



MANAGEMENT INFORMATION CIRCULAR

Annual and Special Meeting of Unitholders of

CINEPLEX GALAXY INCOME FUND

To be held on May 14, 2008

April 16, 2008

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NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting (the “**Meeting**”) of the holders (the “**Unitholders**”) of trust units of Cineplex Galaxy Income Fund (the “**Fund**”) will be held at 11:00 a.m. Eastern Standard Time on May 14, 2008 at the Scotiabank Theatre, 259 Richmond Street West, Toronto, Ontario, for the following purposes:

- (a) to receive the Fund’s consolidated financial statements for the period ended December 31, 2007 and the report of the auditors thereon;
- (b) to elect trustees for the coming year;
- (c) to appoint PricewaterhouseCoopers LLP as auditors of the Fund for the coming year and to authorize the trustees to fix the remuneration to be paid to the auditors;
- (d) to consider, and if deemed advisable, to pass a resolution in the form set forth in Schedule “A” to the accompanying Management Information Circular authorizing the adoption by the Fund of a unit option plan, and ratifying the granting of certain options, as described in the circular; and
- (e) to transact such other business as may properly come before the Meeting and any and all adjournments thereof.

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

DATED at Toronto, Ontario this 16th day of April, 2008.

By Order of the Trustees

“Ellis Jacob”

President and Chief Executive Officer

Note: If you are a Unitholder and you are not able to be present at the meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to CIBC Mellon Trust Company so as to arrive not less than 48 hours before the time set for the holding of the Meeting or any adjournment or postponement thereof (excluding Saturdays, Sundays and holidays) before any reconvened meeting or to be deposited with the Chairman of the Meeting prior to the commencement of the Meeting or to any reconvened meeting. The enclosed form of proxy may be returned by facsimile to (416) 368-2502, or by mail (a) in the enclosed envelope, or (b) in an envelope addressed to Cineplex Galaxy Income Fund, c/o Proxy Department, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or (c) deposited by hand with CIBC Mellon Trust Company, attention: Proxy Department, 320 Bay Street, Banking Hall Level, Toronto, Ontario. The Trustees of the Fund have fixed the record date for the Meeting as April 14, 2008 (the “**Record Date**”). Only Unitholders of record at the close of business on the Record Date will be entitled to notice of the Meeting or an adjournment thereof.

CINEPLEX GALAXY INCOME FUND

MANAGEMENT INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation by the trustees (the “**Trustees**”) of Cineplex Galaxy Income Fund (the “**Fund**”) of proxies to be used at the annual and special meeting (the “**Meeting**”) of holders (the “**Unitholders**”) of trust units (the “**Units**”) to be held on May 14, 2008 at the Scotiabank Theatre, 259 Richmond Street West, Toronto, Ontario, commencing at 11:00 a.m. Eastern Standard Time, and at all postponements or adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. All dollar amounts in this information circular are expressed in Canadian dollars, unless otherwise indicated.

THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario, which on March 31, 2008 indirectly owned limited partnership units (“**LP Units**”) of Cineplex Entertainment Limited Partnership (“**Cineplex Entertainment LP**”) (excluding the Class C LP Units that are designed to indirectly fund payments on the convertible unsecured subordinated debentures of the Fund), and 76% of the outstanding shares of Cineplex Entertainment Corporation (“**Cineplex Entertainment GP**”).

Administration Agreement

The Fund, Cineplex Galaxy Trust (the “**Trust**”) and Cineplex Entertainment LP are party to an administration agreement (the “**Administration Agreement**”) dated November, 2003. Under the terms of the Administration Agreement, Cineplex Entertainment LP has agreed to provide (for no consideration) all administrative and support services required by the Fund and the Trust, including (without limitation) those necessary to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information with respect to income taxes; (iv) call and hold meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) provide for the calculation of distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; (vii) ensure compliance with the Fund’s limitations on non-resident ownership; and (viii) assist the Fund’s Trustees in making all determinations necessary for the discharge of their obligations under the Fund’s Declaration of Trust. The Administration Agreement also provides that Cineplex Entertainment LP shall assume and pay for any expenses incurred by the Fund or the Trust.

The Administration Agreement has a term of 25 years, although the Fund and the Trust may extend the term of the agreement for two additional ten-year periods by providing Cineplex Entertainment LP with 30 days written notice of such extension. The Administration Agreement may be terminated by any of the parties in the event of the insolvency or receivership of another party, or in the case of default by one of the other parties in the performance of a material obligation of the Administration Agreement (other than as a result of the occurrence of a force majeure event) which is not remedied within 30 days after written notice thereof has been delivered.

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally or by telephone on behalf of the Fund. Cineplex Entertainment LP will bear the total cost in respect of the solicitation of proxies for the Meeting and will bear the legal, printing and other costs associated with the preparation of this information circular. The information contained herein is given as at March 31, 2008, except where otherwise noted.

Appointment and Revocation of Proxies

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

To be valid, proxies must be deposited at the offices of CIBC Mellon Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile to (416) 368-2502, or deposited by hand with CIBC Mellon Trust Company, attention: Proxy Department, 320 Bay Street, Banking Hall Level, Toronto, Ontario so as not to arrive later than 11:00 a.m. Eastern Standard Time on May 12, 2008, or be deposited with the Chair of the Meeting prior to the commencement of the Meeting. If the Meeting is adjourned, proxies must be deposited 48 hours (excluding Saturdays, Sundays and holidays) before the time set for any reconvened meeting at which the proxy is to be used, or be deposited with the Chair prior to the commencement of the Meeting or any reconvened meeting.

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

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

Voting of Proxies

The persons named in the accompanying form of proxy will vote Units in respect of which they are appointed, on any ballot that may be called for, in accordance with the instructions of the Unitholder as indicated on the proxy. **In the absence of such specification, such Units will be voted: (a) FOR the election of the nominees to the board of Trustees listed under the heading "Matters to be Considered at the Meeting – Election of Trustees"; (b) FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Fund; and (c) FOR the approval of the resolution set out in Schedule "A" hereto adopting the unit option plan.**

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

QUORUM

A quorum is required for the Meeting. For the Meeting, two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Units will constitute a quorum. If a quorum is not present within 30 minutes after the time fixed for the holding of the Meeting, the Meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the Chair of the Meeting, and if at such adjourned meeting a quorum is not present, the holders of Units present either in person or by proxy shall be deemed to constitute a quorum.

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

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

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

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

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

VOTING UNITS AND PRINCIPAL HOLDERS THEREOF

The Fund is authorized to issue an unlimited number of Units. As of March 31, 2008, there were 43,414,217 Units outstanding. The sole beneficiaries of the Fund are the Unitholders. Pursuant to the Declaration of Trust of the Fund, Unitholders of record at the Record Date are entitled to notice of and to attend the Meeting in person or by proxy, and to one vote per Unit on any poll vote at the Meeting.

At the Meeting, each Unitholder of record at the close of business on April 14, 2008, the record date established for the notice of the meeting (the “**Record Date**”), will be entitled to one vote for each Unit held on all matters proposed to come before the Meeting.

