CINEPLEX INC.
ANNUAL INFORMATION FORM

March 25, 2014

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CINEPLEX INC.

ANNUAL INFORMATION FORM

EXPLANATORY NOTES

The information in this Annual Information Form is stated as of December 31, 2013, unless otherwise indicated.

For an explanation of the capitalized terms and expressions, please refer to the "Glossary of Terms" at the end of this Annual Information Form. Unless otherwise indicated or the context otherwise requires, "Corporation" refers to Cineplex Inc., "Cineplex" refers to the Corporation and its subsidiaries, "Fund" refers to Cineplex Galaxy Income Fund, "Trust" refers to Cineplex Galaxy Trust, "Cineplex Entertainment GP" refers to Cineplex Entertainment Corporation and "Cineplex Entertainment LP" or the "Partnership" refers to Cineplex Entertainment Limited Partnership. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to "$" are to Canadian dollars.

Certain information included in this Annual Information Form contains forward-looking statements within the meaning of applicable securities laws. These forward-looking statements include, among others, statements with respect to Cineplex's objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to Cineplex's beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Cineplex cautions readers not to place undue reliance on these statements, as a number of important factors, many of which are beyond Cineplex's control, could cause actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, risks relating to industry, competition, customer, legal, taxation and accounting matters.

The foregoing list of factors that may affect future results is not exhaustive. When reviewing Cineplex's forward-looking statements, readers should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the "Risk Factors" section of this Annual information Form.

Cineplex does not undertake to update any forward-looking statements, except as required by applicable Canadian securities law; such statements speak only as of the date made.

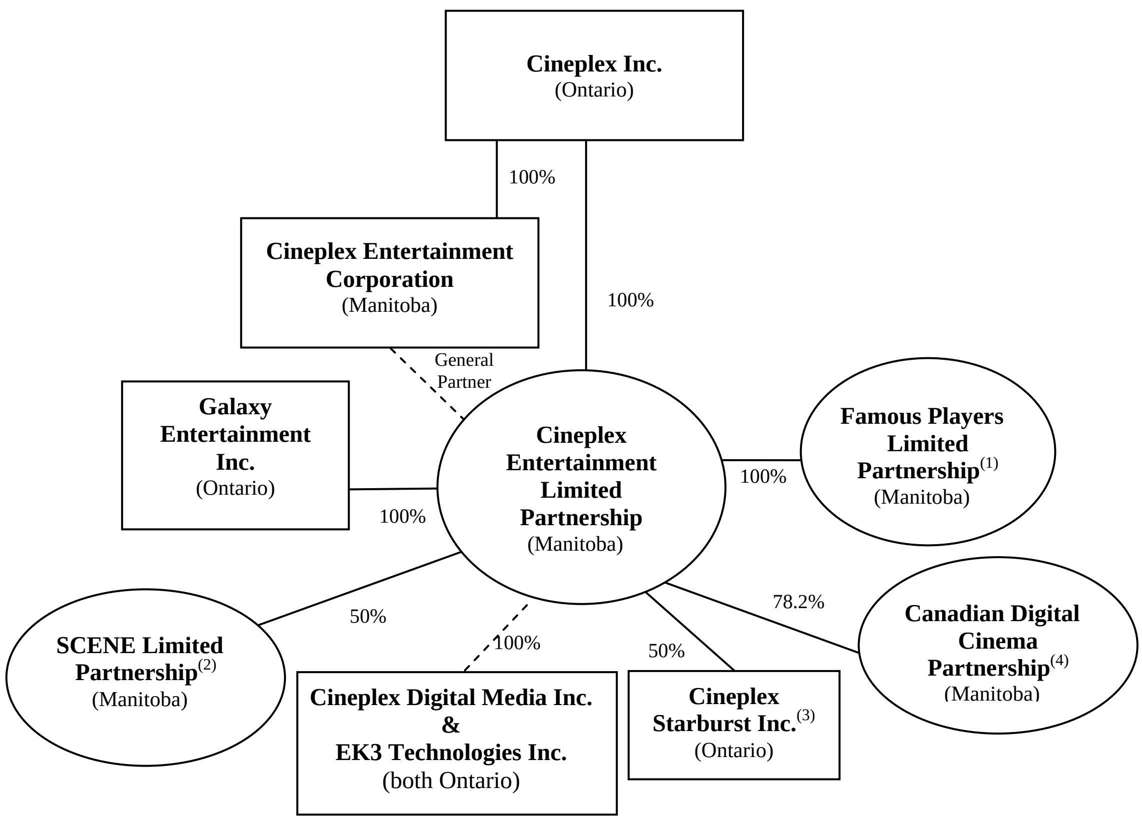
CORPORATE STRUCTURE

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

The Corporation is the successor of 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 owns, directly and indirectly, subsidiaries which own and operate the businesses which were owned and operated 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 the Trust were wound up and dissolved. See "General Development of the Business – The Conversion of the Fund to the Corporation".

Cineplex Entertainment LP is a limited partnership formed under the laws of the Province of Manitoba. Cineplex Entertainment LP was created in 2003 to acquire and hold substantially all of the theatre business assets previously owned by Cineplex Odeon Corporation ("**COC**") and the shares of Galaxy Entertainment Inc. ("**Galaxy**"). In connection with the Arrangement, all Class B LP Units owned by COC, Cineplex Odeon (Québec) Inc. and the Galaxy Investors (and the permitted transferees of each) were exchanged for Common Shares. Pursuant to further internal restructuring transacted in January 2012, the Corporation now directly owns all of the LP Units of Cineplex Entertainment LP.

The chart below illustrates the structure of the Corporation and its principal subsidiaries as at the date hereof (including jurisdiction of establishment/incorporation of the various entities):



(1) Famous Players Co. is the general partner of Famous Players Limited Partnership.
(2) SCENE LP is 50% owned by The Bank of Nova Scotia; SCENE Corporation is the general partner of SCENE LP
(3) Cineplex Starburst Inc. is 50% owned by Starburst Coin Machines Inc.
(4) CDCP GP Inc. is the general partner of Canadian Digital Cinema Partnership.
(5) Each of Cineplex Digital Media Inc. (operating as CDS) and EK3 Technologies Inc. (operating as CDN) are subsidiaries of DDC Group International Inc. which is 100% owned by Cineplex Entertainment LP.

GENERAL DEVELOPMENT OF THE BUSINESS

History of the Fund and the Partnership

The Fund and Cineplex Entertainment LP were formed in November 2003 to acquire substantially all of the Canadian theatre assets of COC and all of the shares of Galaxy. Prior to the acquisition of the Famous Players circuit in 2005, the Partnership operated theatres under the "*Cineplex Odeon*" brand, which has enjoyed an established urban market presence in Canada, and the "*Galaxy*" brand, which has a reputation as a primary entertainment destination in mid-sized communities.

On July 22, 2005 the Partnership completed the acquisition of the movie exhibition assets of Famous Players, a division of Viacom Canada Inc. (the "**FP Acquisition**"). The FP Acquisition combined Canada's two leading theatre exhibition companies.

The Conversion of the Fund to the Corporation

Effective January 1, 2011, the Fund converted from an income trust structure to a corporate structure pursuant to the Arrangement under the provisions of the OBCA. Pursuant to the Arrangement, all holders of Units and LP Units received one Common Share of the Corporation for each Fund or LP Unit held on the effective date. Additionally, the Fund and Trust were dissolved. The Corporation directly and indirectly owns and operates the businesses that were previously owned and operated by the Fund and its subsidiaries. The Corporation also fully owns, directly and indirectly, the Partnership.

The Corporation's dividend policy is similar to the distribution policy of the Fund prior to the conversion (See "Capital Structure – Dividend Policy"). During May 2013, Cineplex increased its dividend rate from $0.1125 per Common Share per month to $0.1200 per Common Share per month effective for the May distribution paid in June 2013.

Other Recent Developments

On August 30, 2013, the Corporation completed the acquisition of 100% of the outstanding common shares of EK3 Technologies Inc., now operating under the name Cineplex Digital Networks ("**CDN**"), a London, Ontario-based, market leading in-store digital merchandising provider, with operations in Canada, the United States and other countries. The purchase price included an initial payment of approximately $39.1 million, which was paid on closing, plus an earn-out payment subject to an aggregate maximum purchase price of $78 million for both payments. The earn-out payment will be based on 2015 operating results and will be payable in early 2016, in the event certain targets are achieved.

On October 24, 2013, the Corporation entered into a fifth amended and restated credit agreement with a syndicate of lenders, consisting of the following facilities (collectively the "**New Credit Facilities**"): (a) a five-year, $350 million, senior, secured, revolving facility; and (b) a five-year, $150 million, senior, secured, non-revolving, credit facility. Depending on the total leverage ratio (a defined financial term of the New Credit Facilities) interest rates on borrowings under the New Credit Facilities decreased by 0.1% to 0.25% per annum from the prior credit facilities. The New Credit Facilities mature on October 24, 2018.

On October 24, 2013, the Corporation acquired 24 theatres with 170 screens located in Atlantic Canada from Empire Theatres Limited ("**Empire**"). The acquired theatres are in the process of being rebranded as Cineplex Cinemas. All of the approximately $194 million consideration was paid in cash, financed through the New Credit Facilities.

On November 5, 2013, the Corporation completed its offering of $100 million principal amount of Debentures. An additional $7.5 million aggregate principal amount of Debentures were issued on the same terms and conditions on November 12, 2013 pursuant to a related over-allotment option. The Debentures will mature and be repayable on December 31, 2018 (the "**Maturity Date**") and accrue interest at the rate of 4.5% per annum payable semi-annually in arrears on June 30 and December 31 in each year. The Corporation used the net proceeds of the Debenture offering to partially reduce bank indebtedness incurred on the acquisition of the theatres from Empire.

2013 Key Business Initiatives

The following describes certain key business initiatives and results undertaken and achieved during 2013 in each of Cineplex's core business areas:

THEATRE EXHIBITION

- Reported both record annual box office revenues of $665.3 million and BPP of $9.15 during 2013, an increase over the previous records of $638.3 million and $8.97, each set in 2012. Attendance was also an annual record for Cineplex, with 72.7 million patrons exceeding the previous 2012 record of 71.2 million.

- Acquired 24 theatres located in Atlantic Canada from Empire, providing Cineplex with a national coast-to-coast presence and theatres in ten provinces.

- Acquired two theatres located in Vancouver, British Columbia from Festival Theatres Ltd.

- Opened two new theatres, *Cineplex Cinemas Abbotsford and VIP* in Abbotsford, British Columbia which includes three VIP auditoriums, and *Galaxy Cinemas Sarnia* located in Sarnia, Ontario. The Sarnia location replaced an existing Cineplex theatre which was closed at the time of the new theatre opening.

- Added UltraAVX (16), 3D (178) and IMAX (2) screens in strategic locations across the circuit, which contributed to the percentage of box office revenues from premium-priced product increasing to 38.7% in 2013 compared to 30.9% in 2012.

MERCHANDISING

- Reported record annual concession revenues of $350.4 million and concession revenue per patron ("**CPP**") of $4.82, exceeding the previous records of $329.3 million and $4.63, both set in 2012.

- Opened two new XSCAPE entertainment centres in 2013, bringing the total number across the circuit to 10.

- Cineplex's first stand-alone food service business, *YoYo's Yogurt Café*, opened at the Pergola Commons complex in Guelph, Ontario.

- Continued the retail branded outlet ("**RBO**") optimization at theatre locations, with the continued expansion of Cineplex's *Outtakes* and *Poptopia* branded locations at select theatres. At December 31, 2013 there were 89 *Outtakes* and 12 *Poptopia* locations across Cineplex's circuit.

- Substantially completed the digital menu board rollout across the circuit.

- Deployed a comprehensive slate of promotional programs to drive purchase incidence and transaction value including new partnership and product launches with EA Sports and Toys "R" Us.

MEDIA

- Reported record annual media revenues of $109.6 million, which exceeded the prior year media revenues by $25.3 million (30.0%) with show-time and pre-show revenues as well as CDN revenues accounting for the majority of the increase.

- Completed the acquisition of EK3 Technologies Inc., subsequently renamed CDN, in the third quarter. CDN designs, installs, manages and consults on some of the largest digital merchandising networks in North America, with networks viewed by more than 1.8 billion shoppers annually. CDN contributed $10.9 million to media revenues in 2013.

- Entered into an agreement to provide specialty media services to select Oxford Properties malls and shopping centres.

ALTERNATIVE PROGRAMMING

- Alternative programming in 2013 included strong performances from the Metropolitan Opera: Live in HD series, ethnic film programming, performances from the National Theatre in London (such as *The Audience* featuring Helen Mirren), sports programming as well as concert performances and the Classic Film Series.

- Hosted the first-ever Cineplex EA Sports NHL 14 Premiere Tournament at Cineplex Cinemas Yonge-Dundas, providing fans of EA Sports' NHL game franchise an exclusive first opportunity to play one of the most anticipated video games of 2013.

- Distributed and presented the faith-based, family-focused film *Home Run* in select theatres.

INTERACTIVE

- Cineplex.com and the Cineplex Store websites were re-launched with a brand new responsive design format, providing customers with a more user-friendly experience including simplified search, streamlined purchase and payment functionality and consistency of experience across device types.

- Launched SuperTicket, a first-ever bundled offering that allows movie-goers to purchase a movie admission ticket and pre-order the UltraViolet digital download of a movie at the same time. SuperTicket was offered on select releases in 2013, including *Pacific Rim*, *The Smurfs 2, The Hobbit: The Desolation of Smaug* and *Anchorman 2*.

- During the fourth quarter, introduced the "$2.50 Digital Tuesday" marketing campaign and launched the annual Cineplex Store Holiday Campaign, with both campaigns delivering incremental visits and higher sales volumes compared to the prior year period.

- Cineplex, in partnership with Buyatab Online, was recognized with a national industry award for the Cineplex eGift Card and related marketing program at the 2013 PX Prepaid & Payment Awards.

- Cineplex.com registered a 15% increase in page views, a 17% increase in unique visitors and a 20% increase in visits 2013 compared to the prior year.

- As of December 31, 2013, the Cineplex mobile app has been downloaded 8.3 million times and recorded more than 255 million app sessions. The app is ranked 10th in Canada amongst all mobile brands by unique visitors.

LOYALTY

- Membership in the SCENE loyalty program increased more than 1.0 million members in 2013, reaching a membership of 5.3 million at December 31, 2013.

- SCENE ran programs with various partners including Telus, Winners, The Stratford Shakespeare Festival, Virgin Mobile, Cara Foods and Rogers during 2013.

CORPORATE

- During 2013, the board of directors of Cineplex (the "**Board**") announced a monthly dividend increase to $0.1200 per Common Share ($1.4400 on an annual basis) up from $0.1125 per Common Share ($1.3500 on an annual basis) effective with the May 2013 dividend.

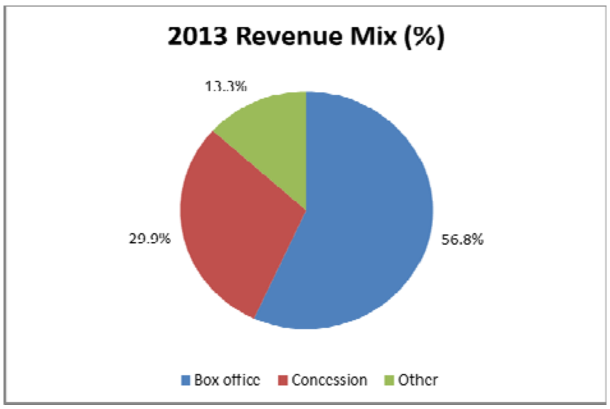
- Cineplex entered into the New Credit Facilities and issued the Debentures. The proceeds from the issuance of the Debentures and the New Credit Facilities were used to finance the acquisition of the Atlantic Theatres acquired in the fourth quarter of 2013.

- During 2013, Cineplex was named one of Canada's 10 Most Admired Corporate Cultures in the large enterprise category, one of 10 national recipients of the Canada's Passion Capitalist award, and winner of the Canadian Foundation for Physically Disabled Persons' Corporate Award.

BUSINESS OF CINEPLEX

Cineplex Revenues

Cineplex's revenues are primarily generated from box office and concession sales, which in turn are driven by attendance and price levels. In addition, other revenues from sources such as advertising and promotions are an increasingly important component of Cineplex's overall revenues and future growth.



Box Office and Concessions

Box office revenues accounted for approximately 56.8% of the Corporation's revenues for the year ended December 31, 2013 and continue to represent Cineplex's largest revenue component. Cineplex strives to provide its guests with a premium movie-going experience, including a high level of customer service. This level of service, combined with targeted film selection and the overall appeal of those films, drives attendance at the Cineplex's theatres. Tickets are sold at Cineplex's theatres through box offices and automated ticketing machines, as well as remotely via the Internet and mobile applications.

Also included in box office revenues are alternative programming events offered through Cineplex's *Front Row Centre* brand, including The Metropolitan Opera, ethnic film programming, encore performances from the National Theatre in London, sports programming, concert performances and the Classic Film and Family Favourites film series. Digital projection technology allows Cineplex to expand alternative programming and to offer third parties the ability to rent theatres for product launches, educational programs, seminars and expanded meeting rental capabilities.

