre occupancy expenses for theatres under lease commitments with RioCan in the amounts of \$9.8 million and \$46.6 million, respectively (2010 - \$9.2 million and \$44.7 million, respectively).

In the event that a matter relevant to business of any Director is brought before the Board, that Director is expected to exercise his judgment to determine if a conflict exists and will not participate in any discussions relevant to such conflict. For example, during a Board meeting during 2011, a conflict did arise where management presented to the Board for their review a proposed theatre project at a RioCan location. Management did not provide the relevant Board materials to Mr. Sonshine and Mr. Sonshine exited the boardroom during the review of the project by the Board.

During 2011, the Board held six in-camera sessions at meetings of the Board. At each Board meeting, the non-management Directors held an in-camera session exclusive of members of management for the purpose of facilitating open and candid discussion amongst the members.

The Board elects from its ranks a chair to preside at all meetings of the Board. Ms. Yaffe was appointed as Chair of the board of Trustees of the Fund in November 2009 and continues to act in that capacity as Chair of the Board of the Corporation.

Committees

The Board maintains an Audit Committee and a CNCG Committee. The Audit Committee is currently comprised of Messrs. Steacy, Marwah, Bruce and Munk, all of whom are independent. Mr. Steacy is chair of the Audit Committee. The Terms of Reference for the Audit Committee of the Corporation are attached as a Schedule to the Corporation's Annual Information Form dated March 28, 2011, which is available on SEDAR at www.sedar.com.

The CNCG Committee is currently comprised of four independent Directors (Messrs. Sonshine and Greenberg and Meses. Yaffe and Dea). Mr. Sonshine is chair of the CNCG Committee.

Attendance

The following table sets forth the number of formal board and committee meetings held and attendance by each of Directors of the Board during the year ended December 31, 2011:

Director	Director Meetings Attended	Audit Committee Meetings Attended	CNCG Committee Meetings Attended
Robert Bruce	6 of 6	5 of 5	N/A
Joan Dea	6 of 6	N/A	4 of 4
Ian Greenberg	6 of 6	N/A	4 of 4
Edward Sonshine	6 of 6	N/A	4 of 4
Robert Steacy	6 of 6	5 of 5	N/A
Ellis Jacob	6 of 6	N/A	N/A
Sarabjit Marwah	6 of 6	5 of 5	N/A
Anthony Munk	6 of 6	5 of 5	N/A
Phyllis Yaffe	6 of 6	N/A	4 of 4

The above table does not reference attendance at the May 2011 annual meeting of Shareholders.

Position Descriptions

The Mandate of the Board includes a description of the Chair's responsibilities and each committee has terms of reference by which its chairperson can be assessed. A copy of the Mandate of the Board is available on the Corporation's website at www.cineplex.com. The Board has not developed further written position descriptions for the Chair of the Board or the chairs of the committees of the Board. The CEO's responsibilities are set out in his employment agreement.

Selection, Orientation and Continuing Education

New board members are selected against set criteria that ensure broad and appropriate levels of expertise will be available to management. Working with the CEO and, when necessary, outside resources, the CNCG Committee identifies qualified individuals and conduct interviews and reference checks before formally nominating new board members. See the table below that outlines the skills and experience of the proposed independent board members.

SKILLS & EXPERIENCE	Robert Bruce	Joan Dea	Ian Greenberg	Sarabjit Marwah	Anthony Munk	Edward Sonshine	Robert Steacy	Phyllis Yaffe
Senior Executive⁽¹⁾	√	√	√	√	√	√	√	√
Other Directorships⁽²⁾	√	√	√	√	√	√	√	√
Financial or Risk Management	√	√	√	√	√	√	√	√
Media	√	√	√				√	√
Technology	√				√			
Film Exhibition, Production or Distribution			√		√			√
Real Estate	√		√			√		
Marketing	√	√	√	√	√			√
Retail and Customer	√	√	√	√		√	√	√
Strategy and Governance	√	√	√	√	√	√	√	√

Notes:

- (1) Has held a senior officer position or that of chair of the board of a major organization.
- (2) Director of a major organization (public, private, non-profit).

The CNCG Committee is responsible for establishing and administering the orientation and continuing education of Board and committee members to ensure that all Directors fully understand the role of the Board and its committees and the nature and operation of the Corporation's business. Each new Director is provided with an orientation session upon joining the Board, including meetings with senior management and incumbent directors. The CNCG Committee monitors both external developments and the Board's composition to determine what formal external education would be useful to members. Directors are aware of their responsibility to keep themselves up to date and the CNCG Committee advises all Directors of major developments in corporate governance and important trends and new legal and regulatory requirements. In addition, presentations are made regularly to the Board on different aspects of the Corporation's business as well as updates on best practices in governance matters. To fulfil its responsibilities, the CNCG Committee is regularly provided with governance updates from external sources to ensure that they are fully briefed on governance requirements and best practices.