To the knowledge of the Trustees, other than as discussed below regarding Onex Corporation, no person beneficially owns or exercises control or direction over securities carrying more than 10% of the votes attached to the issued and outstanding Units except as set forth below.

| Name | Number of Units Beneficially Owned or Controlled or Directed | Percentage of Units Beneficially Owned or Controlled or Directed |
|---|---|---|
| Cypress Capital Management Limited ⁽¹⁾ | 4,555,214 | 10.54% ⁽²⁾ |

Notes:

- (1) Based on a press release of Cypress Capital Management Limited dated January 22, 2008.
- (2) Percentage ownership on a fully-diluted basis.

Concurrent with the closing of the initial public offering of the Fund on November 26, 2003, the Fund, Cineplex Galaxy Trust, Cineplex Entertainment LP, Cineplex Entertainment GP and certain investors in businesses acquired by the Fund on such date entered into an exchange agreement (the “**Exchange Agreement**”). Pursuant to the Exchange Agreement, holders of Class B LP Units, holders of Class D LP Units and, as a consequence of the April 2, 2007 exchange of Class B LP Units discussed below, holders of CELP 2007 Class B LP Units have the right at any time to indirectly exchange their Class B LP Units, Class D LP Units or CELP 2007 Class B LP Units for Units on a one-for-one basis, subject to certain adjustments and restrictions. As of March 31, 2008, there were 2,360,351 Class B LP Units, 11,376,119 CELP 2007 Class B LP Units and no further Class D LP Units outstanding which may be so exchanged.

On April 2, 2007, under provisions of the Exchange Agreement, certain minority investing partners of Onex Corporation (“**Onex**”) exchanged 9,122,751 Class B LP Units for 9,122,751 Fund Units. As a result of the exchange, the interest under Onex’s effective control in Cineplex Entertainment LP was reduced to approximately 23.6% on a fully diluted basis (assuming the exchange of all outstanding exchangeable LP Units and the conversion of all outstanding Debentures). As a result of this exchange, the majority of Onex’s interest in the Cineplex Entertainment LP is now held indirectly through CELP 2007 Limited Partnership.

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The annual report, the financial statements of the Fund for the period ended December 31, 2007 and the Auditors’ Report thereon accompanying this information circular will be placed before the Unitholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements, the requirements of the Declaration of Trust having been satisfied by their advance circulation to Unitholders. If any Unitholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

Election of Trustees

Trustees of the Fund

The Fund is required to have a minimum of three Trustees and a maximum of ten Trustees. The number of Trustees has currently been fixed by the board of Trustees at five. Trustees will be appointed at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting.

The following table sets forth the names of, and certain information for, the persons proposed to be nominated for election by Unitholders as Trustees:

| Name, Principal Occupation and Residence | Age | Date Appointed as a Trustee | Units Beneficially Owned or Over Which Control or Direction is Exercised ⁽¹⁾ | Value of Units Beneficially Owned or Controlled ⁽³⁾ |
|--|-----|-----------------------------|---|--|
| Howard Beck ⁽²⁾ Corporate Director Ontario, Canada | 75 | October 2003 | 10,000 | \$165,700 |
| Joan Dea ⁽²⁾ Executive Vice President, BMO Financial Group Ontario, Canada | 44 | November 2006 | 0 | \$0 |
| Krystyna Hoeg Corporate Director Ontario, Canada | 58 | August 2006 | 1,000 | 16,570 |
| Robert Steacy ⁽²⁾ Corporate Director Ontario, Canada | 58 | May 2005 | 5,000 | \$82,850 |
| Phyllis Yaffe ⁽²⁾ Corporate Director Ontario, Canada | 59 | February 2008 | 0 | \$0 |

Notes:

- (1) The information as to Units beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Fund has been furnished by the respective nominees.
- (2) Member of the Audit Committee of the board of Trustees.
- (3) Represents the total value of the Units beneficially owned by the noted nominee as at the close of trading on March 31, 2008.

Under the terms of the Fund's Declaration of Trust, the board of Trustees is to consist of four members for so long as certain shareholders related to Loews Cineplex Entertainment Corporation on November 26, 2003 (including certain affiliates of Onex Corporation) (the "**LCE Shareholders**") hold at least 30% of the Units (on a fully-diluted basis). The LCE Shareholders had the right to appoint one of such Trustees so long as the LCE Shareholders own at least 30% of the Units (on a fully diluted basis) and the remainder of the Trustees are appointed by the Unitholders. As at April 2, 2007, the LCE Shareholders reduced their holdings below 30% of the Units (on a fully diluted basis) and therefore ceased to be entitled to appoint a Trustee.

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

Howard L. Beck. Mr. Beck is currently a director of Barrick Gold Corporation and Citibank Canada. He also acts as an advisor to a number of private companies and sits on the audit committee for Citibank Canada. Mr. Beck was a founding partner of the law firm Davies, Ward & Beck (currently, Davies, Ward, Phillips & Vineberg LLP).

Joan Dea. Ms. Dea is Executive Vice President, Head of Strategic Management and Corporate Marketing for BMO Financial Group and a member of its executive committee. Prior to joining BMO Financial Group, Ms. Dea was a partner of the Boston Consulting Group where she ran the Financial Services practice and was a global expert in Customer Experience Strategies. Ms. Dea is the Vice Chair and Director of the National Ballet of Canada, a Steering Committee member of the Toronto City Alliance and founding patron of the Luminato Festival.

Krystyna Hoeg. Ms. Hoeg is the former President and Chief Executive Officer of Corby Distilleries Limited. Prior to joining Corby in 1996, Ms. Hoeg was Senior Vice President Finance, The Americas for Allied Domecq and held various senior management roles within Hiram Walker and Sons Ltd. She is a member of the boards of directors for Sun Life Financial Inc. and Sun Life Assurance Company, where she also sits as Chair of the Audit Committee for both entities. She is also a member of the boards of directors for Canadian Pacific Railway, Shoppers Drug Mart,

Ganong Brothers Limited and Samuel, Son & Co. Ms. Hoeg became a Chartered Accountant in 1982. She is a member of the Canada Institute, Advisory Board for the Woodrow Wilson International Center for Scholars and the Canadian Audit Committee Network.

Robert J. Steacy. Mr. Steacy retired as Executive Vice President and Chief Financial Officer of Torstar Corporation in 2005, where he served as the senior financial officer for 16 years. Mr. Steacy has been a Chartered Accountant since 1976 (Institute of Chartered Accountants of Ontario). He currently serves as a director of Canadian Imperial Bank of Commerce and Domtar Corporation and is the Chair of the Audit Committee for Domtar Corporation. Mr. Steacy was a director of ITI Education Corporation (“**ITI**”) (as a result of Torstar Corporation’s partial ownership of ITI) when it voluntarily agreed to the appointment of a receiver in August 2001. Mr. Steacy resigned as a director of ITI on August 16, 2001. In October 2001, a cease trading order was issued against ITI by the Ontario Securities Commission, which prohibited the trading of securities of ITI until filing of an Order of Revocation by the Ontario Securities Commission. This cease trading order was imposed as a result of ITI’s failure to file its interim financial statements in accordance with Ontario securities law.