Concession revenues accounted for approximately 29.9% of the Corporation's revenues for the year ended December 31, 2013. Concession sales have a much higher margin than box office sales. Cineplex's theatres feature prominent and appealing core product concession stands designed for rapid and efficient service. In addition, retail branded outlets that offer a wide variety of hot food and other products are also located throughout many of Cineplex's larger theatres for additional sales, including among others *Tim Hortons*, *Pizza, Outtakes* and *Poptopia*. Management believes that Cineplex has favourable concession supply contracts and has developed an efficient concession purchasing and distribution supply chain. Cineplex negotiates directly with manufacturers for many of its concession items in order to obtain competitive prices and to ensure adequate supplies.

Other Revenues

Cineplex has introduced initiatives to develop and expand its revenue streams from sources other than box office and concession revenues. Other revenues accounted for approximately 13.3% of the Corporation's revenues for the year ended December 31, 2013. Some of these other revenues include media, games revenue and other as described below ("**Other Revenue**").

- *Media Revenue*

During 2013, Media revenues increased $25.3 million, or 30% from the prior year period. Cineplex's media businesses cover two major categories: traditional cinema media advertising, which incorporates advertising mediums related to theatre exhibition (Cineplex Media) and digital out-of-home advertising, which incorporates digital signage networks both in Cineplex theatres and with external clients (Cineplex Digital Media).

In-theatre advertising generates high margins because it utilizes existing theatre assets and personnel with minimal incremental capital and operating costs. Cineplex acts as an agent on a commission basis for selling in-theatre advertising for several other theatre exhibition circuits, including Landmark Cinemas and several independent operators. Cineplex Media is able to offer advertisers a national theatre audience, providing advertisers an opportunity to reach its market share of approximately 93% of the Canadian movie-going audience. Management believes that the concentration of Cineplex theatres in major metropolitan markets and Cineplex's role as an agent for other exhibitors in Canada provides an attractive platform for advertisers by allowing them to target a large and desirable customer base. The Cineplex digital pre-show network is based on digital delivery and projection technology which has improved the quality of the media that Cineplex offers to advertisers. This has enabled Cineplex to streamline the delivery of advertising content, allowing for more interactive and targeted marketing and creating an expanded advertising base.

Cineplex Digital Media ("**CDM**") includes Cineplex Digital Services (CDS), EK3 Technologies Inc. now doing business as Cineplex Digital Network (CDN) and the Cineplex digital in-theatre lobby network. CDM's business includes broadcasting, advertising and custom content to premium office towers, shopping malls, sports stadiums and other networks across Canada, as well as designing, installing, maintaining and operating digital signage networks on numerous software platforms in retail, financial, hospitality and entertainment markets across North America. The development of CDM and its digital lobby network throughout Cineplex's theatres has positioned Cineplex to expand its media reach throughout its current infrastructure as well as in numerous out-of-home advertising locations across the country. The 2013 acquisition of EK3 Technologies Inc. (CDN) has allowed Cineplex to combine its brand, resources and media sales along with its proprietary technology platform, network management, award-winning creative services and digital merchandise expertise to deliver additional value to current customers as well as provide enticing offerings for prospective new clients.

- *Games Revenue*

Games revenues include Cineplex's XSCAPE entertainment centres and game rooms in theatres. Cineplex also generates adjusted EBITDA from its 50% share of Cineplex Starburst Inc. ("**CSI**"). CSI supplies and services all of the games in Cineplex's circuit while also supplying equipment to third party arcades, amusement parks and centres, bowling alleys and theatre circuits, in addition to owning and operating *Playdium*, a family entertainment centre located in Mississauga, Ontario.

- *Other*

Cineplex generates Other Revenues from the Cineplex Store, promotional activities, screenings, private parties, corporate and group events, breakage on gift card sales, revenues from enhanced in-theatre initiatives and management fees.

Business Strategy

Cineplex's mission statement is "**Passionately delivering an exceptional entertainment experience.**" All of its efforts are focused towards this mission and it is Cineplex's goal to consistently provide guests with an exceptional entertainment experience at a fair value. Cineplex's key strategic areas of focus include the following:

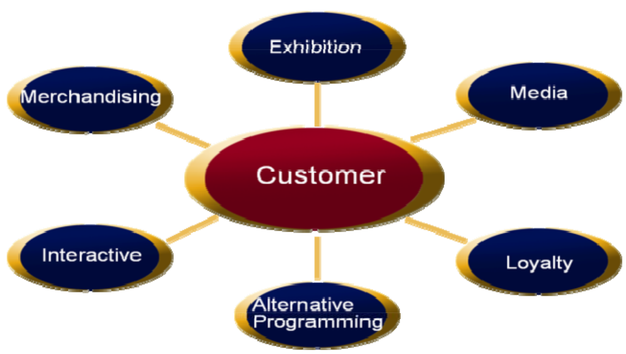
- Continue to enhance and expand existing exhibition infrastructure and service offerings to attract new customers, increase the frequency of visits by existing customers and maximize revenue per patron.

- Capitalize on core media strengths to provide continued growth of Cineplex's media business, with its own assets and with external clients.

- Continue to expand Cineplex's brand presence as an entertainment destination for Canadians, providing in-theatre, at home and on-the-go experiences – Cineplex Anywhere.

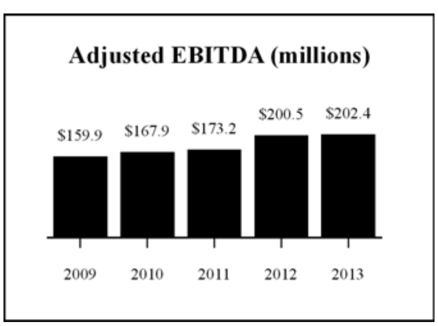
- Pursue selective acquisitions that are strategic, accretive and capitalize on Cineplex's core strengths.

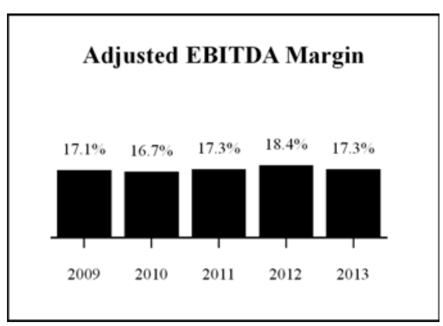
Key elements of this strategy include going beyond movies to reach customers in new ways and maximizing revenue per patron. With this in mind, Cineplex has implemented in-theatre initiatives to improve the overall entertainment experience, including increased premium offerings, enhanced in-theatre services, alternative pricing strategies, continued development of the SCENE loyalty program and initiatives in merchandising such as optimizing product offerings and improving service execution. The ultimate goal of these in-theatre customer service initiatives is to maximize revenue per patron and increase the frequency of movie-going at Cineplex's theatres.



While box office revenues (which include alternative programming) continue to account for the largest portion of Cineplex's revenues, expanded concession offerings, in-theatre and out-of-home advertising, games, promotions and other revenue streams have increased as a share of total revenues. The margins on these other revenue streams, particularly advertising, are much higher than on admission sales and have enhanced Cineplex's profitability. Cineplex is committed to diversifying its revenue streams outside of the traditional theatre exhibition model through pre-show, show-time and digital out-of-home advertising sales through Cineplex's media business, as well as further expansion of digital signage installations, network support and advertising sales through CDM (including both CDS and CDN). Additionally, at home and on-the-go entertainment options are available through the Cineplex Store, Cineplex's online digital commerce platform, which sells DVDs, Blu-ray discs, DTO and VoD movies online.

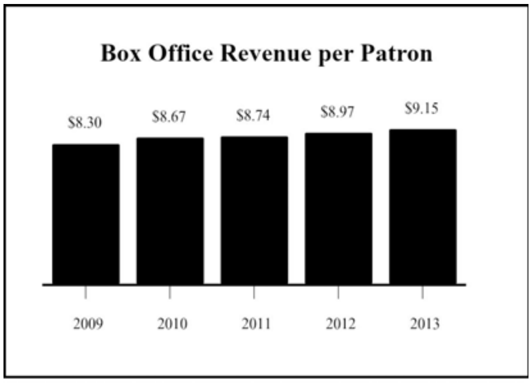
Since the formation of the Fund in 2003, Cineplex has increased its adjusted EBITDA each year and in 2013 Cineplex is pleased to report the highest annual adjusted EBITDA since its inception. Although Cineplex focuses on growth initiatives, management remains vigilant in controlling costs without compromising the guest experience. Cineplex will continue to invest in new revenue generating activities, as it did in 2013.

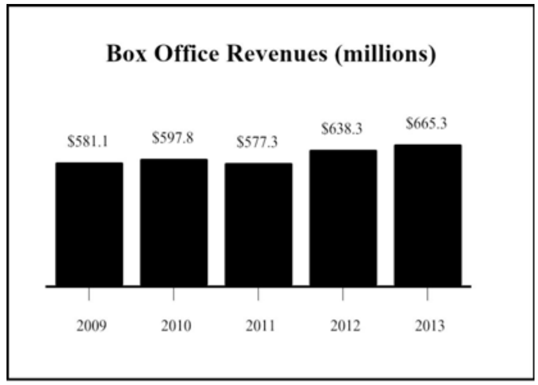




Theatre exhibition is, and remains, the core business of Cineplex. Theatre exhibition is the engine that drives the train and fuels all of the other core businesses. Box office revenues are highly dependent on the marketability, quality and appeal of the film product released by the major motion picture studios.

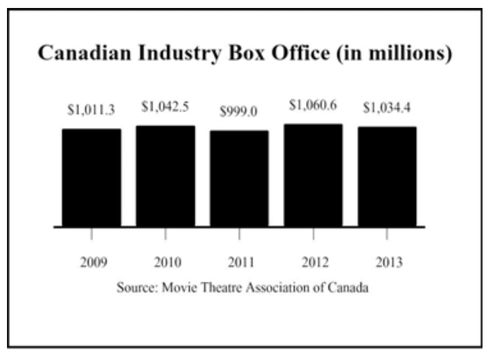
The motion picture industry consists of three principal activities: production, distribution and exhibition. Production involves the development, financing and creation of feature-length motion pictures. Distribution involves the promotion and exploitation of motion pictures in a variety of different channels. Theatrical exhibition is the primary channel for new motion picture releases and is the core business function of Cineplex.





Note: For all charts and tables included herein, the results for 2009 are presented under Canadian GAAP that existed at the time, and as such include the results of Cineplex's joint ventures. The results for 2010, 2011, 2012 and 2013 are presented under Canadian GAAP following the conversion to IFRS, and exclude the joint venture results which are included in one line on the statements of operations (share of loss of joint ventures).

The Canadian industry reported a decrease of 2.5% in box office revenues from a record annual total of $1.1 billion reported in 2012 to $1.0 billion in 2013.



Management of Cineplex believes that the following market trends are important factors in the growth of the film exhibition industry in Canada:

(a) Importance of Theatrical Success in Establishing Movie Brands and Subsequent Movies

Theatrical exhibition is the initial and most important channel for new motion picture releases. A successful theatrical release which "brands" a film is often the determining factor in its popularity and value in "downstream" distribution channels, such as DVD, Blu-ray, download-to-own ("**DTO**"), video-on-demand ("**VoD**"), pay-per-view, network and syndicated television.

(b) Continued Supply of Successful Films

Studios are increasingly producing film franchises, such as *James Bond*, *Transformers* and *X-Men*. Additionally, new franchises continue to be developed, such as *The Avengers, The Hunger Games* and *The Hobbit*. When the first film in a franchise is successful, subsequent films in the franchise benefit from existing public awareness and anticipation. The result is that such features typically attract large audiences and generate strong box office revenues. The success of a broader range of film genres also benefits film exhibitors.

(c) Convenient and Affordable Form of Out-of-Home Entertainment

Cineplex's average box office revenue per patron ("**BPP**") was $9.15 and $8.97 in 2013 and 2012 respectively. Excluding the impact of Cineplex's premium-priced product, BPP was $8.29 and $8.26 in 2013 and 2012 respectively. The movie-going experience continues to provide value and compares favourably to alternative forms of out-of-home entertainment in Canada such as professional sporting events or live theatre.

(d) Providing a Variety of Premium Theatre Experiences

Premium priced theatre offerings include 3D, UltraAVX, VIP, IMAX and DBOX. BPP for premium-priced product was $10.94 and $11.06 in 2013 and 2012 respectively. In response to the increased demand for premium entertainment experiences, Cineplex added 16 UltraAVX auditoriums, three VIP auditoriums, three IMAX auditoriums and one DBOX location during 2013, bringing the circuit total to 55 UltraAVX, 28 VIP, 20 IMAX auditoriums and 21 DBOX enabled auditoriums at the end of the year. The increased prevalence of 3D films has contributed to increases in BPP as 3D films are priced at a premium over regular ticket prices. Cineplex increased its number of 3D screens from 545 at December 31, 2012 to 723 at December 31, 2013.

(e) Reduced Seasonality of Revenues

Historically, film exhibition industry revenues have been seasonal, with the most marketable motion pictures generally being released during the summer and the late-November through December holiday season. The seasonality of motion picture exhibition attendance has become less pronounced as film studios have expanded the historical summer and holiday release windows and increased the number of films released during traditionally weaker periods.

As at December 31, 2013, the Corporation owned, leased or had a joint venture interest in 161 theatres with 1,630 screens. The Corporation currently operates theatres under the following theatre brands: *Cineplex Odeon*, *SilverCity*, *Galaxy Cinemas*, *Scotiabank Theatres*, *Cineplex Cinemas* and *Cineplex VIP Cinemas*.

Cineplex Entertainment
Locations and Screens as at December 31, 2013

Province	Locations	Screens	DBox Screens	Digital 3D Screens	UltraAVX Screens	IMAX Screens	VIP Screens
Ontario	65	702	8	309	24	10	10
Quebec	22	260	6	94	9	2	4
British Columbia	23	215	3	104	9	3	8
Alberta	16	183	3	87	8	2	3
Nova Scotia	13	92	-	43	1	1	-
Saskatchewan	6	51	-	25	2	-	-
Manitoba	5	49	1	25	1	1	3
New Brunswick	6	45	-	21	1	-	-
Newfoundland & Labrador	3	20	-	9	-	1	-
Prince Edward Island	2	13	-	6	-	-	-
TOTALS....................................	**161**	**1,630**	**21**	**723**	**55**	**20**	**28**
Percentage of screens..................			1%	44%	3%	1%	2%

Cineplex's modern multiplex theatres are designed to provide guests with a premium movie-going experience and maximize profitability by matching the number of screens and seats with the size of the market served. In addition, Cineplex's auditorium seating capacities are varied within individual theatres, enabling it to maximize revenues by shifting films to smaller or larger auditoriums in response to changing attendance levels.

In general, Cineplex leases theatres under long-term leases, with original terms typically ranging from 15 to 20 years (with lease payment increases typically every five years) and containing various renewal options, usually in intervals of five to ten years and, in some cases, termination rights. Leases for 54 theatres expire within five years (43 of which have renewal or extension options). Cineplex's theatre leases generally provide for minimum rental payments.

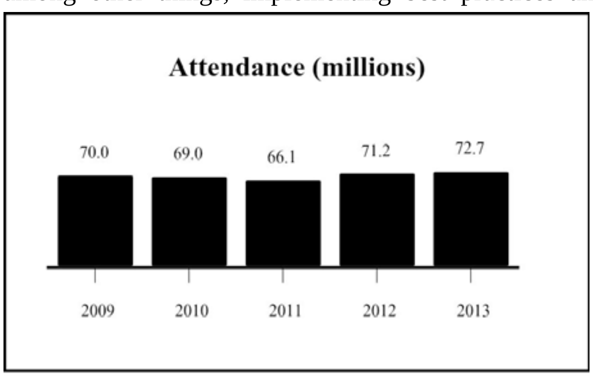
Digital and 3D projection is an enhancement to an established business and provides an additional element for growth. During 2012, Cineplex completed its conversion to digital projection through its investment in the

Canadian Digital Cinema Partnership ("**CDCP**"). Digital technology enables Cineplex to present anything digital, including 3D movies and live or recorded events or programs. Cineplex is 100% digital, with 1,630 digital projectors in 161 theatres installed across the circuit, with 723 of these screens being 3D capable. 3D film presentations are well received by audiences, add breadth to the overall film schedule and have a higher average ticket price than 2D presentations.

Cineplex is also focused on providing guests with a variety of premium viewing options through which to enjoy the theatre experience. These premium-priced offerings generate higher revenues per patron and also expand the customer base. In 2010, Cineplex launched its UltraAVX auditorium concept, which has been well received by patrons, and added 16 UltraAVX screens to the circuit in 2013, bringing the total UltraAVX screens to 55. VIP auditoriums have been added to eight theatres across the circuit, and will be incorporated into select new build and retrofit projects in 2014 and beyond. Cineplex added three IMAX screens to the circuit in 2013, bringing the circuit total to 20 screens, and expanded its offering of D-BOX MFX seats from 609 seats in 20 theatres at December 31, 2012 to 637 seats in 21 theatres at December 31, 2013.

Cineplex plans to open an average of two to three new theatres per year, although in certain years opportunities may arise to exceed this number. During 2013, Cineplex opened two new theatres, *Galaxy Cinemas Sarnia* in Sarnia, Ontario, which replaced an existing Cineplex theatre which closed at the time of the opening of the new theatre, and *Cineplex Cinemas Abbotsford and VIP* in Abbotsford, British Columbia. With the acquisition of the Atlantic Theatres, Cineplex has achieved a national coast-to-coast presence for the first time. Cineplex also acquired two theatres located in Vancouver, British Columbia and acquired *Cineplex Cinemas Empress Walk* in Toronto, Ontario, which replaced an existing Cineplex theatre which was closed at the time of the opening of the acquired theatre under Cineplex's name.