Additionally, from time to time, members of the Board may participate in various leadership workshops and programs concerning topics of interest to directors of public companies as well as subjects they determine keep them up to date with current issues relevant to their service as Directors of the Corporation.

Composition of the CNCG Committee of the Corporation

The CNCG Committee of the Corporation is composed of four Directors, namely Mr. Sonshine (chair), Ms. Dea, Mr. Greenberg and Ms. Yaffe. Each member of the CNCG Committee is independent and financially literate within the meaning of applicable securities laws. Their general business experience and full biographies are contained in the *Election of Directors* section of this document.

Relevant Education and Experience of CNCG Committee Members

In addition to each member's general business experience, set forth below are the education and experience of each member of the CNCG Committee that is relevant to the individual's performance as a member of the CNCG Committee. The CNCG Committee is regularly briefed on corporate governance matters and meets regularly with Towers Watson, the CNCG Committee's compensation consultants, both with management and in camera, to review key trends in corporate and executive compensation and corporate governance and to receive guidance and recommendations to help them carry out the CNCG Committee's responsibilities.

- **Edward Sonshine (Chair).** Mr. Sonshine is the Chief Executive Officer of RioCan, having held that position since the company’s founding in 1993. As the most senior executive at RioCan, Mr. Sonshine is responsible for overseeing all aspects of compensation, including executive compensation, leadership development, employee engagement, succession planning and internal corporate governance. As a member of the board of directors for the Royal Bank of Canada, Mr. Sonshine serves on its risk committee as well as its nominating and governance committee. Through Mr. Sonshine’s involvement on external boards and in the community, he has a deep understanding of the topics and issues that fall under the mandate of the CNCG Committee.
- **Joan Dea.** As a member of the executive committee of BMO Financial Group, Ms. Dea shared responsibility for executive compensation, leadership development, employee engagement, succession planning and corporate governance. At Boston Consulting Group, she had lead partner responsibility for all human resources functions including recruiting, development and compensation. Her consulting practice has included advice to clients on leadership, team dynamics, succession planning, corporate governance, compensation and development best practices. In addition to her other board responsibilities listed in her primary biography, Ms. Dea is currently a member of the nominating and corporate governance committee as well as the salary and organization committee of Torstar Corporation, chairs the nominating and governance committee of the Board of Directors for Women’s Initiative, and was the chair of the nominating and governance committee (in addition to member or chair responsibility on numerous other committees) for the National Ballet of Canada. These committee responsibilities, together with her direct business experience and her membership in Women Corporate Directors and the Institute of Corporate Directors, provide Ms. Dea with a broad perspective on all matters relating to compensation, nomination and governance.
- **Ian Greenberg.** As President and Chief Executive Officer of Astral Media Inc. since 1996, Mr. Greenberg is responsible for overseeing all aspects of compensation, including executive compensation, leadership development, employee engagement, succession planning and internal corporate governance. As a graduate of Harvard Business School’s Advanced Management Program and through his involvement in a number of industry and charitable associations, Mr. Greenberg has a deep understanding of the topics and issues that fall under the mandate of the CNCG Committee.
- **Phyllis Yaffe.** In 2007, Ms. Yaffe retired from the role of Chief Executive Officer of Alliance Atlantis Communications Inc., a position that she held from 2005. In that role Ms. Yaffe was responsible for all aspects of compensation, including executive compensation, leadership development, employee engagement, succession planning and internal corporate governance. Ms. Yaffe chairs the nominating and corporate governance committee and is a member of the salary and organization committee at Torstar Corporation. Ms. Yaffe is also a member of the nominating and corporate governance committee at Lions Gate Entertainment Corporation, and is a member of the compensation and human resources committee at Astral Media Inc. These committees have a similar mandate and responsibility as the CNCG Committee at Cineplex and have each provided Ms. Yaffe with a broad perspective on all matters relating to compensation, nomination and governance.

Ethical Business Conduct

The Board has approved a Code of Business Conduct and Ethics for the Corporation and its subsidiaries (the “Code”). All of the Directors, officers and full-time employees of the Corporation and its subsidiaries are subject to the Code. To ensure compliance, management requires formal review and acknowledgement of the Code by each full-time employee at the beginning of their employment and annually thereafter. Management monitors compliance with the Code, but any Director or employee may report any violations of the Code directly to the Chair of the Audit Committee (currently Mr. Steacy). No waivers of the Code have been granted to date. Part-time employees are also subject to a separate hourly employee Code of Conduct.

Nomination of Directors

The number of Directors is currently fixed at nine. The CNCG Committee is responsible for recruiting, assessing and proposing individuals qualified to become new independent Directors and submit recommendations to the Board for its consideration and decision, as well as to consider nominees, if any, recommended by either management or the Shareholders for election as Directors. The Directors support the presentation of the nine individuals nominated herein to be elected as the members of the Board.