Phyllis Yaffe. Ms. Yaffe recently retired from the role of Chief Executive Officer of Alliance Atlantis Communications Inc., a position that she held since 2005. Prior to that time, she served six years as Chief Executive Officer of Alliance Atlantis Broadcasting Inc. Before assuming the lead position with Alliance Atlantis Broadcasting, Ms. Yaffe held a number of strategic positions in film and television in Canada since the 1980s. She is currently Vice-Chair of the Board of Governors for Ryerson University, serves on the board of directors of the World Wildlife Fund and is Chairperson of Women Against Multiple Sclerosis.

Directors of Cineplex Entertainment GP

Cineplex Entertainment GP has a board of directors (the “**GP Board**”) consisting of eight members, five of whom are currently appointed by the Fund and the remaining three of whom are appointed by the LCE Shareholders. The Fund’s nominees as directors of Cineplex Entertainment GP are Mses. Hoeg, and Yaffe and Messrs. Beck and Steacy and Ellis Jacob. The nominees of the LCE Shareholders on the GP Board are Ms. Dea, Anthony Munk and Timothy Duncanson. The following is a brief profile of each of Messrs. Jacob, Munk and Duncanson.

Ellis Jacob. 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, Mr. Jacob was Chief Executive Officer and co-founder of Galaxy Entertainment Inc. Prior to founding Galaxy Entertainment Inc., Mr. Jacob represented Alliance Atlantis Communications Inc. as Integration Consultant from September 1998 to the summer of 1999. From 1987 to 1998, Mr. Jacob held various positions with Cineplex Odeon Corporation as Vice President, Finance, Chief Financial Officer, Executive Vice President and, ultimately, Chief Operating Officer.

Mr. Jacob is a director and chair of the audit committee of Husky Injection Molding Systems Ltd. as well as the Toronto International Film Festival Group. He is a director of the Motion Picture Theatre Associations of Canada and a member of the Executive Committee of the Board of Directors of the National Association of Theatre Owners. Mr. Jacob also sits on other charitable boards and committees.

Anthony Munk. Mr. Munk is currently a Managing Director of Onex Investment Corp., a subsidiary of Onex Corporation which is a Toronto based diversified company. Prior to joining Onex in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England. Mr. Munk serves on the boards of Cineplex Odeon Corporation, Barrick Gold Corporation and Husky Injection Molding Systems Ltd.

Timothy Duncanson. Mr. Duncanson is currently a Managing Director of Onex Corporation. Prior to joining Onex in 1999, Mr. Duncanson was an associate in the mergers and acquisitions department of Lazard Freres & Co., LLC and was also an investment analyst with Mutual Asset Management Ltd. Mr. Duncanson holds the Chartered Financial Analyst designation. He currently serves on the boards of Cineplex Odeon Corporation, Tube City IMS Corporation and Huron University College.

Set out below are additional details on each of the Directors of the GP Board.

| Name, Principal Occupation and Residence | Age | Date Appointed as a Director | LP Units and/or Fund Units Beneficially Owned or Over Which Control or Direction is Exercised⁽¹⁾ | Value of Units Beneficially Owned or Controlled⁽²⁾ |
|--|------------|-------------------------------------|--|--|
| Tim Duncanson Managing Director, Onex Ontario, Canada | 40 | October 2003 | 27,886 ⁽³⁾ | \$462,071 |
| Ellis Jacob President and Chief Executive Officer, Cineplex Entertainment Corporation Ontario, Canada | 54 | October 2003 | 214,572 ⁽⁴⁾ | \$3,555,458 |
| Anthony Munk Managing Director, Onex Corporation New York, USA | 47 | October 2003 | 63,619 ⁽⁵⁾ | \$1,054,167 |

Notes:

- (1) The information as to Units beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Fund has been furnished by the respective directors.
- (2) Represents the total value of the Units beneficially owned based on the price of the Units on the Toronto Stock Exchange as at the close of trading of March 31, 2008. Mr. Jacob has an additional 66,970 unvested Units through the Cineplex Entertainment LP Long-term Incentive Plan, with a total value of \$1,109,693 as at March 31, 2008.
- (3) 20,697 of these Units are held pursuant to Onex Corporation's management investment plan. Mr. Duncanson is entitled to receive such Units or the economic value thereof at such time, if any, as Onex completes a specified realization event.
- (4) 125,000 of this number represent Class B LP Units that are exchangeable on a one-for-one basis for Fund Units, subject to certain adjustments and restrictions.
- (5) 49,672 of these Units are held pursuant to Onex Corporation's management investment plan. Mr. Munk is entitled to receive such Units or the economic value thereof at such time, if any, as Onex completes a specified realization event.

Appointment of Auditors

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

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

Adoption of Unit Option Plan

Background

Following the Fund's initial public offering of Units, the Fund adopted a long-term incentive plan ("LTIP") applicable to officers and key employees of the Fund and its subsidiaries (collectively, "Cineplex") intended to attract, retain and motivate key personnel and reward its officers and key employees for significant performance that results in the Fund exceeding per Unit distributable cash targets.

Based on its review of the current compensation structure and the recommendations of the Compensation, Nominating and Corporate Governance Committee, the board of Trustees of the Fund has adopted a unit option plan (“**Option Plan**”) that is intended to: (a) align the interests of officers and employees of Cineplex (“**Participants**”) with those of the holders of Units; (b) provide compensation opportunities to attract, retain and motivate Participants; and (c) provide Participants with an incentive for excellence in individual performance.

The adoption of the Option Plan is conditional upon approval of Unitholders at the Meeting. A summary of the Option Plan is provided below and is qualified in its entirety by the specific language of the Option Plan, a copy of which is available to any Unitholder upon request to the Secretary of the Cineplex Entertainment GP.

The board of Trustees of the Fund believe that the Option Plan is an appropriate contributor to the long-term success of Cineplex, as it will align the interests of key personnel of Cineplex with the interests of the holders of Units.

Unit Option Plan

Under the Option Plan, options (“**Options**”) to purchase Units of the Fund may be granted to Participants in respect of unissued Units. In determining the number of Options to be granted to a Participant, it is intended that consideration will be given to the individual’s present and potential contribution to the success of Cineplex.

The aggregate number of Units reserved for issuance upon the exercise of all Options granted under the Option Plan may not exceed 4,500,000 Units. Any increase in this number will require the approval of the Unitholders given by the affirmative vote of a majority of the votes cast at a meeting of the Unitholders of the Fund, except as provided below.

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

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

Pursuant to the Option Plan, a Participant, rather than exercising an Option, may elect at any time to surrender his or her vested Option for cancellation and receive an amount (the “**Growth Amount**”) equal to the difference between the market price of the Unit underlying the Option and the Exercise Price of the Option, which Growth Amount, less any amounts required to be withheld, will be payable in either: (i) cash (unless not permitted by the Fund in its discretion); or (ii) through the issuance by the Fund to the Participant of a number of Units calculated by dividing the Growth Amount by the market price of the underlying Units.