Cineplex's leading market position enables it to effectively manage film, concession and other theatre-level costs, thereby maximizing operating efficiencies. Cineplex seeks to continue to achieve incremental operating savings by, among other things, implementing best practices and negotiating improved supplier contracts. Cineplex also continues to evaluate its existing theatres as it continues to replace or upgrade older theatres to state-of-the-art entertainment complexes.



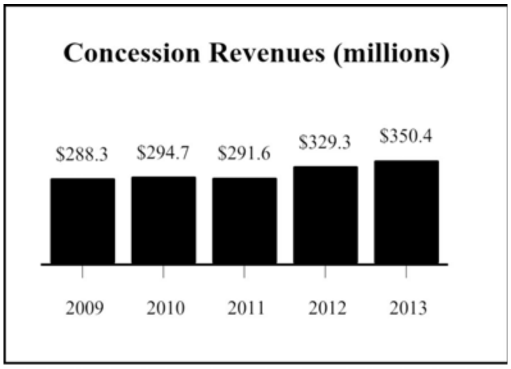
The development of premium experiences through design, structure and digital technology makes Cineplex theatres ideal locations for meetings and corporate events. Organizations, particularly corporations with offices across the country, can use Cineplex's theatres and digital technology for annual meetings, product launches and employee or customer events, producing new revenue streams independent of film exhibition.

Merchandising

Cineplex's merchandising business offers guests a range of food choices to enhance their theatre experience while generating strong profit margins for the company. Cineplex's theatres feature its internally developed brands: *Outtakes*, *Outtakes Backstage Bistro* and *Poptopia*. Certain Cineplex theatres also feature popular fast food brand RBO's including *Tim Hortons* and *Pizza*, among others.

During 2013, Cineplex continued process improvements designed to increase the speed of service at the concession counter in addition to ongoing optimization of RBO's available at Cineplex's theatres. Additional menu items were added to the *Outtakes Backstage Bistro* locations, designed to reach a wider market and increase purchase incidence. Digital menu boards installed at select theatres offer flexibility in menu offerings to guests which contribute to an improved guest experience while also creating additional revenue opportunities. These improvements contributed to a record CPP of $4.82 in 2013, an increase of $0.19 from the previous 2012 record of $4.63.

Also during 2013, Cineplex opened its first stand-alone food service location, *YoYo's Yogurt Café* at the Pergola Commons development in Guelph, Ontario. In 2014, Cineplex will look at opportunities to incorporate *YoYo's* offerings into its existing theatres as well as potentially adding other non-theatre stores.



Subsequent to the year end, Cineplex announced that it had acquired a 50% ownership in *YoYo's Yogurt Café* (YYC Franchise Corporation and YYC Wholesale Corporation), a London, Ontario-based self-serve frozen yogurt chain with stores throughout the province.

Merchandising also includes Cineplex's gaming business, which features Cineplex's 10 XSCAPE entertainment centres, arcade games in select Cineplex theatres and the operations of CSI, the largest distributor and supplier of arcade games to the amusement industry in Canada. The creation of CSI in 2012 allowed Cineplex to vertically integrate its gaming operations as well as expand Cineplex's gaming presence outside of its theatres.

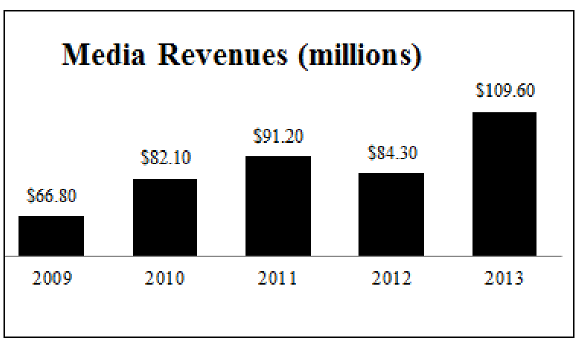
Media

Cineplex's media businesses cover two major categories: traditional cinema media advertising, which incorporates advertising mediums related to theatre exhibition (Cineplex Media) and digital out-of-home advertising, which incorporates digital signage networks both in Cineplex theatres and with external clients (Cineplex Digital Media).

a) Cineplex Media

Cineplex Media, with its national presence and 93% market share of the Canadian movie-going attendance, is well positioned for continued growth and is the ideal channel for advertisers wanting to reach all demographics, especially the highly sought-after 17 to 25-year-old Canadian market. Cineplex Media includes show-time and pre-show advertising for Cineplex as well as other circuits through representation sales agreements, *Cineplex Magazine* and *Le magazine Cineplex* as well as website and mobile advertising.

Cineplex Media is dominated by show-time and pre-show advertising, engaging guests with key advertising messages and customizable content from 20 minutes prior to show-time right up until the start of the Coming Attractions. With a distribution of approximately 750,000 copies per month through physical delivery as well as online distribution, *Cineplex Magazine* and *Le magazine Cineplex*, offer advertising opportunities in Canada's leading entertainment magazine. Cineplex.com recorded over 82 million visits and over 484 million page views in 2013, and the Cineplex app has been downloaded 8.3 million times and recorded 255 million app sessions, providing advertisers with opportunities to engage with Cineplex's guests online and on-the-go. Cineplex's theatres also provide opportunities for special media placements (including floor and door coverings, window clings, standees, banners and lobby domination setups).



In addition to these individual offerings, Cineplex Media offers integrated solutions that can cross over some or all of the above mentioned platforms. Advertisers can either invest in any of these forms of media individually or take advantage of an integrated advertising program spanning multiple Cineplex Media platforms.

b) Cineplex Digital Media

CDM incorporates three digital media operations:

- The Cineplex digital lobby network, providing opportunities for in-lobby digital signage on state-of-the-art digital screens.

- CDS, a full-service digital solution company focused on digital-based ecosystems located on the path to purchase (such as in shopping malls, office complexes, and other path to purchase locations).

- CDN, a full-service digital signage and network company that is focused on servicing the quick-serve restaurant, financial and retail markets across North America.

The development of the advertising sales team at CDM, combined with the project management, system design, network operations, and creative services teams at CDS and CDN, have Cineplex well positioned to expand its media reach throughout its current infrastructure as well as in numerous out-of-home advertising locations across the country. Cineplex believes that the strengths of CDM will make Cineplex a leader in the indoor digital signage industry and provide a platform for significant growth throughout North America.

CDM's location count at December 31, 2013 was as follows:

Cineplex Media - Channel and Location Count **As at December 31, 2013**	**Digital** **Player Locations**
Exhibition	124
Cineplex Digital Solutions	1,244
Cineplex Digital Networks	7,811
Total	**9,179**

Alternative Programming

Through its *Front Row Centre Events* brand offering, Cineplex has been exhibiting alternative programming for several years, including The Metropolitan Opera, ethnic film programming, WWE and UFC programming, sporting events and concerts.

Most alternative programming is premium-priced and attracts a wider audience, expanding Cineplex's demographic reach and enhancing revenues. The success of these events has led to further expansion of offerings including its Classic Film Series, Family Favourites, the Bolshoi Ballet from Moscow and the National Theatre from London. As more content becomes available, Cineplex anticipates capitalizing on its digital infrastructure by screening additional alternative programming events in 2014 and beyond.

Interactive

Cineplex's interactive business consists of cineplex.com, mobile and digital commerce. Cineplex has developed cineplex.com into one of the leading entertainment sites in Canada, the destination of choice for Canadians seeking movie entertainment information on the internet. The website offers streaming video, movie information, show-times and the ability to buy tickets online for both Cineplex and its competitors, entertainment news and box office reports as well as advertising and digital commerce opportunities. To complement cineplex.com, the Cineplex mobile app is available as a free download for a wide variety of smartphones and tablets, providing guests with information relating to the latest movie choices and show-times, movie-related entertainment content and the ability to buy tickets. These features and others enable Cineplex to engage and interact with its guests online and on the go, allowing Cineplex to offer engaging, targeted, sponsored content to visitors and advertisers, resulting in opportunities to generate additional revenues.

The Cineplex Store sells movies in both physical form (DVDs and Blu-ray discs) and digital form (through DTO and VoD movies), as well as Cineplex gift cards. Cineplex was the first retailer in Canada, and the only motion picture exhibitor in the world, to offer UltraViolet integration with the Cineplex Store, and in 2013 introduced SuperTicket, a first-ever bundled offering from multiple studios that allows movie-goers to purchase a movie admission ticket and pre-order the UltraViolet digital download of a movie at the same time. SuperTicket provides Cineplex with the flexibility to customize offerings to consumers, providing enhanced value above and beyond an in-theatre or at home experience.

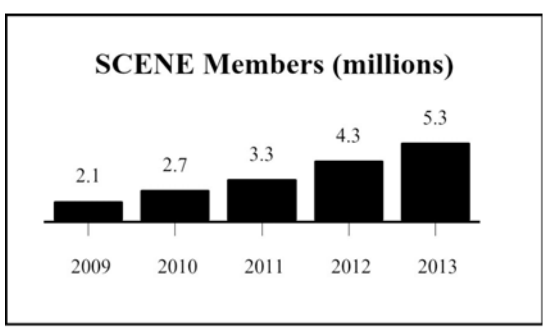
Cineplex's strong brand association with movies and well established partnerships with movie studios combined with Cineplex's website, app and the Cineplex Store provide Cineplex with the ability to bundle various forms of content to appeal to consumers. As disruptive technologies continue to change the ways in which content is consumed, Cineplex will continue to leverage its interactive properties to provide guests with in home and on the go options for content delivery.

SCENE Loyalty Program

In 2007, Cineplex entered into a joint venture agreement with the Bank of Nova Scotia ("**Scotiabank**") to launch the SCENE loyalty program, providing Cineplex with a more comprehensive understanding of the demographics and movie going habits of its audience as well as new ways to engage its customers. Cineplex and Scotiabank each have a 50% interest in the program. SCENE is a customer loyalty program designed to offer members discounts and the opportunity to earn and redeem SCENE points. SCENE members can earn and redeem SCENE points on box office and concession purchases at Cineplex's theatres, and as part of the Cineplex Tuesdays program, SCENE members receive 10% off all ticket prices on Tuesdays across the circuit, which are generally discounted. SCENE members can also earn and redeem points online at the Cineplex Store. SCENE is a key differentiator and source of competitive advantage for the Cineplex Store versus competitors for the in-home and on-the-go movie market.

The SCENE program has been well received as evidenced by the strong membership growth and high engagement levels of the program members. Membership in the SCENE loyalty program at December 31, 2013 was approximately 5.3 million, an increase of approximately 1.0 million members during 2013. With the acquisition of the 24 theatres from Empire in Atlantic Canada, SCENE will focus on member acquisition and engagement in that region of Canada, to increase membership in the program and drive incremental frequency and incremental spending at these Atlantic Canada theatre locations. Through SCENE, Cineplex has gained a more thorough understanding of its customers, driven increased customer frequency, increased overall spending at its theatres and provides Cineplex with the ability to communicate directly and regularly with customers. Management believes the benefits of the program are reflected in box office and concession revenues.

The SCENE customer database has allowed Cineplex to segment SCENE's member population and provide special offers to Cineplex's guests, implement targeted marketing programs and deliver tailored messages to subsets of the membership base, providing members with relevant information and offers which in turn drive increased frequency of attendance at the theatres. Through the use of bonus offerings, Cineplex continues to work with movie studios and the marketing team at Cineplex to influence consumer behaviour through bonus points and premium experience upgrades. SCENE provides promotions and offerings with numerous partners, and continues to investigate potential reward partners to expand both the opportunity to collect and redeem SCENE points.



Employees

As at December 31, 2013, the Corporation employed approximately 11,000 people of whom 9.9% are full-time employees and 90.1% are part-time employees; 5.8% of Cineplex's employees are represented by unions which are located in Quebec.

Seasonality

Historically, film exhibition industry revenues have been seasonal, with the most marketable motion pictures generally being released during the summer and the late-November through December holiday season. The seasonality of motion picture exhibition attendance has become less pronounced as film studios have expanded the historical summer and holiday release windows and increased the number of films released during traditionally weaker periods. In addition, Cineplex's theatres located in major metropolitan markets give Cineplex access to a patronage that enjoys a wide variety of film genres, many of which are released on a less seasonal basis.

Trademarks

Management believes the trademarks "*Cineplex*", "*Cineplex Odeon*", "*Galaxy*", "*SilverCity*", "*UltraAVX*", "*Outtakes*" and "*Poptopia*" enjoy significant brand awareness in the Canadian film exhibition market. Cineplex uses the "*ScotiaBank Theatre*" brand under a license agreement with Scotiabank.

Competition

In addition to competing with other movie exhibitors, Cineplex competes for the public's leisure time and disposable income with alternative forms of out-of-home entertainment such as sporting events, music concerts, live theatre and restaurants. Cineplex focuses its in-theatre business on attracting customers to its facilities for their entertainment choice. Management believes that movie theatres compete well with alternative forms of out-of-home entertainment as a result of their lower cost and higher availability. Management also believes that the modern multiplex theatre has become a meeting place as well as an entertainment destination.

Focusing on the competition from other exhibitors, Cineplex believes that the principal competitive factors are:

- The seating capacity, location, quality and reputation of an exhibitor's theatre;
- The level of customer service and amenities such as stadium seating, VIP Cinemas, specialized auditoriums such as UltraAVX and variety of concession offerings;
- The quality of projection and sound equipment, including specialized projection systems such as 3D and digital offerings;
- The ability to secure an appropriate variety of film product;
- Box office pricing strategy;
- Marketing and promotional programs, including the SCENE loyalty program;
- The ability to secure sites for potential new theatre developments; and
- The ability to maintain and grow theatre attendance and movie-going frequency.

Cineplex's theatres are subject to varying degrees of competition in the locations in which they operate because competitors vary substantially in size, number and proximity at each location. Cineplex has a number of theatrical exhibition competitors, including Magic Lantern (Rainbow), Cinemas Guzzo and Landmark Cinemas. The building of new theatres or the addition of screens to existing theatres by competitors in areas in which Cineplex operates may result in excess capacity in those areas that could reduce attendance levels at Cineplex theatres. In addition to competing for guests at its existing theatres, Cineplex also faces competition in acquiring and developing new theatre sites and acquiring existing theatres.

Cineplex also competes with a number of at-home entertainment alternatives and secondary movie distribution channels, such as cable and satellite television, gaming, DVDs and Blu-ray discs VoD, SVOD, as well as pay-per-view services and downloads via the Internet. To that end, Cineplex has developed the Cineplex Store in an effort to attract its customers to enjoy Cineplex movies for their at-home entertainment in lieu of the multitude of other at-home viewing options. With its SCENE loyalty program, Cineplex has the ability to communicate directly with movie-lovers to attract them to the Cineplex Store viewing options. As the first retailer in Canada and the only motion picture exhibitor in the world offering UltraViolet redemption, consumers have greater flexibility to collect, access and watch the movies they purchase.

Regulatory Environment

Environmental

Cineplex owns, leases and/or operates theatres and other properties which are subject to certain federal, provincial and local laws and regulations relating to environmental protection, including those governing past or present releases of hazardous materials. Certain of these laws and regulations may impose liability on certain classes of persons for the costs of investigation or remediation of such contamination, regardless of fault or the legality of the original disposal. These persons include the present or former owner or a person in care or control of a contaminated property and companies that generated, disposed of or arranged for the disposal of hazardous substances found at the property. As a result, Cineplex may incur costs to clean up contamination present on, at or under its leased and owned properties, even if such contamination was present prior to the commencement of Cineplex's operations at the site and was not caused by its activities. Management is currently not aware of any such situation.

Human Rights

As Cineplex serves approximately 77 million customers per year (including the 24 acquired Empire theatres), it continually works to ensure that its services are delivered with a focus on respecting the dignity of every individual so as to be in compliance with all human rights legislation and free from any form of discrimination. In that regard, Cineplex trains its employees on accessibility and human rights issues. The Corporation has been recognized as a leader in providing technologies throughout the circuit to make films accessible to the hearing and vision impaired communities.

Québec Cinema Act

In the province of Québec, film distributors and theatre operators must be licensed under the *Québec Cinema Act* and must obtain a permit for the exhibition of each print of a film. Generally, a permit will only be issued for English language prints if the distributor also makes the same number of French dubbed prints of the same film available to exhibitors for exhibition at the same time. However, distributors may obtain a provisional permit if a French dubbed version does not exist when an application is made, allowing a distributor to distribute any number of English language prints for an initial 45 day period. In Cineplex's experience, most major English language films are released simultaneously in both English and French.

Other

Cineplex's operations are subject to federal, provincial and local laws governing matters such as privacy, construction, renovation and operation of theatres (including accessibility for disabled people), as well as wages and working conditions, health and sanitation requirements and licensing. Management believes that Cineplex's operations are in material compliance with all such laws.