As part of its governance process in recommending potential independent Directors, the practice of the Corporation is for the CNCG Committee to confer with an outside third party consultant to review potential appointees to the Board. From a list of suggestions from that third party, as well as candidates suggested by members of management or the CNCG Committee or other Board members, each member of the CNCG Committee interviews a number of potential candidates. Although only a majority is required for action, in practice, the members of the CNCG Committee have all agreed on any selected candidate to be recommended for nomination to the Board. The CNCG Committee also consults with the CEO prior to making its recommendations to the Board.

Compensation

The Board, acting on the recommendations of the CNCG Committee, reviews the adequacy and form of compensation of the Corporation's executives and Directors, as determined based on reviews of the competitive marketplace, to ensure that they are respectively current and reflective of the roles and responsibilities of each group. Director compensation is reviewed bi-annually to compare Canadian board compensation based on size of organization, type of entity, meeting and attendance requirements, committee representation, and additional Board Chair and committee chair responsibilities. Executive compensation is reviewed as set out in the *Compensation Discussion & Analysis*.

Assessments

The CNCG Committee is responsible for developing processes to assess Board and committee effectiveness and to consider the development needs of the Board, individual Directors, committees and their members. The CNCG Committee seeks input from both internal and external counsel to develop an assessment process for the Board as well as each Committee. The CNCG Committee revises such process annually as may be required.

Formal assessments are performed annually through the use of confidential surveys (compiled on a "blind" basis by external legal counsel) which contain direct questions regarding individual board members as well as committee performance. The extensive surveys review the performance of each committee based on the detailed Terms of Reference for each committee as well as the Mandate of the Board of Directors and the Charter of Expectations of Directors. Each committee and the Board discusses the compiled results at in-camera sessions; the Chair and each committee chair also obtains informal feedback from members of the relevant committee and the Board as a whole.

In addition to the formal written review followed by in-camera discussion at each committee and the Board, the Chair conducts private individual conversations with each Director to review the formal written results so as to ensure that all concerns have a thorough opportunity to be heard. Each committee Chair also undertakes to have private individual conversations with each member of the relevant committee to similarly ensure that any concerns are brought to light.

Each year, with active participation by the CEO, the CNCG Committee sets detailed performance objectives for the CEO that outline the strategic, business, and leadership development initiatives that will be undertaken in the coming year. The CNCG Committee also sets the deliverables and metrics for the CEO that must be met in the coming year to directly measure compensation under the various incentive plans. On an annual basis, the CEO reports to the CNCG Committee his performance against his previously set objectives. In addition, the Board and members of the executive management participate in an annual formal assessment regarding the performance of the CEO. The findings of the CNCG Committee are reported to the Board for discussion which can be held either with or without management present. A formal review of the findings and the Board's overall assessment of CEO performance are reviewed with the CEO.

Retirement

In addition to the mandate of the Board, the Corporation adopted a Charter of Expectations for Directors. While no mandatory retirement age is provided, the Charter of Expectations sets forth the guidelines regarding the performance and participation of Directors, including potential grounds for dismissal from the Board as well as expectations around retirement.

OTHER BUSINESS

The Directors are not aware of any other business to come before the Meeting other than those items of business set forth in the attached Notice. If any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy to vote in respect of those matters in accordance with their judgment.

ADDITIONAL INFORMATION

Further information relating to the Audit Committee and the Corporation's external auditors is available in the Corporation's Annual Information Form dated March 28, 2012 in the section entitled "*Audit Committee*" which is available on SEDAR at www.sedar.com.

Financial information is provided in: (i) the Corporation's consolidated financial statements and management's discussion and analysis for the period ended December 31, 2011; (ii) the interim financial statements of the Corporation subsequent thereto; and (iii) the Corporation's current Annual Information Form (together with any documents incorporated therein by reference), all of which are available upon written request from the Secretary of the Corporation, 1303 Yonge Street, Toronto, Ontario M4T 2Y9 and are available at Cineplex's website www.cineplex.com or on SEDAR at www.sedar.com.

Additional information relating to Cineplex may be found on Cineplex's website www.cineplex.com or on SEDAR at www.sedar.com.

APPROVAL OF DIRECTORS

The contents and the sending of this information circular to the Shareholders have been approved by the Board of Directors of the Corporation.

By Order of the Board of Directors of
Cineplex Inc.

"Ellis Jacob"

President and Chief Executive Officer

March 31, 2012

SCHEDULE A

CINEPLEX INC.

MANDATE OF THE BOARD OF DIRECTORS

The Articles of Incorporation of Cineplex Inc. (the “**Corporation**”) provide that the investments and affairs of the Corporation will be subject to the control and authority of a minimum of one and a maximum of twenty directors. The directors are responsible for supervising the activities and managing the investments and affairs of the Corporation pursuant to the by-laws. 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.

(i) *Composition*

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

(ii) *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 by-laws 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.

(iii) *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.

(iv) *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.

(v) *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.

(vi) *Expectations of Management*

Management of the Corporation 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.

(vii) *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/Cineplex Entertainment LP, or any of its predecessor, subsidiary 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 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;

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.

- (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 of 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.

Confirmed March 14, 2012