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

Subject to the overriding discretion of the Compensation, Nominating and Corporate Governance Committee with respect to an Option, an Option and all rights to purchase Units pursuant thereto shall expire and terminate immediately upon the Participant who holds such Option ceasing to be a trustee, officer or employee, except: (i)

that, other than in the case of termination for cause, all vested and exercisable Options held at the time a Participant ceases to be an eligible person may be exercised by the Participant for a period of 30 days following the time that such Participant ceases to be an eligible person and after such 30 day period shall expire and terminate; (ii) in the case of retirement, all Options held at the time a Participant ceases to be an eligible person will continue to vest and may be exercised by the Participant for a period of three years following the time that such Participant ceases to be an eligible person and after such three year period shall expire and terminate; (iii) in the case of death or disability, all vested and exercisable Options held at the time a Participant ceases to be an eligible person may be exercised by the Participant for a period of one year following the time that such Participant ceases to be an eligible person and after such one year period shall expire and terminate; and (iv) where an employment agreement provides otherwise.

Upon a “change of control”, all Options will become exercisable. A “change of control” is defined in the Option Plan as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), other than Onex Corporation or any entity that controls or is controlled by it (the “**Onex Group**”), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% of the Units or exercises control or direction over more than 50% of the Units and the Onex Group ceases to hold, directly or indirectly, at least 20% of the Units (on a fully-diluted basis).

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

An amendment to: (i) increase the aggregate number of Units issuable under the Option Plan; (ii) extend the term of an Option other than as provided for in the Option Plan; or (iii) reduce the Exercise Price of Options held by Participants who are insiders (or their affiliates), requires approval of vote of a majority of the votes cast at a meeting of the Unitholders of the Fund (excluding the votes attaching to Units beneficially owned by insiders to whom Units may be issued pursuant to any unit compensation arrangement and their associates).

The Compensation, Nominating and Corporate Governance Committee has preliminarily approved, effective February 12, 2008 aggregate Option awards to acquire up to 1,250,000 (representing 1.99% of the Units on a fully diluted basis as at March 31, 2008) to a total of 21 Participants, which awards will, when implemented, vest over a three-year period. The awards are conditional upon Unitholder approval of the Option Plan by ordinary resolution at the Meeting.

The following table sets out the conditional awards made to individuals who are subject to insider reporting requirements, including the Named Executives (as defined herein):

| Name | Number of Options Conditionally Approved | Exercise Price | Expiry Date |
|-----------------|---|-----------------------|--------------------|
| Ellis Jacob | 350,000 | \$17.03 | February 12, 2013 |
| Gord Nelson | 175,000 | \$17.03 | February 12, 2013 |
| Dan McGrath | 175,000 | \$17.03 | February 12, 2013 |
| Michael Kennedy | 90,000 | \$17.03 | February 12, 2013 |
| Jeffrey Kent | 90,000 | \$17.03 | February 12, 2013 |

| Name | Number of Options Conditionally Approved | Exercise Price | Expiry Date |
|-----------------|---|-----------------------|--------------------|
| Heather Briant | 60,000 | \$17.03 | February 12, 2013 |
| Anne Fitzgerald | 60,000 | \$17.03 | February 12, 2013 |
| Susan Mandryk | 50,000 | \$17.03 | February 12, 2013 |
| Paul Nonis | 50,000 | \$17.03 | February 12, 2013 |

Additional conditional awards totalling a further 150,000 Options which have an exercise price of \$17.03 and an expiry date of February 12, 2013 have been made to other employees.

The text of the resolution that Unitholders will be asked to consider approving the adoption of the Option Plan and ratifying the grant of certain options is set out at Schedule "A" hereto.

EXECUTIVE AND OTHER COMPENSATION

Compensation of Trustees and Directors

For service during 2007, Trustees each received an annual retainer of \$30,000 plus \$1,500 for each meeting of the Trustees attended in person and \$750 for meetings attended by telephone. In addition, the Chairman of the Audit Committee of the Fund received an annual retainer of \$5,000. The Trustees are also reimbursed for out-of-pocket expenses for attending meetings. No equity compensation has been awarded to either the Trustees or the Directors. For service during 2008, Trustees will each receive an annual retainer of \$50,000 with no additional payments for meeting attendance. In addition, the Chairman of the Audit Committee of the Fund will receive an annual retainer of \$15,000.

For the year ended December 31, 2007 the Fund paid or accrued \$168,500 related to annual retainers and meeting attendance. In addition, the Fund paid or accrued \$5,141 related to the reimbursement of out-of-pocket expenses for attending meetings. Details of those payments are set forth in the below chart. Ms. Yaffe was not appointed as a director or trustee until February, 2008 so she is not included in this chart.

| Name | Board Retainer Paid | Committee Chair Retainer | Board Attendance Fees | Committee Attendance Fees | Out of Pocket Expenses Paid | Total Fees Paid |
|---------------|----------------------------|---------------------------------|------------------------------|----------------------------------|------------------------------------|------------------------|
| Howard Beck | \$30,000 | - | \$9,000 | \$3,000 | \$2,507 | \$44,507 |
| Joan Dea | \$30,000 | - | \$7,500 | \$1,500 | - | \$39,000 |
| Krystyna Hoeg | \$30,000 | - | \$9,750 | \$1,500 | - | \$41,250 |
| Robert Steacy | \$30,000 | \$5,000 | \$8,250 | \$3,000 | \$2,634 | \$48,884 |
| Tim Duncanson | - | - | - | - | - | - |
| Ellis Jacob | - | - | - | - | - | - |
| Anthony Munk | - | - | - | - | - | - |

Compensation of Executive Officers

Under applicable securities legislation, the Fund is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and the Fund's three most highly compensated executive officers whose total salary and bonus exceeded \$150,000 (other than the Chief Executive Officer and Chief Financial Officer). The Fund, however, does not carry on business; its sole purpose is to hold,

indirectly, the securities of Cineplex Entertainment LP. Pursuant to the Administration Agreement, executive officers of Cineplex Entertainment LP are responsible for the management of Cineplex Entertainment LP and the Fund. The Summary Compensation Table below therefore provides a summary of salary and other annual compensation earned by the Chief Executive Officer, Chief Financial Officer and each of the three next most highly compensated executive officers of Cineplex Entertainment LP whose total salary and bonus exceeded \$150,000 (the “Named Executives”) for the most recently completed financial year, the 2006 financial year and the 2005 financial year.