Credit Facility

Effective October 24**,** 2013, the Corporation and the Partnership entered into a fifth amended and restated credit agreement (the "**Credit Agreement**") with a syndicate of lenders consisting of the following facilities in millions of Canadian dollars as at December 31, 2013:

		Available	Drawn	Reserved	Remaining
(i)	a five-year senior secured revolving credit facility ("**Revolving Facility**")	$ 250.0	$ 70.0	$ 3.4	$ 176.6
(ii)	a five-year senior secured non-revolving term facility ("**Term Facility**")	$ 150.0	$ 150.0	$ -	$ -

Letters of credit outstanding at December 31, 2013 of $3.4 million are reserved against the Revolving Facility.

The following is a summary of the material terms and conditions contained in the New Credit Facilities. This summary is qualified in its entirety by reference to the provisions of the Credit Agreement which contains a complete statement of those terms and conditions.

Summary of Facilities

The New Credit Facilities bear interest at a floating rate based on the Canadian dollar prime rate, US dollar base rate, LIBOR or bankers' acceptances rates plus, in each case, an applicable margin to those rates.

The Revolving Facility is the continuation of the previous revolving credit facility maturing on October 24, 2018 and is available for general corporate purposes and to fund approved projects or investments. The Revolving Facility is available to be drawn down by way of prime rate loans, US base rate loans, LIBOR loans, banker's acceptances or letters of credit and bears interest at a floating rate based on the Canadian dollar prime rate, US dollar base rate, LIBOR, bankers' acceptances rates or letter of credit commissions, as applicable, plus, in each case, an applicable margin to those rates based on Cineplex's ratio of total debt to *pro forma* Adjusted EBITDA from time to time. There are provisions to increase the Revolving Facility commitment amount by an additional $150 million with the consent of the lenders. Prior to issuance of the convertible debentures, the Revolving Facility was $350 million but was reduced to $250 million subsequent to the issuance of the convertible debentures.

The Term Facility matures on October 24, 2018 and is payable in full at maturity, with no scheduled repayment of principal required prior to maturity. The Term Facility is available to be drawn down by way of prime rate loans, US base rate loans, LIBOR loans or bankers' acceptances, and bears interest at a floating rate based on the Canadian dollar prime rate, US base rate, LIBOR or on the bankers' acceptance rates, as applicable, plus, in each case, an applicable margin to those rates based on Cineplex's ratio of total debt to *pro forma* Adjusted EBITDA from time to time.

The New Credit Facilities contain restrictive covenants that limit the discretion of Cineplex's management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of Cineplex to create liens or other encumbrances, to pay dividends or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity.

The New Credit Facilities also contain customary affirmative, reporting and negative covenants. Pursuant to the terms of the New Credit Facilities, Cineplex is required to maintain, on a rolling four quarter basis: (i) a prescribed ratio of total debt (excluding the Debentures and the loan made by the Trust to Galaxy pursuant to the credit agreement made as of November 26, 2003) to *pro forma* Adjusted EBITDA; and (ii) a prescribed ratio of EBITDAR (Adjusted EBITDA plus rent expense for such quarter) to fixed charges (the sum of taxes, maintenance capital expenditures, debt service (including capital lease payments) and rent expense for such quarter).

Security and Guarantees

The obligations under the New Credit Facilities are secured by a first ranking charge over all of the personal and real property owned by the Corporation and its subsidiaries other than certain excluded immaterial subsidiaries. The obligations of the Corporation and the Partnership under the New Credit Facilities are guaranteed by such subsidiaries.

Events of Default

The New Credit Facilities contain customary events of default, including an event of default upon certain circumstances constituting a change of control, as more specifically set out in the "Events of Default" section of the Credit Agreement.

Failure to comply with the terms of the New Credit Facilities would entitle the lenders to accelerate all amounts outstanding under such facilities, and upon such acceleration, the lenders would be entitled to begin enforcement of security granted to the lenders by the Partnership or the Corporation to recover assets of the Partnership or the Corporation, including accounts receivable, inventory, equipment and material contracts. The lenders would then be repaid from the proceeds of such security, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the holders of Common Shares receive any proceeds from the liquidation of Cineplex's assets.

The New Credit Facilities, in certain circumstances, restrict the Corporation's, the Partnership's and their subsidiaries' ability to make payments in respect of their securities, including the Common Shares, unless sufficient funds are available for the repayment of indebtedness and the payment of interest, expenses and taxes.

CAPITAL STRUCTURE

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares of which 62,963,905 are issued and outstanding as at the date hereof. Holders of Common Shares are entitled to one vote per share at meetings of Shareholders of the Corporation, to receive dividends if and when declared by the Board and to receive the remaining property and assets of the Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares. Holders of Common Shares may make use of the various shareholder remedies available pursuant to the OBCA. Additional information relevant to the Common Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's articles and by-laws, which have been filed under the Corporation's profile on SEDAR (www.sedar.com).

Preferred Shares

The Corporation is authorized to issue 10,000,000 Preferred Shares, issuable in series, none of which are outstanding. If issued, each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board prior to the issuance thereof. Holders of Preferred Shares, except as required by law, will not be entitled to vote at meetings of Shareholders of the Corporation. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. The Preferred Shares are not, and may not be, created as an anti-takeover mechanism. Additional information relevant to the Preferred Shares, the rights of holders thereof and the operation and conduct of the Corporation can be found in the Corporation's articles and by-laws, which have been filed under the Corporation's profile on SEDAR.

Dividend Policy

Following the Arrangement, the Board established and adopted a dividend policy which was equivalent, on an annual basis, to the previous distribution policy of the Fund. Dividends under this policy are intended to be paid monthly to Shareholders of record on the last business day of each month with actual payment to be made to such Shareholders on or about the last business day of the following month, subject to any contractual restrictions on such dividends, including any agreements entered into with lenders to the Corporation or its subsidiaries. The initial monthly dividend was $0.105 per Common Share and was paid on February 28, 2011 to Shareholders of record on January 31, 2011. Effective for the May 2011 dividend, the Board announced a monthly dividend increase to $0.1075 per Common Share. During May 2012, Cineplex increased its dividend rate from $0.1075 per Common Share per month to $0.1125 per Common Share per month effective for the May dividend paid in June 2012. During

May 2013, Cineplex increased its dividend rate from $0.1125 per Common Share per month to $0.1200 per Common Share per month effective for the May dividend paid in June 2013.

The Corporation's dividend policy is subject to the discretion of its Board. Future dividends, if any, will depend on the operations and assets of Cineplex and will be subject to various factors, including, without limitation Cineplex's earnings, financial requirements, the satisfaction of solvency tests imposed by the OBCA for the declaration of dividends and other factors that the Directors may deem relevant from time to time. There can be no guarantee that the Corporation will maintain its current dividend policy.

As of the date hereof, it is anticipated that Cineplex will pay a monthly dividend, subject to the discretion of the Board, at an annualized rate in a range between 60% and 85% of adjusted free cash flow per Common Share. The Board will assess dividend payout levels, from time to time, in light of corporate financial performance, anticipated business needs, economic and market conditions; funding requirements of operating businesses; ongoing and anticipated indebtedness obligations, potential acquisitions or other opportunities that may arise from time to time, and provisions of applicable law (including satisfying the dividend solvency test applicable to corporations governed by the OBCA and other factors that the Board may deem relevant from time to time.

Description of the Debentures

The Debentures were issued under an indenture dated November 5, 2013 (the "**Indenture**") between the Corporation and BNY Trust Company of Canada (the "**Debenture Trustee**"). The following is a description of the terms of the Indenture, a copy of which has been filed with the Canadian securities regulatory authorities. Capitalized terms used in this "Description of the Debentures" section and not otherwise defined have the meanings set forth in the Indenture. The following summary of certain provisions of the Indenture is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture.

General

On November 5, 2013, the Corporation completed its offering of $100 million principal amount of Debentures. An additional $7.5 million aggregate principal amount of Debentures were issued on the same terms and conditions on November 12, 2013 pursuant to a related over-allotment option. The Debentures are issuable only in denominations of $1,000 and integral multiples thereof. The Debentures will mature and be repayable on the Maturity Date.

The Debentures bear interest from the date of issue at a rate of 4.50% per annum, which is payable in semi-annual payments in arrears on the last day of June and December in each year (or the immediately following business day if any interest payment date would not otherwise be a business day). The first interest payment on the Debentures was made on December 31, 2013 and included accrued and unpaid interest for the period from, and including, November 5, 2013 to, but excluding, December 31, 2013.

The principal amount of the Debentures is payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval and provided no Event of Default has occurred and is continuing, by delivery of freely-tradeable Common Shares to satisfy, in whole or in part, the obligations of the Corporation to repay the principal amount of the Debentures as further described under "— Payment upon Redemption or Maturity", "— Redemption and Purchase" and "— Change of Control". The interest on the Debentures is payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval, by delivering sufficient freely-tradeable Common Shares to the Debenture Trustee to sell for cash proceeds to satisfy the Interest Obligation in accordance with the Indenture as described under "— Interest Payment Election".

The Debentures are direct obligations of the Corporation and will not be secured by any mortgage, pledge, hypothec or other charge and are subordinated to other liabilities of the Corporation as described under "— Rank and Subordination". The Indenture does not restrict the Corporation or its subsidiaries from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging their real and personal property to secure any indebtedness.

The Debentures are transferable and may be presented for conversion at the principal offices of the Debenture Trustee in Toronto, Ontario.

Conversion Privilege

The Debentures are convertible at the holder's option into fully-paid, non-assessable and freely-tradeable Common Shares at any time prior to the close of business on the earliest of (i) five business days prior to the Maturity Date or (ii) if called for redemption, five business days prior to the date specified by the Corporation for redemption of the Debentures, at the Conversion Price. The Conversion Price is subject to adjustment in certain circumstances to be set out in the Indenture. See "— Anti-Dilution Provisions". No adjustment will be made for dividends on Common Shares issuable on conversions. Holders converting their Debentures will receive all accrued and unpaid interest to, but excluding, the date of conversion. Holders converting their Debentures shall become Shareholders of record of Common Shares immediately after the close of business on the date upon which a Debenture is surrendered, or deemed surrendered in accordance with the provisions of the Indenture. Notwithstanding the foregoing, no Debenture may be converted during the five business days preceding an Interest Payment Date.

No fractional Common Shares will be issued on any conversion of the Debentures but, in lieu thereof, the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of such fractional interest.

Redemption and Purchase

The Debentures are not redeemable before December 31, 2016, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as described below under "— Change of Control". On and after December 31, 2016 and prior to December 31, 2017, the Debentures will be redeemable by the Corporation, in whole or in part from time to time, at the option of the Corporation on not more than 60 days' and not less than 30 days' prior written notice, at a price equal to the principal amount of the Debentures plus accrued and unpaid interest to, but excluding, the date of redemption, provided that the Current Market Price on the date on which notice of redemption is given is not less than 125% of the Conversion Price. On or after December 31, 2017 and prior to the Maturity Date, the Debentures will be redeemable by the Corporation, in whole or in part from time to time, at the option of the Corporation on not more than 60 days' and not less than 30 days' prior written notice, at a price equal to the principal amount of the Debentures plus accrued and unpaid interest to, but excluding, the date of redemption.

In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable.

The Corporation has the right to purchase Debentures in the market, by tender or by private contract, subject to regulatory requirements, provided, however, that if an Event of Default (as described under "— Events of Default") has occurred and is continuing, the Corporation will not have the right to purchase Debentures by private contract.

Payment upon Redemption or Maturity

On redemption or at the Maturity Date, the Corporation will repay the indebtedness represented by the Debentures by paying to the Debenture Trustee in lawful money of Canada an amount equal to the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, together with accrued and unpaid interest thereon to, but excluding, the redemption date or Maturity Date, as the case may be. The Corporation may, at its option, on not more than 60 days' and not less than 30 days' prior notice and subject to applicable regulatory approval and provided that no Event of Default has occurred and is continuing and certain other conditions are satisfied, elect to satisfy its obligation to pay, in whole or in part, the principal amount of the Debentures that are to be redeemed or that have matured, as the case may be, by issuing freely-tradeable Common Shares to the holders of the Debentures. Any accrued and unpaid interest to, but excluding, the redemption date or Maturity Date, as the case may be, on the Debentures which are to be redeemed or which have matured, as the case may be, will be paid in cash. The number of Common Shares to be issued will be determined by dividing the aggregate principal amount of the outstanding Debentures which are to be redeemed or which have matured, as the case may be, by 95% of the Current Market Price on the date fixed for redemption or the Maturity Date, as the case may be.

No fractional Common Shares will be issued upon redemption or maturity of the Debentures but, in lieu thereof, the Corporation shall satisfy fractional interests by a cash payment equal to the Current Market Price of such fractional interest.

Change of Control

Within 30 days following the occurrence of a Change of Control, the Corporation will be required to make an Offer to Purchase all of the Debentures at the Offer Price. Holders of Debentures may accept the Offer to Purchase in whole or in part.

If holders of 90% or more in aggregate principal amount of the Debentures outstanding on the date the Corporation delivers the Offer to Purchase to the Debenture Trustee accept the Offer to Purchase, the Corporation will have the right to redeem all the remaining Debentures at the Offer Price. Notice of such redemption must be given to the Debenture Trustee within 10 days following the date of purchase, and promptly thereafter, by the Debenture Trustee to the holders of the Debentures not tendered pursuant to the Offer to Purchase.

The Corporation will comply with the requirements of Canadian securities laws and regulations to the extent such laws and regulations are applicable in connection with the repurchase of the Debentures in the event of a Change of Control.

Cash Change of Control

In addition to the requirement for the Corporation to make an Offer to Purchase in the event of a Change of Control, if a Change of Control occurs on or before December 31, 2017 in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash (other than cash payments for fractional Common Shares and cash payments made in respect of dissenters' appraisal rights); (ii) equity securities, including trust units, limited partnership units or other participating equity securities of a trust, limited partnership or similar entity, that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange, then subject to regulatory approvals, during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Offer to Purchase is delivered, holders of Debentures will be entitled to convert their Debentures, subject to certain limitations, and receive, subject to and upon completion of the Change of Control, in addition to the number of Common Shares they would otherwise be entitled to receive as set out under "— Conversion Privilege" above, an additional number of Common Shares per $1,000 principal amount of Debentures as set out below.

The number of additional Common Shares per $1,000 principal amount of Debentures constituting the make-whole premium will be determined by reference to the table below and is based on the date on which the Change of Control becomes effective (the "**Effective Date**") and the price (the "**Stock Price**") paid per Common Share in the transaction constituting the Change of Control. If holders of Common Shares receive (or are entitled and able in all circumstances to receive), only cash in the transaction, the Stock Price will be the cash amount paid per Common Share. Otherwise, the Stock Price will be equal to the Current Market Price of the Common Shares immediately preceding the Effective Date of such transaction.

The table on the following page shows what the make-whole premium would be for each hypothetical Stock Price and Effective Date set out below, expressed as additional Common Shares per $1,000 principal amount of Debentures. For greater certainty, the Corporation will not be obliged to pay the make-whole premium other than by issuance of Common Shares upon conversion subject to the provision relating to adjustment of the Conversion Price in certain circumstances and following the completion of certain types of transactions described under "— Conversion Privilege" above.

Stock Price	Effective Date				
	November 5, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
$39.83	7.250	7.250	7.250	7.250	7.250
$40.00	7.166	7.143	7.143	7.143	7.143
$41.00	6.692	6.533	6.533	6.533	6.533
$42.50	6.040	5.709	5.672	5.672	5.672
$45.00	5.091	4.729	4.365	4.365	4.365
$47.50	4.291	3.904	3.512	3.196	3.196
$50.00	3.615	3.211	2.813	2.426	2.143
$52.50	3.045	2.628	2.235	1.820	1.220
$55.00	2.564	2.140	1.760	1.338	0.544
$60.00	1.816	1.390	1.056	0.669	0.000
$65.00	1.285	0.869	0.597	0.279	0.000
$70.00	0.912	0.513	0.307	0.070	0.000
$75.00	0.651	0.274	0.131	0.000	0.000
$80.00	0.471	0.121	0.035	0.000	0.000
$85.00	0.347	0.033	0.002	0.000	0.000
$90.00	0.262	0.002	0.000	0.000	0.000
$100.00	0.163	0.000	0.000	0.000	0.000

The actual Stock Price and Effective Date may not be set out in the table, in which case:

(a) if the actual Stock Price on the Effective Date is between two Stock Prices in the table or the actual Effective Date is between two Effective Dates in the table, the make-whole premium will be determined by a straight line interpolation between the make-whole premiums set out for the two Stock Prices and the two Effective Dates in the table based on a 365-day year, as applicable;

(b) if the Stock Price on the Effective Date exceeds $100.00 per Common Share, subject to adjustment a described below, the make-whole premium will be zero; and

(c) if the Stock Price on the Effective Date is less than $39.83 per Common Share, subject to adjustment as described below, the make-whole premium will be zero.

The Stock Prices set out in the table above will be adjusted as of any date on which the Conversion Price of the Debentures is adjusted. The adjusted Stock Prices will equal the Stock Prices applicable immediately prior to such adjustment multiplied by a fraction, the numerator of which is the Conversion Price as so adjusted and the denominator of which is the Conversion Price immediately prior to the adjustment giving rise to the Stock Price adjustment. The number of additional Common Shares set out in the table above will be adjusted in the same manner as the Conversion Price as set out above under "— Conversion Privilege", other than by operation of an adjustment to the Conversion Price by adding the make-whole premium as described above. Holders of the Debentures will not be entitled to a make-whole premium in connection with any Cash Change of Control occurring after December 31, 2017.