Summary Compensation Table

| Name and Principal Position | Period | Annual Compensation | | | Long Term Compensation | All Other Compensation (\$) ⁽⁴⁾ | Total Compensation (\$) ⁽⁵⁾ | LTIP Units Subject to Resale Restriction (\$) ⁽⁶⁾ |
|--|--------|---------------------|----------------------------------|---|--------------------------------------|--|--|--|
| | | Annual Salary (\$) | Annual Bonus (\$) ⁽¹⁾ | Other Annual Compensation (\$) ⁽²⁾ | Total LTIP Grant (\$) ⁽³⁾ | | | |
| Ellis Jacob Chief Executive Officer | 2007 | 776,250 | 941,055 | 301,210 | 1,377,400 | 0 | 3,395,915 | 918,267 |
| | 2006 | 750,000 | 1,625,000 | 96,862 | 562,952 | – | 3,034,814 | 187,651 |
| | 2005 | 608,654 | – | 71,841 | – | 3,975,000 | 4,655,495 | – |
| Gord Nelson Chief Financial Officer | 2007 | 336,375 | 218,373 | 15,848 | 619,830 | 0 | 1,190,426 | 413,220 |
| | 2006 | 325,000 | 158,297 | 16,168 | 253,328 | – | 752,793 | 84,443 |
| | 2005 | 293,173 | 65,000 | 13,270 | – | 914,250 | 1,285,693 | – |
| Dan McGrath Executive Vice-President | 2007 | 336,375 | 218,373 | 26,919 | 619,830 | 0 | 1,201,497 | 413,220 |
| | 2006 | 325,000 | 158,297 | 36,030 | 253,328 | – | 772,655 | 84,443 |
| | 2005 | 296,635 | 65,000 | 22,406 | – | 914,250 | 1,298,291 | – |
| Michael Kennedy ⁽⁷⁾ Executive Vice-President Filmed Entertainment | 2007 | 331,200 | 153,837 | 16,797 | 482,090 | 0 | 983,924 | 321,393 |
| | 2006 | 320,000 | 99,355 | 16,097 | 197,033 | – | 632,485 | 65,678 |
| | 2005 | 144,769 | 82,314 | 6,572 | – | – | 233,655 | – |
| Jeffrey Kent Chief Technology Officer | 2007 | 284,625 | 134,258 | 16,344 | 482,090 | 0 | 917,317 | 321,393 |
| | 2006 | 275,000 | 99,074 | 16,661 | 197,033 | – | 587,768 | 65,678 |
| | 2005 | 252,596 | 55,000 | 13,250 | – | 397,500 | 718,346 | – |

Notes:

- (1) Annual bonuses for the Named Executives are accrued as of December 31 and paid in the first quarter in the following year. In addition to the annual bonus amount, Mr. Jacob received a one-time cash bonus of \$1 million on August 29, 2006 after the GP Board determined that Cineplex Entertainment LP had implemented the required threshold of annualized synergies as a result of the Famous Players acquisition.
- (2) Other Annual Compensation includes car allowances and insurance premiums paid for the Named Executives. In the case of the Chief Executive Officer, it also includes the 2007 current service cost for the Supplemental Employment Retirement Plan (SERP) at \$188,400 and the Defined Contribution Pension Plan corporate contribution at \$20,000.
- (3) LTIP Payouts represent the total amount funded to the LTIP trustee on behalf of the Named Executive, including both vested and unvested Units. The LTIP trustee purchases Units in the market and holds the Units until such time as the ownership vests to each participant. Generally, one-third of these Units will vest equally in each of the three years following the year of service for which the grant was made. LTIP awards are related to performance in the prior fiscal year and are reported in the year in which the executive’s service was rendered. No Units were granted through the LTIP for 2005 performance. Units that were granted in March, 2007 and in March, 2008 in recognition of 2006 and 2007 service, respectively, to the Named Executives are reflected in the above chart.
- (4) Included in Other Compensation is the value of Class D units which were distributed in 2005 to certain members of senior management as bonus compensation upon closing the Famous Players acquisition.
- (5) Total annual compensation includes the value of restricted/unvested as well as vested LTIP units.

- (6) Dollar amounts noted in the 2007 line reflect the value of restricted units which were awarded to the Named Executives in March, 2008 under the LTIP for service during 2007. Under certain conditions set forth in the LTIP, these unvested units will vest in March, 2009 and March, 2010. Dollar amounts noted in the 2006 line reflect the value of restricted units which were awarded to the Named Executives in March, 2007 under the LTIP for service during 2006. Under certain conditions set forth in the LTIP, these unvested units will vest in March, 2009. While LTIP units remain unvested, distributions are payable to the Named Executives and is reported as income in the year in which such distributions are received.
- (7) Mr. Kennedy was previously employed with Famous Players and began his employment with Cineplex Entertainment LP in July, 2005 such that only the income attributed to his employment with Cineplex Entertainment LP is noted in reference to 2005.

Employment Agreements

Each of the Named Executives is subject to employment agreements that were amended in 2007 and 2008. In November 2007, Ellis Jacob's employment agreement was amended and restated. All of the employment agreements with the Named Executive Officers provide that these executives will devote substantially all of their time to Cineplex Entertainment LP, but, in certain cases, may also provide services to the LCE Shareholders. Each employment agreement provides that the executive will be provided with a compensation package (salary, incentives and benefits). As at March 31, 2008, the base salary provided for each of Messrs. Jacob, McGrath, Nelson, Kennedy and Kent is \$803,419, \$348,148, \$348,148, \$342,792 and \$294,569 respectively. All of the Named Executives are entitled to receive an annual bonus based upon the achievement of distributable cash targets set by the Compensation, Nominating and Corporate Governance Committee. The maximum amount which can be earned pursuant to such bonus is equal to a percentage of each of such officer's annual base salary, 150% for Mr. Jacob, 75% for Messrs. McGrath and Nelson and 60% for Messrs. Kennedy and Kent.

In addition, Mr. Jacob received a one-time cash bonus of \$1 million on August 29, 2006, after the GP Board determined that Cineplex Entertainment LP had implemented the required threshold of annualized synergies as a result of the Famous Players acquisition.

Each of the Named Executives is also eligible to participate in the long-term incentive plan of Cineplex Entertainment LP. See "Long-term Incentive Plan".

In the event of termination other than for cause or disability, and including upon certain prescribed change of control events, the employment agreements for the Named Executives provide that the executive will be paid a lump sum amount equal to 36 months (Mr. Jacob), 24 months (Messrs. McGrath and Nelson), 18 months (Mr. Kennedy) and 15 months (Mr. Kent), respectively, of salary and bonus and that the executive will continue to receive benefits for a maximum period of between 15 months and three years following the termination of the executive (other than in the case of Mr. Jacob, who will continue to receive such benefits to age 75).

Each of the employment agreements for the Named Executives includes non-competition and non-solicitation covenants in effect for 12 months following the date on which the executive ceases to be employed by Cineplex Entertainment LP.

Pension Arrangements

The Named Executives participate in a defined contribution pension plan sponsored by Cineplex Entertainment LP (the "**DC Plan**"). Normal retirement age is 65, although early retirement is permitted in the 10-year period preceding normal retirement date.