Interest Payment Election

Unless an Event of Default has occurred and is continuing, the Corporation may elect (an "**Interest Payment Election**"), at any time and from time to time, subject to applicable regulatory approval, to satisfy all or part of the Interest Obligation on an Interest Payment Date (i) in cash; (ii) by delivering Common Shares to the Debenture Trustee, for sale, to satisfy the interest obligations in accordance with the Indenture, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares or (iii) any combination of (i) and (ii) above. The Indenture provides that, upon such election, the Debenture Trustee shall: (i) receive delivery of Common Shares from the Corporation; (ii) accept bids with respect to, and facilitate settlement of sales of, such Common Shares, each as the Corporation shall direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Corporation in the notice to elect to satisfy all or any part of the Interest Obligation by delivering Common Shares to the Debenture Trustee; (iii) invest the proceeds of such sales on direction of the Corporation in short-term permitted government securities (to be defined in the Indenture) which mature prior to the applicable Interest Payment Date, and use the proceeds received from such permitted government securities, together with any proceeds from the sale of Common Shares not invested as aforesaid, to satisfy such Interest Obligation and (iv) subject to the prior consent of the Corporation, perform any other action necessarily incidental thereto.

Neither the Corporation's making of an election to satisfy all or part of the Interest Obligation on an Interest Payment Date by delivering sufficient Common Shares to the Debenture Trustee, nor the facilitation of settlement of Common Shares will: (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the interest payable on such Interest Payment Date or (ii) entitle such holders to receive any Common Shares in satisfaction of the Interest Obligation.

Anti-Dilution Provisions

Subject to the provisions thereof, the Indenture provides for the adjustment of the Conversion Price in certain events including: (i) the subdivision or consolidation of the outstanding Common Shares; (ii) the issuance of Common Shares or securities convertible into or exchangeable for Common Shares to all or substantially all holders of Common Shares by way of a dividend or distribution or otherwise, other than an issue of Common Shares or securities convertible into or exchangeable for Common Shares by way of dividends paid in the ordinary course, provided such ordinary course dividends are no greater than $0.12 per Common Share per calendar month; (iii) the issuance of options, rights or warrants to all or substantially all holders of Common Shares entitling them to acquire Common Shares or other securities convertible into or exchangeable for Common Shares at less than 95% of the then Current Market Price of the Common Shares and (iv) the distribution to all or substantially all holders of Common Shares of certain other securities or assets (including cash or debt securities) otherwise than by way of dividends paid in the ordinary course, provided such ordinary course dividends are no greater than $0.12 per Common Share per calendar month. There will be no adjustment of the Conversion Price in respect of any event described in (ii), (iii) or (iv) above if the holders of the Debentures are allowed to participate as though they had converted their Debentures prior to the applicable record date or effective date. No adjustment will be made to the Conversion Price upon the issuance from time to time of Common Shares pursuant to the Corporation's existing or future stock option plan, long-term incentive plan, deferred share unit plan, share purchase plan or any dividend reinvestment plan, or any similar plan, if any, as such plans may be amended or replaced from time to time. The Corporation will not be required to make adjustments in the Conversion Price unless the cumulative effect of such adjustments would change the Conversion Price by at least 1%.

In the case of any reclassification or capital reorganization (other than a change resulting from consolidation or subdivision) of the Common Shares or in the case of any consolidation, amalgamation, arrangement or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Corporation as or substantially as an entirety to any other entity as a result of which the holders of Common Shares are entitled to receive shares, other securities or other property, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege shall be adjusted so that each holder of a Debenture shall, after such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding-up, be entitled to receive and shall accept in lieu of Common Shares, the kind and amount of securities or property which the holder thereof would have been entitled to receive if, on the effective date thereof, it had been the holder of the number of Common Shares into which the Debenture was convertible on the effective date of such reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance, liquidation, dissolution or winding-up ("**Substitute Property**"). Following any such reclassification, capital reorganization, consolidation, amalgamation, merger, sale, conveyance, liquidation, dissolution or winding-up, any reference to "Common Shares" under the headings "— Payment upon Redemption or Maturity", "— Change of Control" or "— Interest Payment Election" shall be deemed to be a reference to Substitute Property.

Notwithstanding the foregoing, if holders of Debentures would otherwise be entitled to receive, upon conversion of the Debentures, any Substitute Property that would not constitute "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied on December 31, 2007 ("**ineligible consideration**"), such holders shall not be entitled to receive such ineligible consideration but the Corporation or the successor or acquirer, as the case may be, shall have the right (at the sole option of the Corporation or the successor or acquirer, as the case may be) to deliver either such ineligible consideration or "prescribed securities" for the purposes of clause 212(1)(b)(vii)(E) of the *Income Tax Act* (Canada) as it applied on December 31, 2007 with a market value (as conclusively determined by the board of directors of the Corporation) equal to the market value of such ineligible consideration. In general, prescribed securities would include the Common Shares and other shares which are not redeemable by the holder within five years of the date of issuance of the Debentures. Because of this, certain transactions may result in the Debentures being convertible into prescribed securities that are highly illiquid. This could have a material adverse effect on the value of the Debentures.

Subject to compliance with the terms of the Indenture and applicable law, no consent of holders of the Debentures is required in connection with a reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale, conveyance, liquidation, dissolution or winding-up of the Corporation and the holders of the Debentures have no voting or other approval rights with respect to any such transaction.

Cancellation

All Debentures converted, redeemed or purchased as aforesaid will be cancelled and may not be reissued or resold.

Rank and Subordination

The Debentures are direct, subordinated, unsecured obligations of the Corporation and rank equally with one another and subordinate to all liabilities of the Corporation (including all trade debt), except liabilities which by their terms rank in right of payment equally with or subordinate to the Debentures, and will rank *pari passu* to all future unsecured subordinated debentures issued by the Corporation. The Indenture does not restrict the Corporation or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities.

The payment of the principal of, premium, if any, and interest on, the Debentures is subordinated in right of payment in the circumstances referred to below and more particularly, as set forth in the Indenture, to the prior payment in full of all Senior Indebtedness. "**Senior Indebtedness**" of the Corporation is defined in the Indenture as the principal of and premium, if any, and interest on and other amounts payable in respect of all indebtedness (including any indebtedness to trade creditors) of the Corporation (whether outstanding as at the date of the Indenture or thereafter created, incurred, assumed or guaranteed), other than all other existing and future indebtedness of the Corporation which, by the terms of the instrument creating or evidencing such other existing and future indebtedness, is expressed to be *pari passu* with, or subordinate in the right of payment to, the Debentures or other indebtedness ranking *pari passu* with the Debentures.

The Indenture provides that in the event of any dissolution, winding-up, liquidation, bankruptcy, insolvency, receivership, creditor enforcement or realization or other similar proceedings relating to the Corporation or any of its property, or any marshalling of the assets and liabilities of the Corporation, then holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Debentures or any unpaid interest accrued thereon. The Indenture also will provide that the Corporation will not make any payment, and the holders of the Debentures will not be entitled to demand, accelerate, institute proceedings for the collection of, or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures if a default or event of default with respect to or under any Senior Indebtedness permitting acceleration of the same has occurred and is continuing.

The Debentures are also effectively subordinate to claims of creditors (including trade creditors) of the Corporation's subsidiaries except to the extent the Corporation is a creditor of such subsidiaries ranking at least *pari passu* with such creditors of the Corporation's subsidiaries.

Modification

The rights of the holders of the Debentures may be modified in accordance with the terms of the Indenture. For that purpose, among others, the Indenture contains certain provisions which make Extraordinary Resolutions binding on all holders of Debentures. Under the Indenture, the Debenture Trustee has the right to make certain amendments to the Indenture in its discretion, without the consent of the holders of Debentures.

Events of Default

The Indenture provides that an Event of Default in respect of the Debentures will occur if any one or more of the following described events has occurred with respect to the Debentures: (i) failure for 30 days to pay interest on the Debentures when due; (ii) failure to pay the principal or premium, if any, on the Debentures when due, whether at the Maturity Date, upon redemption, by declaration or otherwise and the continuance of such default for 30 days; (iii) material default in performing or observing any of the other covenants, agreements or obligations of the Corporation as described in the Indenture and the continuance of such default for 60 days after the date on which the written notice of such default has been given to the Corporation by the Debenture Trustee or the holders of Debentures holding not less than 25% in principal amount of the outstanding Debentures and (iv) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws. If an Event of Default has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon request of holders of not less than 25% in principal amount of the Debentures then outstanding under the Indenture, declare the principal amount of, premium, if any, and interest on all Debentures then outstanding under the Indenture to be immediately due and payable. Certain Events of Default may be waived by written direction of the holders of at least 50% of the principal amount of the outstanding Debentures, by Extraordinary Resolution or by the Debenture Trustee in certain circumstances in accordance with the terms of the Indenture.

No holder of Debentures has any right to pursue any remedy (including any action, suit or proceeding authorized or permitted by the Indenture or pursuant to applicable law) with respect to the Indenture or the Debentures unless: (i) the holder gives to the Debenture Trustee notice of a continuing Event of Default; (ii) the holders holding at least 25% in principal amount of outstanding Debentures make a request in writing to the Debenture Trustee to pursue the remedy; (iii) such holder or holders offer or provide to the Debenture Trustee security and indemnity in form satisfactory to the Debenture Trustee against any loss, liability or expense; (iv) the Debenture Trustee does not comply with the request within 30 days after receipt of such request and indemnity; and (v) during such 30 day period the holders holding a majority in principal amount of outstanding Debentures do not give the Debenture Trustee any direction inconsistent with the request.

Compulsory Acquisition of Debentures

The Indenture contains provisions to the effect that if an offer is made for all the Debentures other than Debentures held by or on behalf of the offeror or an affiliate or associate of the offeror and not less than 90% of the Debentures (other than Debentures held by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Debentures held by the holders of Debentures who did not accept the offer on the terms offered by the offeror.

Satisfaction and Discharge

The Corporation may satisfy and discharge the Corporation's obligations under the Indenture in certain circumstances, including by delivering to the Debenture Trustee for cancellation all outstanding Debentures and/or by depositing with the Debenture Trustee, or the paying agent, if applicable, funds or property (including Common Shares (as applicable under the terms of the Indenture)) sufficient for, among other things, the payment of (i) the expenses of the Debenture Trustee under the Indenture and (ii) all principal, premium (if any), interest and other amounts due or to become due in respect of the Debentures.

Book-Entry System

Debentures were issued in the form of Global Debentures held by, or on behalf of, CDS Clearing and Depository Services Inc. ("**CDS Clearing**") as custodian for its participants. Purchasers of Debentures represented by Global Debentures do not receive Debentures in definitive form. Rather, the Debentures are represented only in "book-entry only" form. Beneficial interests in the Global Debentures, constituting ownership of the Debentures, are represented through book-entry accounts of institutions (including the underwriters) acting on behalf of beneficial owners, as direct and indirect participants of CDS Clearing. Each purchaser of a Debenture represented by a Global Debenture typically receives a customer confirmation of purchase from the underwriter or underwriters from whom the Debenture is purchased in accordance with the practices and procedures of the selling underwriter or underwriters. The practices of the underwriters may vary but generally customer confirmations are issued promptly after execution of a customer order. CDS Clearing is responsible for establishing and maintaining book-entry accounts for its participants having interests in Global Debentures.

All interests in the Debentures are subject to the operations and procedures of CDS Clearing. The operations and procedures of each settlement system may be changed at any time. The Corporation is not responsible for those operations and procedures.

If: (i) the Corporation is required to do so by law; (ii) the "book-entry only" system ceases to exist; (iii) CDS Clearing notifies the Corporation that it is unwilling or unable to continue as depository in connection with the Global Debentures; (iv) at any time CDS ceases to be a clearing agency or otherwise ceases to be eligible to be a depository and the Corporation is unable to locate a qualified successor; (v) the Corporation elects, in its sole discretion, to terminate the book-entry only system for the Debentures; or (vi) in certain circumstances where an Event of Default has occurred, beneficial owners of Debentures represented by Global Debentures at such time will receive definitive certificates representing their Debentures.

Neither the Corporation, the Debenture Trustee or the underwriters of the Debentures has any responsibility or obligation to participants, or the persons for whom they at as nominees, with respect to (i) the accuracy of the records of CDS Clearing, its nominee, or any participant, regarding any ownership interest in the securities or (ii) any payments, or the providing of notice, to participants or beneficial owners.

Transfer and Exchange of Debentures

Transfers of beneficial ownership in Debentures represented by Global Debentures are effected through records maintained by CDS Clearing for such Global Debentures or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the Corporation elects, in its sole discretion, to prepare and deliver definitive certificates representing the Debentures, beneficial owners who are not participants in CDS Clearing's book-entry system, but who desire to purchase, sell or otherwise transfer ownership of or other interest in Global Debentures, may do so only through participants in CDS Clearing's book-entry system.

The ability of a beneficial owner of an interest in a Debenture represented by a Global Debenture to pledge the Debenture or otherwise take action with respect to such owner's interest in a Debenture represented by a Global Debenture (other than through a participant) may be limited due to the lack of a physical certificate.

If definitive certificates representing the Debentures are used instead of or in place of Global Debentures, registered holders of definitive certificates may transfer such Debentures upon payment of certain charges incidental thereto, if any, by executing and delivering a form of transfer together with the Debentures to the registrar for the Debentures at its principal offices in Toronto, Ontario or such other city or cities as may from time to time be designated by the Corporation whereupon new Debentures will be issued in authorized denominations in the same aggregate principal amount as the Debentures so transferred, registered in the names of the transferees.

Payments

Payments of interest and principal on each Global Debenture are made to CDS Clearing or its nominee, as the case may be, as the registered holder of the Global Debenture. As long as CDS Clearing or its nominee is the registered owner of a Global Debenture, CDS Clearing or its nominee, as the case may be, will be considered the sole legal owner of such Global Debenture for the purposes of receiving payments of interest and principal on the Debentures and for all other purposes under the Indenture and the Debentures. Interest payments on Global Debentures are made by electronic funds transfer or other means acceptable to the Debenture Trustee prior to the day interest is payable and are delivered to CDS Clearing or its nominee, as the case may be.

The Corporation understands that CDS Clearing or its nominee, upon receipt of any payment of interest or principal in respect of a Global Debenture, credits participants' accounts, on the date interest or principal is payable, with payments in amounts proportionate to their respective beneficial interest in the principal amount of such Global Debenture as shown on the records of CDS Clearing or its nominee. The Corporation also understands that payments of interest and principal by participants to the owners of beneficial interests in such Global Debenture held through such participants are governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and are the responsibility of such participants. The Corporation's responsibility and liability in respect of payments on Debentures represented by the Global Debenture is limited solely and exclusively, while the Debentures are registered in Global Debenture form, to making payment of any interest and principal due on such Global Debenture to CDS Clearing or its nominee.

If definitive certificates representing the Debentures are issued instead of or in place of Global Debentures, payments of interest on each definitive certificate will be made by electronic funds transfer, cheque or other means acceptable to the Debenture Trustee at least three business days (a business day for this purpose being a day, other than a Saturday, Sunday or statutory holiday, on which Canadian chartered banks are open for business in Toronto, Ontario) preceding the applicable Interest Payment Date. The Debenture Trustee will forward such payments to the address of the holders appearing in the register maintained by the registrar for the Debentures at the close of business on the fifth business day prior to the Interest Payment Date. Payment of principal at maturity will be made at the principal office of the Debenture Trustee in the City of Toronto, Ontario (or in such other city or cities as may from time to time be designated by the Corporation) against surrender of the definitive certificates, if any. If the due date for payment of any amount of principal or interest on any definitive certificate is not, at the place of payment, a business day such payment will be made on the next business day and the holder of such definitive certificate shall not be entitled to any further interest or other payment in respect of such delay.

The Corporation or the Debenture Trustee make any withholdings or deductions from all payments on the Debentures in respect of taxes required by law or by the interpretation or administration thereof and remit the full amount withheld or deducted to the relevant taxing authority in accordance with applicable law.

Governing Law

Each of the Indenture and the Debentures are governed by, and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein.

DIRECTORS AND OFFICERS

The table below sets out, for each of the Directors and executive officers of the Corporation as at the date hereof, the person's name, municipality of residence, positions with the Corporation (i.e., directorship and/or office) and principal occupation. The term of office for each of the Directors expires at the time of the next annual meeting of Shareholders.