Pursuant to the terms of his amended and restated employment agreement, a supplemental executive retirement plan has been established by Cineplex Entertainment LP for Mr. Jacob effective as of January 1, 2006 (the "**SERP**"). Under the terms of the SERP, if Mr. Jacob terminates his employment either: (i) before his 60th birthday (Mr. Jacob is currently 54 years of age), provided that he provides at least six months prior written notice of such termination; or (ii) after his 60th birthday, other than where his employment is terminated in the circumstances described in the next sentence, Mr. Jacob will be entitled to an annual pension equal to 2% of his average total annual compensation (base salary and an annual bonus deemed to be equal to 50% of base salary, (other than for 2006, in which case the actual bonus paid will apply) for the three fiscal years most recently completed prior to termination multiplied by Mr. Jacob's years of service (which shall be deemed for all purposes to have commenced on July 1, 1999), less any

pension benefit provided to Mr. Jacob under Cineplex Entertainment LP's defined contribution pension plan (which will be deemed to be the maximum defined benefit pension allowable for registered pension plans under the *Income Tax Act* (Canada)). If Mr. Jacob's employment is terminated: (i) by Cineplex Entertainment LP without cause; (ii) by Mr. Jacob based on constructive dismissal or similar circumstances or within 12 months following a change of control; or (iii) by Mr. Jacob or Cineplex Entertainment LP as a result of Mr. Jacob becoming disabled, Mr. Jacob will be entitled (at his option) to either receive a lump sum payment of the present value of an annuity that would provide for annual payments determined as if he had remained employed until the age of 65 but with such payments to commence as of the termination of his employment, or to receive such annual payments commencing as of the termination of his employment.

The maximum aggregate annual pension that Mr. Jacob is entitled to receive under the SERP and his deemed benefit under the DC Plan is \$300,000, which amount will be pro rated in the event that Mr. Jacob terminates his employment before his 60th birthday. Commencing on April 1, 2007, and on April 1, in each subsequent year during the term of Mr. Jacob's employment agreement, Cineplex Entertainment LP is required to secure its obligations under the SERP by posting a letter of credit with a face amount equal to the cumulative amount which has been charged as an expense for the SERP in the consolidated financial statements of Cineplex Entertainment LP since the effective date of the SERP, provided that the face amount of such letter of credit shall not exceed the lump sum payment which would be payable to Mr. Jacob if he voluntarily terminated his employment. The total amount accrued under the SERP as at December 31, 2007 related to Mr. Jacob is approximately \$1,681,700. The total cost attributable to Mr. Jacob's 2007 service is approximately \$188,400 as reflected in the summary compensation table.

The total estimated annual combined benefit payable to Ellis Jacob at age 60 under the DC Plan and the SERP is \$278,559 based on his years of service and the cap contained in the SERP.

Long-term Incentive Plan

The officers and key employees of Cineplex Entertainment LP are eligible to participate in its LTIP. The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance Cineplex Entertainment LP's ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that results in the Fund exceeding its per Unit distributable cash targets. Pursuant to the LTIP, Cineplex Entertainment LP will set aside a pool of funds based upon the amount, if any, by which the Fund's per Unit distributable cash exceeds certain defined threshold amounts. Cineplex Entertainment LP or a trustee will purchase Units in the market with this pool of funds and will hold the Units until such time as ownership vests to each participant. Generally, one-third of these Units will vest equally in each of the three years following the fiscal year to which the grant of the awards relates. LTIP participants are entitled to receive distributions on all Units held for their account prior to the applicable vesting date. Unvested Units held by the trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Units will be sold and the proceeds returned to Cineplex Entertainment LP.

The GP Board or its Compensation, Nominating and Corporate Governance Committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

For years 2006 and prior, the LTIP provided for awards based on the amount by which distributable cash exceeded a base distribution threshold of \$1.15 per Unit per annum. The amount awarded was subject to a \$4 million maximum.

The Compensation, Nominating and Corporate Governance Committee of GP Board revised the 2007 to 2009 LTIP to provide for a base distribution threshold of \$1.20 per Unit per annum and to reflect an annual maximum of \$10 million as set forth on the following page:

| Percentage by which Distributable Cash per Unit Exceeds Base Distribution Threshold | Maximum Proportion of Excess Distributable Cash Available for LTIP Payments |
|--|--|
| 20% or less | 15% |
| greater than 20% | 30% of any excess over 10% |

REPORT ON EXECUTIVE COMPENSATION

Composition of the Compensation, Nominating and Corporate Governance Committee

The Compensation, Nominating and Corporate Governance Committee of Cineplex Entertainment GP has the responsibility to review and make recommendations to the Trustees concerning the compensation of the executive officers of Cineplex Entertainment LP, including the Chief Executive Officer, within the constraints of the agreements described under “Executive and Other Compensation – Employment Contracts.” The Compensation, Nominating and Corporate Governance Committee is currently comprised of four members: Messrs. Beck (Chair), Munk and Steacy, and Ms. Hoeg. No member of the Compensation, Nominating and Corporate Governance Committee is an officer, employee or former officer or employee of Cineplex Entertainment LP or any of its subsidiaries. No executive officers of Cineplex Entertainment LP also serve as a director or member of the compensation committee of another issuer, one of whose executive officers is a member of the GP Board or the Compensation, Nominating and Corporate Governance Committee.

Report on Executive Compensation by the Compensation, Nominating and Corporate Governance Committee

The Compensation, Nominating and Corporate Governance Committee’s executive compensation philosophy is guided by its objective to obtain and retain executives critical to the success of the Fund and the enhancement of Unitholder value. Following the 2005 acquisition of Famous Players, in 2006 and 2007, the Compensation, Nominating and Corporate Governance Committee undertook a thorough review of all executive compensation. As part of that review, in 2006, the Compensation, Nominating and Corporate Governance Committee retained an independent consultant to do a market analysis and advise on compensation matters. The compensation of the Named Executives consists of two principal elements: fixed compensation which includes salary, benefits and retirement contributions and performance related compensation which includes an annual bonus and LTIP program. If approved at the Meeting, compensation of the Named Executives is also expected to include the granting of options under the Option Plan.

The work of the external compensation consultants was concluded in 2006; external consultants were not again retained during 2007 and no fees were paid during 2007 as a result.

Base salaries are paid to the Named Executives in accordance with each of their employment agreements described under “Executive and Other Compensation – Employment Contracts.”

In addition, each Named Executive is entitled to receive a bonus of up to a specified percentage of his or her base salary based upon the achievement of EBITDA and selected other financial metrics (as well as meeting individual performance objectives in the case of Named Executives other than the Chief Executive Officer) (collectively, the “Bonus Measures”) as established by the Directors of the GP Board during the annual budgeting and business planning process. For Named Executives, the bonus opportunity for achieving such bonus measures at target ranges from 40% to 100% of base salary and the maximum opportunity ranges from 60% to 150% of base salary. Bonus amounts paid to the Named Executives are identified in the Summary Compensation Table.

In 2007, the Named Executives and some other senior employees were eligible to participate in the LTIP which is directly linked to the levels of the distributable cash achieved by the Fund as described in the LTIP. There were no LTIP allocations for any Named Executive or other plan participant related to 2005 performance. The value of LTIP

awards made to the Named Executives relating to 2006 and 2007 performance are outlined on the summary compensation table above.