As of the date hereof, the Directors and executive officers of the Corporation identified below, collectively beneficially own, directly or indirectly, or exercise control and direction over 671,294 Common Shares, representing, in the aggregate approximately 1.1% of the issued and outstanding Common Shares. Calculation of this aggregate percentage ownership noted includes share equivalents of Performance Share Units or Deferred Share Units issued pursuant to long-term incentive plans, regardless of vesting**.**

The Directors and executive officers as of the date hereof are the following individuals:

Name and Residence	Position	Principal Occupation
Phyllis Yaffe .... Ontario, Canada(4)	Director (Chair)	Corporate Director
Joan Dea .... California, USA(4)	Director	Corporate Director
Sarabjit Marwah .... Ontario, Canada(3)(4)	Director	Vice Chairman and Chief Operating Officer Bank of Nova Scotia
Robert Steacy.................................... Ontario, Canada(1)(2)	Director	Corporate Director
Robert Bruce .... Ontario, Canada(2)	Director	President, Communications Rogers Communications Inc.
Ian Greenberg .... Quebec, Canada(4)	Director	Corporate Director

Name and Residence	Position	Principal Occupation
Anthony Munk .... Ontario, Canada(2)	Director	Senior Managing Director Onex Corporation
Edward Sonshine .... Ontario, Canada(2)	Director	Chief Executive Officer RioCan Real Estate Investment Trust
Jordan Banks .... Ontario, Canada	Director	Global Head of Vertical Strategy Facebook Inc.
Ellis Jacob .... Ontario, Canada	Director/Officer	President and Chief Executive Officer Cineplex Inc.
Heather Briant .... Ontario, Canada	Officer	Senior Vice President, Human Resources Cineplex Inc.
Anne Fitzgerald .... Ontario, Canada	Officer	Chief Legal Officer and Corporate Secretary Cineplex Inc.
Michael Kennedy .... Ontario, Canada	Officer	Executive Vice President, Filmed Entertainment Cineplex Inc.
Jeff Kent .... Ontario, Canada	Officer	Chief Technology Officer Cineplex Inc.
Dan McGrath .... Ontario, Canada	Officer	Chief Operating Officer Cineplex Inc.
Gord Nelson .... Ontario, Canada	Officer	Chief Financial Officer Cineplex Inc.

Notes:

(1) Chair of the Audit Committee of the Corporation.

(2) Member of the Audit Committee of the Corporation.

(3) Chair of the Compensation, Nominating and Corporate Governance Committee.

(4) Member of the Compensation, Nomination and Corporate Governance Committee.

Biographies

The following are brief profiles of the directors of the Corporation.

- ***Jordan Banks.*** Mr. Banks is currently an executive at Facebook Inc. where he serves as Global Head of Vertical Strategy and Managing Director of Facebook Canada. In his role, Mr. Banks leads the team responsible for identifying and developing business strategies and initiatives in Facebook's key industry categories around the world. He is also responsible for leading and managing all of Facebook's commercial operations in Canada. Prior to Facebook, Mr. Banks was the founder and managing partner at Thunder Road Capital, Chief Executive Officer of the publicly traded JumpTV as well as the Managing Director of eBay Canada. In addition to his role as a Director of the Corporation, Mr. Banks sits on the Board of Directors of the Hospital for Sick Children Foundation, the Board of Governors of the University of Waterloo and the Board of Advisors of the Art Gallery of Ontario. As part of his commitment to raise money and awareness for Alzheimer's research and care, Mr. Banks sits on the Boards of Directors of The Tanz Centre for Research in Neurodegenerative Diseases and the Baycrest Centre for Geriatric Care. Additionally, as a strong believer in the value of mentoring, Mr. Banks is a Charter Member of the C100, a business mentor at Extreme Startups, a special advisor to the Next 36 and a member of the Young Presidents' Organization. He was recently named by the Financial Post Magazine as one of Canada's 25 Most Influential People, previously chosen as one of Canada's "Top 40 Under 40" honorees as well as the Hugo Boss "Leave A Mark" award celebrating men of excellence.

- ***Robert Bruce*.** Mr. Bruce currently serves as President, Communications for Rogers Communications Inc., having previously served as President, Rogers Wireless from 2005 to 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 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.

- ***Joan Dea.*** Ms. Dea is currently a corporate director and investor. 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, performance management, branding, customer experience, culture 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 held several leadership positions and consulted to Fortune 500 firms on strategy, transformative change and global competitiveness. She became 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 the Chair of the Woman's Initiative, Trustee of Marin Academy, member of the Yale University Development Council, member of the Federal Advisory Council for the Promotion of Women on Boards and member of the Advisory Board for the Pecaut Centre for Social Impact. Ms. Dea was named one of the 100 most powerful women in Canada in 2007.

- ***Ian Greenberg***. Mr. Greenberg founded Astral Media with his three brothers over 50 years ago. He was the President and Chief Executive Officer of Astral Media Inc. from 1996 until 2013. In addition to serving as a director of the Corporation, he currently serves on the Board of Directors of each of BCE and Bell Canada Inc. He also sits on the Audit Committee of Bell Canada. He is a Governor of Montreal’s Jewish General Hospital and is actively involved in a number of 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 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 2008, he was inducted into the Canadian Association of Broadcasters’ Hall of Fame. In 2013, he received a special award from the Academy of Canadian Cinema and Television for exceptional achievement in Canadian film and television. With his brothers, Mr. Greenberg received the Eleanor Roosevelt Humanities Award for their active support of numerous industry and charitable organizations. In 2014, he was inducted into the Canadian Broadcast Industry Hall of Fame.
- ***Ellis Jacob, C.M.*** Mr. Jacob has been working in the motion picture exhibition industry since 1987. 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 audit committee of the Toronto International Film Festival Group. He is a member of the Boards of Directors of each of the Movie Theatre Association of Canada and the National Association of Theater Owners, where he also sits 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 of Husky Injection Molding Systems Ltd., where he chairs the Audit Committee. He is also a member of the Board of Directors, Audit Committee and the Corporate Governance and Nominating Committee for Dundee Corporation. Mr. Jacob is an active community member, currently serving as a member of the Board of Directors at Toronto’s Baycrest Centre for Geriatrics, where he chairs the Commercialization Committee and is a member of Baycrest’s Finance and Audit Committee and a member of the Board of Governors for Mount Sinai Hospital. He holds an MBA from the Schulich School of Business as well as the accounting designations of Fellow Chartered Professional Accountant (FCPA), Fellow Chartered Accountant (FCA) and Fellow Certified Management Accountant (FCMA). He also holds the ICD.D designation from the Institute of Corporate Directors and was appointed a Member of the Order of Canada in 2010.

- ***Sarabjit S. Marwah***. Mr. Marwah is currently the Vice-Chairman and Chief Operating Officer of Scotiabank. He is responsible for many of Scotiabank’s corporate financial and administrative 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 George Weston Ltd., several Scotiabank subsidiaries and The Hospital for Sick Children. He was past chair of the Humber River Regional Hospital, a past member of the Board of Directors of each of the C.D. Howe Institute, Torstar Corporation, and the 2008 and 2009 United Way Cabinets, and is active in several community organizations.

- ***Anthony Munk***. Mr. Munk is currently a Senior Managing Director of Onex Corporation, a leading North American private equity firm. In addition to his Director role with the Corporation, Mr. Munk also currently serves as a member of the Boards of Directors or each of Barrick Gold Corporation and JELD-WEN Holding, Inc. In his capacity with Onex Corporation, Mr. Munk has worked on numerous private equity transactions including the acquisition and realization of RSI Home Products, Tomkins Air Distribution, Husky Injection Molding Systems Ltd., Vencap Equities, Imperial Parking, ProSource and Loews Cineplex. During those acquisition processes, Mr. Munk served on the respective boards of directors of each of those companies. More recently, he was involved in the acquisition of JELD-WEN Holding, Inc. Prior to joining Onex Corporation in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England Mr. Munk holds a B.A. (Honours) from Queen’s University.

- ***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 Board of Directors of the Royal Bank of Canada, where he serves as a member of the Audit Committee. 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. He was appointed Queen’s Counsel in 1983 and a Member of the Order of Ontario in 2011. In 2013, he was honoured as Canada’s Outstanding CEO of the year.

- ***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 Professional Accountant since 1976 (Institute of Chartered Professional Accountants of Ontario). In addition to sitting on the Board of the Corporation, he currently serves on the Boards of Directors of Postmedia Network Canada Corp, Domtar Corporation and OCP Holdings Corporation, a private investment company. He currently serves as Chair of the Audit Committee for each of Domtar Corporation and Postmedia Network Canada Corp. He also serves on the Compensation and Pension Committee for Postmedia Network Canada Corp as well as the Domtar Corporation Finance Committee and its Nominating and Corporate Governance Committee. He previously served as a member of the Audit Committees of Alliance Atlantis Communication Inc. and Canadian Imperial Bank of Commerce and served as Chair of the Audit Committees for each of Domtar Inc. and Somerset Entertainment Income Fund.

- ***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 Lions Gate Entertainment Corporation and Blue Ant Media, a privately held Canadian media company, and until its acquisition, sat on the Board of Directors of Astral Media Inc. She is also chair of the Board of Governors for Ryerson University and chair of Women Against Multiple Sclerosis. In 1999, Ms. Yaffe was selected as the Canadian Women in Communications Woman of the Year, and received the Lifetime Achievement Award from Women in Film and Television in 2000. In 2006, Ms. Yaffe was included in the Women’s Executive Network’s list of Canada’s 100 Most Powerful Women and in 2007, she was inducted into the Canadian Association of Broadcasters’ Broadcast Hall of Fame.

In addition to Ellis Jacob who serves as the President and Chief Executive Officer of the Corporation, the following are brief profiles of additional executive officers of the Corporation.

- ***Heather Briant, Senior Vice President, Human Resources***. Ms. Briant joined Cineplex Entertainment in 2006. She is responsible for all aspects of the Human Resources function, encompassing talent development and succession, organization effectiveness, total and executive compensation, health and safety, and human resources governance and reporting. She is also a leader in the organization's corporate strategy and transformational activities. Ms. Briant has over 20 years of prior business experience and was most recently the Vice President, Human Resources at Canadian Tire Corporation Limited prior to joining Cineplex. Active within the community, Ms. Briant has served on a number of corporate and not for profit boards. She is currently a member of the Board of Governors of Canada's 10 Most Admired Corporate Cultures and the Kilberry Advisory Board. Ms. Briant holds the ICD.D designation from the Institute of Corporate Directors of the Rotman School of Management.

- ***Anne Fitzgerald, Chief Legal Officer and Corporate Secretary***. Ms. Fitzgerald joined Cineplex in 2005, having previously worked as outside counsel to the Corporation. As chief counsel, she oversees all legal, corporate affairs, corporate governance and insurance matters relating to Cineplex and its subsidiaries. Ms. Fitzgerald became licensed to practice law in 1990 and has since practiced in both Canada and the United States. Prior to joining Cineplex, she practiced primarily in litigation roles, including corporate-commercial, securities, criminal, tax and entertainment matters. Ms. Fitzgerald is currently a member of the Board of Directors for each of the Academy of Canadian Cinema and Television, the National Association of Theater Owners and the Movie Theatre Association of Canada. She also volunteers her time and expertise as a member of the Board of Directors of Outward Bound Canada. Mrs. Fitzgerald was inducted as a Fellow of the Royal Canadian Geographic Society in 2012 and has also twice been a finalist for the National Post/ZSA General Counsel of the Year Awards. She holds the ICD.D designation from the Institute of Corporate Directors of the Rotman School of Management and is currently licensed to practice law in both Ontario and North Carolina.

- ***Michael Kennedy, Executive Vice President, Filmed Entertainment***. Mr. Kennedy returned to Cineplex as Executive Vice President in July 2005 after having held senior management positions at Famous Players, COC, Norstar Releasing and Astral Films. He oversees all aspects of film programming and alternative programming for the Corporation. He is an industry veteran and his career has included roles in film programming, film and video distribution, advertising and theatre operations. Mr. Kennedy currently sits on the Boards of Directors of the Movie Theatre Association of Canada, Canadian Film Centre, First Weekend Club, Reel World Film Festival and Canadian Motion Picture Pioneers Association. He is also a member of the advisory committee of the Hot Docs Film Festival and serves on the advisory group of Telefilm Canada. Mr. Kennedy also hosts various Cineplex Coming Attractions segments which are available throughout Cineplex's digital space.

- ***Jeff Kent, Chief Technology Officer***. Mr. Kent is an information technology professional with many years of experience in the entertainment industry. He oversees all technology relating to the Corporation and its subsidiaries. Prior to returning to Cineplex in 2004, Mr. Kent was previously Senior Vice President, Information Technology for Alliance Atlantis Communications Inc. From 1996 through 1998, Mr. Kent held senior positions in finance and information technology with COC. He currently sits on the Board of Directors and the Technology Committee of the National Association of Theater Owners as well as serving as a director of SCENE Corporation. Mr. Kent holds an MBA from McMaster University and the accounting designations of Chartered Professional Accountant (CPA) and Certified Management Accountant (CMA). He also holds the ICD.D designation from the Institute of Corporate Directors of the Rotman School of Management.

- ***Dan McGrath, Chief Operating Officer***. Mr. McGrath joined COC in 1987and held various financial and operational roles from 1987 to 2000. Upon joining Galaxy in 2000, he held the position of Executive Vice President and held that position with the Corporation until 2011 when he was named Chief Operating Officer. In his current role, Mr. McGrath oversees theatre operations, merchandising, real estate (including design and construction), legal, customer strategies (marketing, corporate sales, loyalty and interactive media), and digital commerce as well as the company's media businesses (Cineplex Media, Cineplex Digital Solutions and Cineplex Digital Networks). He is a member of the Board of Directors for SCENE

LP, the Movie Theatre Association of Canada (where is also is Treasurer), Covenant House Board and Canada's Walk of Fame (where he also sits as Chair). Mr. McGrath holds the accounting designation of Chartered Professional Accountant (CPA) and Chartered Accountant (CA).

- ***Gord Nelson, Chief Financial Officer***. Mr. Nelson joined COC in 1988 and has held various successive financial roles since that time. He was appointed Chief Financial Officer of the Fund in 2004 and continued in this role following the company's conversion to the Corporation in 2011. Mr. Nelson oversees the finance, purchasing, communications, risk management and business development areas of the Corporation. He is a member of the Finance and Audit Committee of the Baycrest Centre for Geriatric Care. He graduated from the University of Toronto with an MBA and holds the accounting designations of Chartered Professional Accountant (CPA) and Chartered Accountant (CA).

Committees of the Board of Directors of the Corporation

The Board has two committees, an Audit Committee as well as a Compensation, Nominating and Corporate Governance Committee.

Audit Committee

Terms of Reference of the Audit Committee of the Corporation

The Terms of Reference of the Audit Committee of the Board, as confirmed on March 12, 2014, are set out in Schedule A to this Annual Information Form.

Composition of the Audit Committee of the Corporation

The Audit Committee of the Corporation is currently composed of four Directors, namely Robert Steacy (Chair), Robert Bruce, Anthony Munk and Edward Sonshine. Each member of the Audit Committee is independent and financially literate within the meaning of applicable securities laws.

Relevant Education and Experience of Audit Committee Members

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee are set forth below:

- ***Robert Steacy (Chair)*** – Prior to his retirement in 2005, Mr. Steacy was the Executive Vice President and Chief Financial Officer of Torstar Corporation and had been its senior financial officer for 16 years. In that capacity, he was responsible for overseeing all financial functions of the corporation (including all financial reporting, budgeting, tax, treasury functions and internal audit). Mr. Steacy has been a Chartered Professional Accountant since 1976 (Institute of Chartered Professional Accountants of Ontario) and currently sits on the Boards of Directors of Postmedia Network Canada Corp, Domtar Corporation and OCP Holdings Corporation, a private investment company. He currently serves as Chair of the Audit Committees for each of Domtar Corporation and Postmedia Network Canada Corp; he also serves on the Compensation and Pension Committee for Postmedia Network Canada Corp as well as the Domtar Corporation Finance Committee and its Nominating and Corporate Governance Committee. He previously served as a member of the Audit Committees of Alliance Atlantis Communication Inc. and Canadian Imperial Bank of Commerce; he was also chair of the Audit Committees for each of Domtar Inc. and Somerset Entertainment Income Fund. He earned his B.Comm from Queens University in 1973.

- ***Robert Bruce*** – Mr. Bruce currently serves as President, Communications for Rogers Communications Inc., having responsibility for marketing, sales, distribution, retail stores, customer care and all aspects of operations for both cable and wireless, with substantial financial management obligations. His current role at Rogers, as well as past roles at BCE Mobile Communications, Pepsi-Cola Canada and Oshawa Foods Limited, have provided him significant experience with operational and financial aspects of each of these businesses. Mr. Bruce graduated from Queen's University with a Masters of Business Administration and University of Waterloo with a Master of Science.

- ***Anthony Munk*** – Mr. Munk is currently a Senior Managing Director of Onex Corporation, a leading North American private equity firm and has worked on numerous private equity transactions. Prior to joining Onex Corporation in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England. He currently serves on the Board of Directors of each of Barrick Gold Corporation (where he serves on the Finance Committee) and JELD-WEN Holding, Inc. Mr. Munk holds a B.A. (Honours) from Queen's University.

- ***Edward Sonshine*** – 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 for 19 years since the company's founding in 1993. In that capacity, Mr. Sonshine is responsible for overseeing all financial functions and reporting of the company. In addition to his Director role with the Corporation, Mr. Sonshine is a member of the Board of Directors as well as the Audit Committee of the Royal Bank of Canada.

Audit Fees

The aggregate amounts paid or accrued by the Corporation or Cineplex Entertainment LP with respect to fees, excluding expenses, payable to PricewaterhouseCoopers LLP, the auditors of the Corporation and Cineplex Entertainment LP, for audit, audit-related, tax and other services in the fiscal years ended December 31, 2013 and December 31, 2012 were as follows:

Type of Service	Year Ended December 31, 2013	Year Ended December 31, 2012
Audit	$ 653,000	$ 615,000
Audit-related	$ 174,000	$ 37,000
Tax	$ 218,000	$ 269,000
Other	$ 12,000	$ 12,000

The nature of each category of fees is described below.

Audit-related Fees. Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. The increased audit-related fees in 2013 as compared to 2012 related to an increase in consulting services performed in connection with the prospectus filed in November 2013 and acquisitions completed during 2013.

Tax. Tax fees were paid for tax compliance services ($154,000) and tax consulting and planning ($64,000).

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy regarding the engagement of the external auditor for non-audit and non-compliance tax services. PricewaterhouseCoopers LLP provides audit services to Cineplex and is also authorized to provide specific audit-related services as well as prescribed tax services. PricewaterhouseCoopers LLP may also provide other services provided that its engagement for such services is pre-approved by the Audit Committee. This policy is available on the Investor Relations section of the Cineplex website at www.cineplex.com.

RISK FACTORS

Cineplex is exposed to a number of risks in the normal course of business that have the potential to affect operating performance. Cineplex has operating and risk management strategies and insurance programs to help minimize these operating risks. In addition Cineplex has entity level controls and governance procedures including a corporate code of business conduct and ethics, whistle blowing procedures, clearly articulated corporate values, and detailed policies outlining the delegation of authority within Cineplex.

Cineplex conducts an annual enterprise risk management assessment which is overseen by Cineplex's executive management team and the audit committee, and is reported to the Board. The enterprise risk management framework sets out principles and tools for identifying, evaluating, prioritizing and managing risk effectively and consistently across Cineplex. In addition Cineplex monitors risks and changing economic conditions on an ongoing basis and adapts its operating strategies as required.

Industry Risk

Cineplex's ability to operate successfully depends upon the availability, diversity and appeal of films, the availability, diversity and appeal of 3D product, the ability of Cineplex to license films and the performance of these films in Cineplex's markets. Cineplex primarily licenses first-run films, the success of which is dependent upon their quality, as well as on the marketing efforts of film studios and distributors. Cineplex continues to diversify its entertainment offerings to include alternative programming and to move into other sources of revenue such as digital commerce and expanded media offerings. Nonetheless, Cineplex is highly dependent on film product and film performance, including the number and success of blockbuster films. A reduction in quality or quantity of both 2D and 3D film product or any disruption in the production or release of films, including a strike or threat of a strike, a reduction in the marketing efforts of film studios and distributors or a significant change in film release patterns, would have a negative effect on film attendance and adversely affect Cineplex's business and results of operations.

In 2013, seven major film distributors accounted for approximately 94.1% of Cineplex's box office revenues, which is consistent with industry standards. Deterioration in Cineplex's relationships with any of the major film distributors could affect its ability to negotiate film licenses on favourable terms or its ability to obtain commercially successful films. Cineplex actively works on maintaining good relations with these distributors, as this affects its ability to negotiate commercially favourable licensing terms for first-run films or to obtain licenses at all.

Cineplex competes with other film delivery methods, including cable, satellite television, DVDs and Blu-Rays, as well as DTO and VoD via the Internet. The release date of a film in other channels of distribution such as pay television or DVD is at the discretion of each distributor and earlier release windows for these or new alternative channels could have a negative impact on Cineplex's business.

Exhibition Competition Risk

Cineplex competes in each of its local markets with other national and regional circuits and independent film exhibitors, particularly with respect to film licensing, attracting guests and acquiring and developing new theatre sites and acquiring existing theatres. Movie-goers are generally not brand conscious and usually choose a theatre based on its location, the films showing, show-times available and the theatre's amenities. As a result, the building of new theatres or the addition of screens to existing theatres by competitors in areas in which Cineplex operates theatres may result in reduced attendance levels at Cineplex's theatres.

In response to this risk, management fosters strong ties with the real estate and development community and monitors potential development sites closely. Most prime locations in larger markets have been developed such that further development would be generally uneconomical. In addition the exhibition industry is capital intensive with high operating costs and long-term contractual commitments. Significant construction and real estate costs make it increasingly difficult to develop new sites profitably, reducing the risk of competition through development.

Media Risk

Media revenue has been shown to be particularly sensitive to economic conditions and any changes in the economy may either adversely influence this revenue stream in times of a downturn or positively influence this revenue stream should economic conditions improve. Cineplex monitors customer satisfaction with advertising through customer satisfaction surveys. Cineplex has numerous large media customers, the loss of which could impact Cineplex's results. There is no guarantee that Cineplex could replace the revenues generated by these large customers if their business was lost.

Technology Risk

Technological advances and the conversion of films into digital formats have made it easier to create, transmit and "share" via downloading over the Internet or unauthorized copying, high quality copies of films in theatrical release. Some consumers may choose to obtain unauthorized copies of films rather than attending a theatre which may have an adverse effect on Cineplex's business. In addition, as home theatre technology becomes more sophisticated and additional technologies become available to consume content, consumers may choose other technology options rather than attending a theatre.

To mitigate these risks, Cineplex continues to enhance the out-of-home experience through the addition of new technologies and experiences including 3D, VIP, UltraAVX and digital projection in order to further differentiate the theatrical product from the home product. Approximately 44% of Cineplex's auditoriums are currently equipped to screen 3D content. Cineplex has also diversified its offerings to customers by operating the Cineplex Store which sells DVDs, Blu-ray discs, as well as VoD and DTO movies online in order to participate in the in-home and on-the-go entertainment markets.

Cineplex needs an effective information technology infrastructure including hardware, networks, software, people and processes to effectively support the current and future needs of the business in an efficient, cost-effective and well-controlled fashion. Cineplex is continually upgrading systems and infrastructure to meet business needs.

Changing platform technologies and new emerging technologies in the digital commerce industry present a risk to the Cineplex Store's operations, specifically relating to the delivery of VoD and DTO services. Should Cineplex's supplier cease operations or have its technology platform rendered obsolete, Cineplex's sales of VoD and DTO products would be jeopardized.

Customer Risk

Cineplex competes for the public's leisure time and disposable income with other forms of entertainment including home and online consumption of content, sporting events, live music concerts, live theatre and restaurants. If Cineplex is too aggressive in raising ticket prices or concession prices, there may be an adverse effect on attendance and concession revenues. Cineplex aims to deliver an affordable out-of-home entertainment experience. Cineplex monitors pricing in all markets to ensure that it offers a reasonably priced out-of-home experience compared to other entertainment alternatives. In addition, historical data shows that movie attendance has not been negatively affected by economic downturns over the past 25 years.

Cineplex monitors customer needs to ensure that the in-theatre experience meets the anticipated needs of key demographic groups. Cineplex is differentiating the movie-going experience by providing UltraAVX auditoriums, D-BOX MFX seating, VIP auditoriums and XSCAPE entertainment centres in select theatres and by providing alternative programming which appeals to specific demographic groups. In addition, the advent of digital technology has allowed for more niche programming. In the event that consumer preferences change, Cineplex may need to incur further capital expenditures to redevelop existing locations. In consideration of this risk, Cineplex continues to improve the quality of its theatre assets through ongoing theatre upgrades and retrofits.

Cineplex is dependent on its theatre locations to provide a satisfactory entertainment experience. If Cineplex's execution of processes does not consistently meet or exceed customer expectations due to poor customer service or poor quality of assets, movie attendance may be adversely affected. Cineplex monitors customer satisfaction through surveys, mystery shops and focus groups, and maintains a guest services department to address customer concerns. Guest satisfaction is tied to performance measures for theatre management ensuring alignment between corporate and operational objectives. There is the potential for misinformation to be spread virally through social media relating to Cineplex's theatre assets as well as the quality of its customer service. Cineplex monitors commentary on social media in order to respond quickly to potential social media misinformation.

Cineplex continues to pursue other revenue opportunities such as advertising, games, promotions and alternative uses of its theatres during non-peak hours. Cineplex's ability to achieve its business objectives may depend in part on its ability to successfully increase these revenue streams.

Cineplex's offerings through the Cineplex Store of DVD's and Blu-Ray discs relies on third party shipping to deliver the hard goods purchased by the consumer. The VoD and DTO movies are delivered online via third parties. Delays in shipping hard goods or delays or other technological issues relating to online delivery could negatively impact customer satisfaction. Cineplex monitors delivery times for both hard goods and electronic delivery in order to proactively manage any potential customer satisfaction issues.

Human Resources Risk

The success of Cineplex depends upon the retention of senior executive management, including the Chief Executive Officer, Ellis Jacob. The loss of services of one or more members of the executive management team could adversely affect Cineplex's business, results of operations and Cineplex's ability to effectively pursue its business strategy. Cineplex does not maintain key-man life insurance for any of its employees but does provide long-term incentive programs to retain key personnel.

Cineplex employs approximately 11,000 people, of whom approximately 90% are hourly workers whose compensation is based on the prevailing provincial minimum wages with incremental adjustments as required to match market conditions. Any increase in these minimum wages will increase employee related costs. Approximately 6% of Cineplex's employees are represented by unions, located primarily in the province of Quebec. Because of the small percentage of employees represented by unions, the risk of labour disruption is low.

Real Estate Risk

The acquisition and development of new theatre sites to be operated by Cineplex is dependent on the ability of Cineplex to identify, acquire and develop suitable sites for potential theatre locations in both new and existing markets. The cost to develop a new theatre is substantial, but its success is not assured. While Cineplex is careful in selecting sites for new theatres, the significant time lag from identifying a new site to theatre opening can result in a change in local market circumstances and could negatively impact the theatre's chance of success. In addition, the building of new theatres may draw audiences away from less appealing older theatres owned by Cineplex. Cineplex considers the overall return for the theatres in a geographic area when making the decision to build a new theatre.

The majority of Cineplex's theatres are subject to long-term leases. In accordance with the terms of these leases, Cineplex is responsible for costs associated with utilities consumed at the theatre and property taxes associated with the theatre. Cineplex has no control over these costs and these costs have been increasing over the last number of years.

Cineplex continues to be liable for obligations under theatre leases in respect of certain divested theatres. If the transferee of any such theatres fails to satisfy the obligations under such leases, Cineplex may be required to assume the lease obligations.

Integration Risk

While Cineplex has successfully integrated businesses acquired in the past, there can be no assurance that all acquisitions, including those completed in 2013, will be successfully integrated or that Cineplex will be able to realize expected operating and economic efficiencies from the acquisitions.

Financial Markets Risk

Cineplex requires efficient access to capital in order to fuel growth, execute strategies, and generate future financial returns. For this reason Cineplex has the Revolving Credit Facility available.

Cineplex hedges interest rates on the Term Facility, thereby minimizing the impact of significant fluctuations in the market rates. Cineplex's exposure to currency and commodity risk is minimal as the majority of its transactions are in Canadian dollars and commodity costs are not a significant component of the overall cost structure.

Sourcing Risk

Substantially all of Cineplex's beverage concessions are products of one major beverage company. If this relationship was disrupted, Cineplex may be forced to negotiate a substitute arrangement that could be less favourable to Cineplex than the current arrangement. Any such disruptions could therefore increase the cost of concessions and harm Cineplex's operating margins, which would adversely affect its business and results of operations.

Cineplex relies on a single company for the distribution of a substantial portion of its concession supplies. If this distribution relationship were disrupted, Cineplex could be forced to negotiate a number of substitute arrangements with alternative distributors that could, in the aggregate, be less favourable to Cineplex than the current arrangement.

Cineplex relies on one major supplier to source popcorn seed, and has entered contracts with this supplier to guarantee a fixed supply. As crop yields can be affected by drought or other environmental factors, the supplier may be unable to fulfill the whole of its contractual commitments, such that Cineplex would need to source the remaining needed corn product from other suppliers at a potentially higher cost.

In order to minimize operating risks, Cineplex actively monitors and manages its relationships with its key suppliers.

Health and Safety Risk

Cineplex is subject to risks associated with food safety, product handling and the operation of machinery. Cineplex is in compliance with health and safety legislation and conducts employee awareness and training programs on a regular basis. Health and safety issues related to our guests such as pandemics and bedbug concerns are risks that may deter people from attending theatres. For those risks that it can control, Cineplex has programs in place to mitigate its exposure.

Business Continuity Risk

Cineplex's primary source of revenue is derived from providing an out-of-home entertainment experience. A terrorist threat or the outbreak of a pandemic may cause people to stay away from public places including movie theatres which would significantly impact business results. Cineplex operates in ten provinces which somewhat mitigates the risk to a specific location. Cineplex also has communications and public relations plans to deal with crises of this nature. Cineplex has updated its procedures to manage such events should they occur. These procedures identify risks, prioritize key services, plan for large staff absences and clarify communication processes. However, should there be a national threat, it is uncertain to what extent Cineplex could mitigate this risk and the costs that may be associated with any such crises. Further, Cineplex purchases insurance coverage from third-party insurance companies to cover certain operational risks, and is self-insured for other matters.

Legal, Taxation, and Accounting Risk

Changes to any of the various federal, provincial and municipal laws, rules and regulations related to Cineplex's business could have a material impact on its financial results. Compliance with any proposed changes could also result in significant cost to Cineplex. Failure to fully comply with various laws, rules and regulations may expose Cineplex to proceedings which may materially affect its performance.

To mitigate these risks, Cineplex uses third party tax and legal experts to assist in structuring significant transactions and contracts. Cineplex also has systems and controls that ensure the timely production of financial information in order to meet regulatory requirements and has implemented disclosure controls and internal controls over financial reporting which are tested for effectiveness on an ongoing basis. In addition Cineplex promotes a strong ethical culture through its values and code of conduct.

Environment/Sustainability Risk

Cineplex's business is primarily a service and retail business which delivers guest experiences rather than physical commercial products. Cineplex operates multiple locations in major urban markets and does not anticipate any dramatic changes to operations due to climate change. Because of these factors, should legislation change to require more stringent management of carbon emissions or more stringent reporting of environmental impacts, Cineplex anticipates this will result in minimal cost increases or changes to operating procedures.

Information Management Risk

Cineplex requires relevant and reliable information to support the execution of its business model and reporting on performance. The integrity, reliability and security of information are critical to Cineplex's daily and strategic operations. Inaccurate, incomplete or unavailable information or inappropriate access to information could lead to incorrect financial or operational reporting, poor decisions, privacy breaches or inappropriate disclosure of sensitive information. Cineplex continues to strengthen general information technology controls by developing operating policies and procedures in the areas of change management, computer operations and security access.

DIVIDENDS

The following table sets forth the date of payment per Common Share and the total amount of the dividends paid by the Corporation on the Common Shares during 2013.

Period	Payment Date	Per Common Share Amount	Total
January 2013	February 28, 2013	$0.1125	$7,063,087.73
February 2013	March 28, 2013	$0.1125	$7,065,227.48
March 2013	April 30, 2013	$0.1125	$7,069,967.78
April 2013	May 31, 2013	$0.1125	$7,069,967.78
May 2013	June 30, 2013	$0.1200	$7,541,440.92
June 2013	July 31, 2013	$0.1200	$7,541,440.92
July 2013	August 30, 2013	$0.1200	$7,541,440.92
August 2013	September 30, 2013	$0.1200	$7,542,233.64
September 2013	October 31, 2013	$0.1200	$7,542,309.60
October 2013	November 29, 2013	$0.1200	$7,542,309.60
November 2013	December 31, 2013	$0.1200	$7,547,829.60
December 2013	January 31, 2014	$0.1200	$7,552,083.36

Corporation dividends were made on a monthly basis to Shareholders of record on the last business day of each month. For the year ended December 31, 2013, the Corporation declared dividends totalling $1.41 per Common Share. For the year ended December 31, 2012, the Corporation declared dividends totalling $1.33 per Common Share; for the year ended December 31, 2011, the Fund declared distributions totalling $1.28 per Unit.

MARKET FOR SECURITIES

The outstanding Common Shares of the Corporation are listed for trading on the TSX under the symbol “CGX”. The outstanding Debentures of the Corporation are listed for trading on the TSX under the symbol “CGX.DB.A”.

TRADING PRICE AND VOLUME

The following tables show the monthly range of high and low prices per Common Share and per Debenture and total monthly volumes traded on the TSX during the year ended December 31, 2013.

Common Shares

Month	Price per Common Share Monthly High	Price per Common Share Monthly Low	Total Monthly Volume
January 2013	$32.72	$30.92	2,443,245
February 2013	$34.03	$32.13	3,248,984
March 2013	$34.60	$33.15	2,178,798
April 2013	$34.62	$33.27	2,792,170
May 2013	$34.99	$33.77	2,666,440
June 2013	$37.35	$33.53	2,995,587
July 2013	$38.80	$36.75	2,794,763

Month	Price per Common Share Monthly High	Price per Common Share Monthly Low	Total Monthly Volume
August 2013	$40.49	$37.07	2,656,602
September 2013	$39.55	$37.74	3,503,913
October 2013	$42.35	$38.22	3,207,506
November 2013	$43.31	$41.44	2,518,982
December 2013	$44.85	$42.53	2,285,029

Debentures

Month	Price per Debenture Monthly High	Price per Debenture Monthly Low	Total Monthly Volume
November 2013	$103.75	$102.02	16,807,000
December 2013	$105.00	$102.95	12,546,000

ACCOUNTING ISSUES

Some measures included in this Annual Information Form do not have a standardized meaning under generally accepted accounting principles ("**GAAP**") and may not be comparable to similar measures provided by other issuers. In its 2013 reporting, the Corporation included these measures, including the following, because its management believes that they assist investors in assessing financial performance.