Effective in 2008, all Named Executives and other key members of the senior management team will be subject to unit ownership guidelines. The noted members of senior management have a three year period in which he or she should reach and maintain the Unit ownership levels noted in the chart below. Neither unvested LTIP units nor unexercised options will count towards this ownership requirement.

| Name | Title | Ownership Expectation by 04/30/2011 |
|-----------------|---|--|
| Ellis Jacob | Chief Executive Officer | 30,000 |
| Gord Nelson | Chief Financial Officer | 15,000 |
| Dan McGrath | Executive Vice President | 15,000 |
| Michael Kennedy | Executive Vice President, Filmed Entertainment | 10,000 |
| Jeffrey Kent | Chief Technology Officer | 10,000 |
| Heather Briant | Senior Vice President, Human Resources | 10,000 |
| Anne Fitzgerald | Senior Vice President, General Counsel | 10,000 |
| Susan Mandryk | Senior Vice President, Customer Strategies | 5,000 |
| Paul Nonis | Senior Vice President, National Operations | 5,000 |

In the case of the Chief Executive Officer, as at March 31, 2008, he beneficially owned 214,572 Units and/or LP Units with a total value of \$3,555,458, as well as held 66,970 unvested Units through the LTIP, with an additional value of \$1,109,693.

Chief Executive Officer Compensation

The compensation of the Chief Executive Officer is comprised of a base salary, bonus and participation in the LTIP. Option grants will be considered annually at the discretion of the Compensation, Nominating and Corporate Governance Committee and the GP Board. When determining the salary of the Chief Executive Officer, the Compensation, Nominating and Corporate Governance Committee considers, among other things, the performance of the business and individual performance, as well as compensation practices of comparable organizations. In 2006, the Compensation, Nominating and Corporate Governance Committee retained the services of an independent consultant to evaluate and review compensation of the executive team of Cineplex Entertainment LP, specifically focusing on compensation of the Chief Executive Officer.

Based on the performance of Cineplex Entertainment LP in each year, the mix of fixed and variable pay as well as the ratio of short-term and long-term incentives will vary. This is intended to appropriately incent and reward the Chief Executive Officer for achieving a balance between shorter-term financial results through strong execution and developing clear strategies for longer-term growth.

The annual bonus design and targets are approved by the Compensation, Nominating and Corporate Governance Committee. Fifty percent (50%) of the bonus of the Chief Executive Officer is based on Cineplex Entertainment LP's performance against EBITDA and the other 50% is based on four other equally weighted business metrics relating to Film, Concessions, Theatre Operations and Other Income. If the Chief Executive Officer met or

exceeded all targets he would be eligible for a bonus equal to a range from 100% to 150% of his base salary. In 2007, the Chief Executive Officer met or exceeded all of these targets and his total bonus payout amounted to 121.23% of base salary, resulting in a bonus payment of \$941,055 as reflected in the summary compensation table.

In 2007, the fixed pay portion of the compensation for the Chief Executive Officer was comprised of annual salary plus other annual compensation (pension contribution, insurance premiums and car allowance) totaling \$1,077,460, or 32% of total 2007 compensation. Variable pay consisted of the annual bonus of \$941,055 and grant of 82,190 LTIP units (only one-third of which are vested as at March 31, 2008) totaling \$2,318,455, or 68% of total 2007 compensation. Short term incentives through the annual bonus represented 28% of total pay and long-term incentives through the LTIP program represented 40% of total pay.

Submitted by:

Howard Beck, Chairman

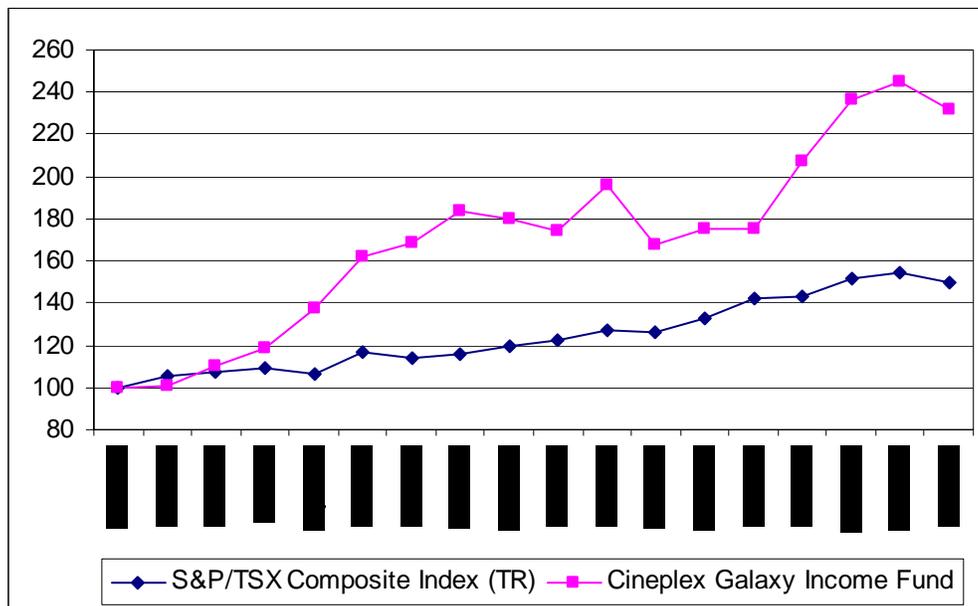
Tim Duncanson

Krystyna Hoeg

Robert Steacy

FUND PERFORMANCE GRAPH

The following graph compares the total return for \$100 invested in Units from November 26, 2003 (the date of the closing of the initial public offering of the Units) with the total return of the S&P/TSX Composite index, assuming the reinvestment of distributions in additional Trust Units.



TRUSTEES', DIRECTORS' AND OFFICERS' INSURANCE

The Trustees, directors and officers of the Fund and Cineplex Entertainment LP and their subsidiaries are covered under directors' and officers' insurance policies that provide an aggregate limit of liability to the insured Trustees, directors and officers of \$30,000,000. For the insurance term year 2007, Cineplex paid a total premium of \$242,573 or a rate per million of limit of \$8,086.

The Declaration of Trust of the Fund and the by-laws of Cineplex Entertainment GP provide for indemnification of their respective Trustees, directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain usual limitations.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Trustees, other than as disclosed in this information circular, no "informed person" had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with the Fund since the commencement of the Fund's 2006 fiscal year. "**Informed Person**" means: (a) a Trustee of the Fund; (b) a trustee, director or executive officer of a person or company that is itself an informed person; (c) any person or company who beneficially owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of the Fund or a combination of both carrying more than 10% of the voting rights attached to all Units; and (d) the Fund, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE GOVERNANCE

The Fund is administered by its Board of Trustees (the "**Fund Board**") and by Cineplex Entertainment GP, which indirectly oversees the operating business of Cineplex Entertainment LP and its subsidiaries. All members of the Fund Board also members of the GP Board. References in this discussion to "**the Board**" relate to the Fund Board and the GP Board collectively.

The Board and management of Cineplex Entertainment LP (“**Management**”) recognize that effective corporate governance practices are fundamental to the long-term success of the Fund. Sound corporate governance contributes to Unitholder value through increased confidence. The Board and Management are therefore committed to maintaining a high standard of corporate governance and compliance with the corporate governance guidelines of the Canadian Securities Regulators.

The mandate of the Fund Board was attached to the Fund’s Management Information Circular dated March 28, 2007 as Exhibit I and is available on the internet at www.sedar.com.

Board Composition and Independence

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

The Fund Board is currently comprised of five individuals, all of whom are independent.