Management defines EBITDA as earnings before interest income and expense, income taxes and amortization expense. Adjusted EBITDA excludes the loss (gain) on disposal of assets, gain on acquisition of businesses, the equity income (loss) of CDCP and depreciation, amortization, interest and taxes of Cineplex's other joint ventures. The Corporation's management uses Adjusted EBITDA to evaluate performance primarily because of the significant effect certain unusual or non-recurring charges and other items have on EBITDA from period to period. EBITDA, adjusted for various unusual items, is also used to define certain financial covenants in the New Credit Facilities.

EBITDA and Adjusted EBITDA are non-GAAP measures generally used as an indicator of financial performance and they should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. The Corporation's EBITDA and Adjusted EBITDA may differ from similar calculations as reported by other entities and accordingly may not be comparable to EBITDA or Adjusted EBITDA as reported by other entities.

For a complete discussion and reconciliation of the Corporation's results in accordance with GAAP measures, reference is made to the Corporation's year-end Management's Discussion and Analysis dated February 10, 2014 which is incorporated herein by reference.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Neither the Corporation nor its subsidiaries are involved in any legal proceeding or regulatory action which would have a material adverse effect on the Corporation. The Corporation, or a subsidiary of the Corporation, is a defendant in various lawsuits arising in the ordinary course of business. From time to time, Cineplex is involved in disputes with landlords, contractors, past employees and other third parties. It is the opinion of management that any liability to Cineplex, which may arise as a result of these matters, will not have a material adverse effect on Cineplex's operating results, financial position or cash flows.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, trustee or principal shareholder of the Corporation, Cineplex Entertainment LP, Cineplex Entertainment GP or associate, affiliate or subsidiary of any of the foregoing, has, or has had, any other material interest, direct or indirect, in any transaction which has materially affected the Corporation or Cineplex Entertainment LP since their respective establishment (or in any transactions or proposed transaction which may materially affect the Corporation or Cineplex Entertainment LP in the future), except as may be related to exchanges completed in prior years pursuant to an exchange agreement which permitted COC, Cineplex Odeon (Québec) Inc. and the Galaxy Investors (and the permitted transferees of each) to indirectly exchange LP Units in consideration for Units.

TRANSFER AGENT AND REGISTRAR

CST Trust Company acts as transfer agent and registrar of Cineplex. The register of transfers of the securities of the Corporation is located at CST Trust Company's principal transfer office in Toronto.

MATERIAL CONTRACTS

Except for those contracts entered into in the ordinary course of business of the Partnership and the Corporation, the Partnership and/or the Corporation have entered into the following material contract: the Credit Agreement entered into in connection with the New Credit Facilities (see "Business of Cineplex – Credit Facility").

INTERESTS OF EXPERTS

The Corporation's auditors are, and the Fund's auditors were, PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors' report dated February 10, 2014 in respect of the Corporation's consolidated balance sheets as at December 31, 2013 and December 31, 2012 and the consolidated statements of operations, comprehensive income, changes in equity and cash flows and the notes therein for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR. Additional information, including remuneration and indebtedness of Directors and officers of the Corporation and the principal holders of Common Shares, is contained in the Corporation's information circular dated March 31, 2014 for its May 14, 2014 annual meeting of Shareholders, as filed by the Corporation on SEDAR. Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2013, as filed by the Corporation on SEDAR.

For a copy of this Annual Information Form and the materials listed in the preceding paragraph, please contact:

Cineplex Inc.
1303 Yonge Street
Toronto, Ontario M4T 2Y9

Attention: Investor Relations
Telephone: (416) 323-6600
Fax: (416) 323-6633

GLOSSARY OF TERMS

"**Adjusted EBITDA**" means EBITDA adjusted to exclude the gain or loss on disposal of assets, the gain on acquisition of businesses and the share of income or loss of CDCP;

"Arrangement" means the plan of arrangement pursuant to which the Fund completed a conversion;

"Articles" means the articles of arrangement dated January 1, 2011;

"**Board**" means the board of directors of the Corporation;

"BPP" means average box office revenue per patron;

"**CDCP**" means Canadian Digital Cinema Partnership;

"**CDM**" means Cineplex Digital Media;

"CDN" means Cineplex Digital Networks (the operational business name of EK3 Technologies Inc.);

"CDS" means Cineplex Digital Solutions;

"Cineplex" means Cineplex Inc. and its subsidiaries;

"**Cineplex Entertainment GP**" means Cineplex Entertainment Corporation;

"**Cineplex Entertainment LP**" means Cineplex Entertainment Limited Partnership;

"Cineplex Store" means www.CineplexStore.com;

"**Class A LP Units**" means the Class A limited partnership units of Cineplex Entertainment LP;

"**Class B LP Units**" means the Class B limited partnership units of Cineplex Entertainment LP;

"**Class C LP Units**" means the Class C limited partnership units of Cineplex Entertainment LP;

"**Class D LP Units**" means the Class D limited partnership units of Cineplex Entertainment LP;

"**COC**" means Cineplex Odeon Corporation;

"**Common Shares**" means common shares of the Corporation;

"**Corporation**" means Cineplex Inc., the successor reporting issuer to the Fund;

"CPP" means concession revenue per patron;

"Credit Agreement" means the fifth amended and restated credit agreement;

"**Debenture Trustee**" means BNY Trust Company of Canada, as trustee, or its successor as trustee, under the Indenture;

"**Debentures**" means the 4.50% convertible unsecured subordinated debentures of Cineplex issued pursuant to the Indenture, which mature on December 31, 2018, and "**Debenture**" means one of them;

"**Director**" or "**Directors**" means the directors of the Corporation or any one of them;

“DTO” means download to own;

“**EBITDA**” means earnings before interest, income taxes and amortization;

“**Empire**” means Empire Theatres Limited;

“**Famous Players LP**” means Famous Players Limited Partnership;

“**FP Acquisition**” means the acquisition by the Partnership of the movie exhibition assets of Famous Players, a division of Viacom Canada Inc.;

“**Fund**” means Cineplex Galaxy Income Fund;

“GAAP” means generally accepted accounting principles;

“**Galaxy Investors**” means the persons who were, immediately prior to the IPO Closing, shareholders of Galaxy;

“**Galaxy**” means Galaxy Entertainment Inc.;

“**Indenture**” means the trust indenture dated November 5, 2013 between the Corporation and the Debenture Trustee, governing the terms of the Debentures;

“**IPO Closing**” means the closing of the initial public offering of Units by the Fund;

“**LP Units**” means the limited partnership units of Cineplex Entertainment LP, including the Class A LP Units, the Class B LP Units, the Class C LP Units and the Class D LP Units;

“Maturity Date” means December 31, 2018, being the date the Debentures will mature and be repayable;

“New Credit Facilities” means the Revolving Facility and the Term Facility;

“OBCA” means the *Business Corporations Act* (Ontario);

“Other Revenue” means revenue from sources other than box office and concession revenues;

“**Partnership**” means Cineplex Entertainment LP, together with its general partner and subsidiaries;

“**Preferred Shares**” means preferred shares of the Corporation;

“Revolving Facility” means a five-year, $250 million, senior, secured, revolving credit facility;

“Scotiabank” means the Bank of Nova Scotia;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

“**Shareholders**” means the holders of Common Shares;

“Term Facility” means a five-year, $150 million, senior, secured, non-revolving term facility;

“**Trust**” means Cineplex Galaxy Trust;

“**TSX**” means the Toronto Stock Exchange;

“**Units**” means units of the Fund; and

“VoD” means video on demand.

SCHEDULE A

CINEPLEX INC.
AUDIT COMMITTEE - TERMS OF REFERENCE

The following Audit Committee ("**Committee**") terms of reference (the "**Terms of Reference**") have been adopted by the Board of Directors (the "**Board**") of Cineplex Inc. (collectively, with its subsidiaries and affiliates, the **"Corporation**").

The Committee consists of members of the Corporation's Board to assist the Board in its oversight activities. The purpose of the Committee is to assist the Board in fulfilling its responsibilities, which include the oversight and supervision of:

(a) the integrity of the Corporation's accounting and financial reporting practices and procedures;

(b) the adequacy of the Corporation's internal accounting controls and procedures;

(c) the quality and integrity of the Corporation's financial statements; and

(d) the independence and performance of the Corporation's external auditors (the "**Auditors**").

1. <u>COMPOSITION</u>

The Board shall elect the Committee annually from among its members. The Committee shall be composed of at least three members of the Board, who are each: (i) "independent directors" (as defined below) and (ii) "financially literate" (as defined below), or will become so within a reasonable period of time following his or her appointment to the Committee.

If a member of the Committee ceases to be an independent director for reasons outside that member's reasonable control, that member is exempt from the requirement to be an independent director until the later of: (a) the next annual meeting of the Board; or (b) the date that is six months from the occurrence of the event which caused the member to not be an independent director, provided that the Board has determined that appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

Where the death, disability or resignation of a member of the Committee has resulted in a vacancy on the Committee that the Board is required to fill, a member appointed to fill such vacancy is exempt from the requirements to be independent and financially literate for a period ending the later of: (a) the next annual meeting of the Corporation; and (b) the date that is six months from the day the vacancy was created, provided that the Board has determined that appointing such member to the Committee will not have a material, adverse effect on the ability of the Committee to act independently.

2. <u>REPORTS</u>

The Committee shall report to the Board on a regular basis and, in any event, before the public disclosure by the Corporation of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Corporation's financial statements, its compliance with legal or regulatory requirements, and the performance and independence of the Auditors.

3. <u>RESPONSIBILITIES</u>

Subject to the powers and duties of the Board, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

A. Financial Statements and Other Financial Information

The Committee shall:

(i) review the Corporation's annual audited financial statements and related documents prior to any public disclosure of such information;

(ii) review the Corporation's interim unaudited financial results and related documents prior to any public disclosure;

(iii) following a review, with management of the Corporation and the Auditors, of the annual and interim financial statements and related documents, recommend to the Board the approval of such financial statements and related documents;

(iv) review, with management of the Corporation and/or the Auditors, all critical policies and practices used, as well as significant management estimates and judgments and any changes in accounting policies or financial reporting requirements, that may affect the Corporation's financial statements;

(v) review, with management of the Corporation and/or the Auditors, the treatment in the financial statements of any significant transactions, and other potentially difficult matters;

(vi) review a summary provided by the Corporation's legal counsel of the status of any material pending or threatened litigation, claims and assessments;

(vii) discuss the annual financial statements and the Auditors' report thereon with officers of the Corporation and the Auditors; and

(viii) review the other annual financial reporting documents, as well as management's discussion and analysis and earnings press releases, of the Corporation prior to any disclosure to the public.

B. Financial Reporting Control Systems

The Committee shall:

(i) require management of the Corporation to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the Corporation's policies for the management of risk, the preservation of assets and the fulfillment of legislative and regulatory requirements;

(ii) annually review and report to the Board the development and adequacy of the Corporation enterprise risk management processes;

(iii) annually, in consultation with management, the Auditors and, if applicable, the officer or employee responsible for the internal audit function, review, evaluate and assess the adequacy and integrity of the Corporation's financial reporting processes and internal controls;

(iv) discuss significant financial risk, exposures and the steps management of the Corporation has taken to monitor, control and report such exposures;

(v) if applicable, meet separately with the officer or employee of the Corporation (or a subsidiary of the Corporation) responsible for the internal audit function to discuss any matters that the Committee or Auditors believe should be discussed in private;

(vi) annually review and report to the Board on organizational structure and succession planning and management development matters for the finance department of the Corporation;

(vii) submit to the Board any recommendations the Committee may have from time to time with respect to financial reporting, accounting procedures, policies and internal controls;

(viii) review reports from senior officers of the Corporation outlining any significant changes in financial risks facing the Corporation;

(ix) review the management letter of the Auditors and the responses to suggestions made;

(x) review any new appointments to senior positions of the Corporation (or a subsidiary of the Corporation) with financial reporting responsibilities;

(xi) satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of the Corporation's financial information extracted or derived from the Corporation's financial statements (other than the financial statements, management's discussion and analysis and earnings press releases) and periodically assess the adequacy of those procedures;

(xii) establish procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation (or a subsidiary of the Corporation) of concerns regarding questionable accounting or auditing matters;

(xiii) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former Auditors of the issuer; and

(xiv) obtain assurance from Auditors regarding the overall control environment and the adequacy of accounting system controls.

C. External Auditor

The Committee shall:

(i) review the audit plan with the Auditors;

(ii) discuss in private with the Auditors matters affecting the conduct of their audit and other corporate matters;

(iii) review the performance and the remuneration of the Corporation's Auditors;

(iv) recommend to the Board, each year, the retention or replacement of the Auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;

(v) if there is a plan to change Auditors, review all issues related to the change and the steps planned for an orderly transition;

(vi) annually review and recommend for approval by the Board, the terms of engagement and the remuneration of the Auditors;

(vii) oversee the work of the Auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the Auditors regarding financial reporting;

(viii) discuss, with the Corporation's Auditors, the quality of the Corporation's accounting principles;

(ix) meet with the Corporation's Auditors on a regular basis in the absence of management;

(x) relay its expectations to the Corporation's Auditors from time to time including its expectations that: (i) any disagreements of a material nature with management be brought to the attention of the Committee; (ii) the Auditors are accountable to the Committee and the Board, as representatives of the shareholders and must report directly to the Committee; (iii) any irregularities in the financial information must be reported to the Committee; (iv) the Auditors explain the process undertaken by them in auditing or reviewing the Corporation's financial disclosure; (v) the Auditors disclose to the Committee any significant changes to accounting policies or treatment of the Corporation; (vi) the Auditors disclose to the Committee any reservations they may have about the financial statements or their access to materials and/or persons in reviewing or auditing such statements; and (vii) the Auditors disclose any conflict of interest that may arise in their engagement;

(xi) review, at least annually, the non-audit services provided by the Auditors for the purposes of getting assurance that the performance of such services will not compromise the independence of the Auditors; and

(xii) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its Auditors[1] provided that the Committee may delegate to one or more of its independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by any member of the Committee to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval.

4. STRUCTURE

a) The Committee shall appoint one of its members to act as Chair of the Committee (the "**Chair**"). The Chair will appoint a secretary who will keep minutes of all meetings (the "**Secretary**"). The Secretary does not have to be a member of the Committee or a member of the Board and can be changed by simple notice from the Chair;

b) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than four times per year. Meetings will be at the call of the Chair. Notwithstanding the foregoing, the Auditors of the Corporation or any member of the Committee may call a meeting of the Committee on not less than 48 hours' notice;

c) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum;

d) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a member of the Board. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of the Corporation's shareholders after his or her election as a member of the Committee;

[1] The Committee may satisfy the pre-approval requirement if: (a) the aggregate amount of all the non-audit services that were not pre-approved constitutes no more than five per cent (5%) of the total amount of revenues paid by the Corporation to its Auditors during the fiscal year in which the services are provided; (b) the services were not recognized by the Corporation at the time of the engagement to be non-audit services; and (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

e) The Auditors shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard there at;

f) The Committee shall keep regular minutes of proceedings and shall cause them to be recorded in books kept for that purpose, and shall report the same to the Board at such times as the Board may, from time to time, require;

g) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in the bylaws of the Corporation, or otherwise determined by resolution of the Board; and

h) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

5. INDEPENDENT ADVICE

a) In discharging its mandate, the Committee shall have the authority to retain (and authorize the payment by the Corporation of) and receive advice from special legal, accounting or other advisors.

6. ANNUAL EVALUATION

At least annually, the Committee shall, in a manner it determines to be appropriate:

a) perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with these Terms of Reference; and

b) review and assess the adequacy of these Terms of Reference and recommend to the Board any improvements to the Terms of Reference that the Committee determines to be appropriate.

7. DEFINITIONS

(a) "**financially literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

(b) "**independent director**" means a Director who has no direct or indirect "material relationship" (as defined below) with the Corporation.

(c) "**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:

   (i) a person who is, or has been within the last three years, an employee or executive officer of the Corporation, or any of its predecessor, subsidiary entities or affiliated entities;

   (ii) 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;

(iii) a person who is: (x) a partner[2] of the Corporation's internal or external auditor; (y) is employed by the firm that is the Corporation's internal or external auditor; or (z) 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 entity) within that time;

(iv) 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 entity) within that time;

(v) 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 of any of the Corporation or its predecessor or subsidiaries' current executives serve or served at that same time on the entity's compensation committee;

(vi) a person who has a relationship with the Corporation or its affiliated entities pursuant to which such person may accept, directly or indirectly[3], any consulting, advisory or other compensatory fee from the Corporation or any subsidiary entity of the Corporation, other than as remuneration for acting in his or her capacity as a member of the Board or any other Board committee, or as part-time chair or vice chair of the Board or any Board committee;

(vii) a person who received, or whose immediate family member who is employed as a member of executive management of the Corporation or any of its subsidiary entities received, more than $75,000 in direct compensation from the Corporation or its 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 or any Board committee; or (ii) as fixed amounts of compensation under a retirement plan for prior service with the Corporation or any of its subsidiary entities if the compensation is not contingent in any way on continued service; and

(viii) a person who is an affiliated entity of the Corporation or any of its predecessor or subsidiary entities.

Confirmed March 12, 2014

[2] "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 external auditor if the compensation is not contingent in any way on continued services.

[3] The indirect acceptance by a person of a consulting, advisory or other compensatory fee includes acceptance of a fee by:

(a) a person's spouse, minor child or stepchild or a child or stepchild who shares the person's home; or

(b) an entity in which such person is a partner, member, an officer such as a managing director occupying a comparable position or executive officer or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in such case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any subsidiary or affiliated entity of the Corporation.