The GP Board is currently comprised of eight individuals, five of whom (Mses. Dea, Hoeg and Yaffe and Messrs. Beck and Steacy) are independent. Ellis Jacob, the Chief Executive Officer of Cineplex Entertainment GP, is the only member of Management on the GP Board and thus is not independent within the meaning of applicable securities laws. Under the terms of the Securityholders Agreement, the LCE Shareholders are entitled to appoint three directors to the Board while they hold less than 30% but more than 20% of the Units on a fully diluted basis. Ms. Dea and Messrs. Munk and Duncanson are the nominees of the LCE Shareholders. As a result of their relationship with Onex, Messrs. Munk and Duncanson are considered by the Board not to be independent within the meaning of applicable securities laws. During 2007, the GP Board held four in-camera sessions. At each quarterly Board meeting, the non-management Trustees/directors hold an in-camera session exclusive of members of Management which process facilitates open and candid discussion amongst the Trustees/directors.

The Fund Board elects from its ranks a chairperson to preside at all meetings of the Fund Board. Mr. Beck, an independent director, was appointed as Chairman of the Fund Board following the Fund’s IPO in 2003 and continued to act in such capacity throughout 2007. Mr. Munk serves as Chairman of the GP Board.

Committees

The Fund Board and the GP Board each maintain an Audit Committee and the GP Board also maintains a Compensation, Nominating and Corporate Governance Committee. As the Audit Committee of both the Fund Board and the GP Board are comprised of the same individuals and have the same mandates, references in this discussion to “**the Audit Committee**” refers collectively to the Audit Committees of both the Fund Board and the GP Board. The Audit Committee is currently comprised of Mses. Dea and Yaffe and Messrs. Beck and Steacy, all of whom are independent. Mr. Steacy is chair of the Audit Committee. The terms of reference for the Audit Committee of the Fund and the Audit Committee of Cineplex Entertainment GP are attached as Schedules to the Fund’s Annual Information Form dated March 31, 2008 available at www.sedar.com.

The GP Board maintains a Compensation, Nominating and Corporate Governance Committee. The Compensation, Nominating and Corporate Governance Committee is currently comprised of three independent directors (Messrs. Steacy and Beck and Ms. Hoeg) and Mr. Duncanson as a nominee of the LCE Shareholders. Mr. Beck is chair of the Compensation, Nominating and Corporate Governance Committee.

Attendance

The following table sets forth the number of board and committee meetings held and attendance by each of the members of the Fund Board and the GP Board during the year ended December 31, 2007:

| Trustee/Director | Trustee Meetings Attended | Director Meetings Attended | Audit Committee Meetings Attended | Compensation, Nominating and Corporate Governance Committee Meetings Attended |
|-------------------------|----------------------------------|-----------------------------------|--|--|
| Howard Beck | 6 of 6 | 6 of 6 | 4 of 4 | 6 of 6 |
| Joan Dea | 6 of 6 | 6 of 6 | N/A | N/A |
| Krystyna Hoeg | 6 of 6 | 6 of 6 | 4 of 4 | N/A |
| Robert Steacy | 6 of 6 | 6 of 6 | 4 of 4 | 6 of 6 |
| Ellis Jacob | N/A | 6 of 6 | N/A | N/A |
| Timothy Duncanson | N/A | 6 of 6 | N/A | N/A |
| Anthony Munk | N/A | 6 of 6 | N/A | 6 of 6 |

The above table does not reference attendance at the 2007 annual meeting of Unitholders. Ms. Yaffe is not noted on the above table as she was appointment to the Board in February 2008.

Position Descriptions

The Board has not developed specific written position descriptions for the Chief Executive Officer, the chairman of the Fund Board or the chairpersons of the committees of the Board, although the mandate of the Fund Board includes a description of the chairman's responsibilities and each committee has terms of reference by which its chairperson can be assessed. The Chief Executive Officer's responsibilities are, however, set out in his employment agreement.

Orientation and Continuing Education

The Compensation, Nominating and Corporate Governance Committee is responsible for establishing and administering the orientation and continuing education of Board and committee members to ensure that all Trustees and directors fully understand the role of the Board and its committees and the nature and operation of Cineplex Entertainment LP's business. Each new Trustee is provided with an orientation session upon joining the Fund Board and presentations are made regularly to the Board on different aspects of Cineplex Entertainment LP's business.

Ethical Business Conduct

The Board has approved a Code of Business Conduct and Ethics for the Fund, Cineplex Entertainment GP and Cineplex Entertainment LP and its subsidiaries (the "Code"). All of the Trustees, directors, officers and full-time employees of the Fund and Cineplex Entertainment LP are subject to the Code. Part-time employees are also subject to a separate hourly employee Code of Conduct. Management monitors compliance with the Code, but any Trustee, director or employee may report any violations of the Code directly to the chairman of the Audit Committee (currently Mr. Steacy). No waivers of the Code have been granted to date.

Nomination of Directors

The number of Trustees is currently fixed at five.

The Compensation, Nominating and Corporate Governance Committee is responsible for recruiting, assessing and proposing individuals qualified to become new independent Trustees and submit recommendations to the Fund Board for its consideration and decision, as well as to consider nominees, if any, recommended by either Management or the Unitholders for election as Trustees.

As part of its governance process in recommending potential independent directors or Trustees, the practice of the Fund and Cineplex Entertainment GP is for the Compensation, Nominating and Corporate Governance Committee to confer with an outside third party consultant to review potential appointees to the Fund Board and the GP Board. From a list of suggestions from that third party as well candidates suggested by members of Management or the Compensation, Nominating and Corporate Governance Committee or other Board members, each member of the committee interviews a number of potential candidates. Although only a majority is required for action, in practice, the members of the Compensation, Nominating and Corporate Governance Committee agree on any selected candidate to be recommended for nomination to the Fund Board or the GP Board. The Compensation, Nominating and Corporate Governance Committee also consults with the Chief Executive Officer prior to making its recommendations to each of the Boards.

Compensation

The Board, acting on the recommendations of the Compensation, Nominating and Corporate Governance Committee, reviews the adequacy and form of Management's and Trustees' and directors' compensation, as determined based on a review of the competitive marketplace, to ensure that they are respectively current and reflective of the roles and responsibilities of each group.

Assessments

The Compensation, Nominating and Corporate Governance Committee is responsible for developing processes to assess Board and committee effectiveness and to consider the development needs of the Board, individual Trustees and directors, committees and their members. The Committee seeks input from both internal and external counsel to develop this Board and committee assessment process and revises such process annually as may be required. Formal assessments are performed annually through the use of confidential surveys (compiled on a "blind" basis by outside legal counsel) which direct questions regarding individual member as well as Committee performance. The Committee also obtains informal feedback from members of the Board. Formal assessments are also performed annually regarding the performance of the Chief Executive Officer. The findings of the Compensation, Nominating and Corporate Governance Committee are reported to the Board for discussion which can be held either with or without management present.

Retirement

In addition to the Mandate of the Board of Trustees of the Fund, the members of the Boards of Trustees and Directors of the Cineplex GP adopted a Charter of Expectations for Trustees and Directors. While no retirement age guidelines are provided, the Charter does set forth expectations regarding the performance and participation of both Trustees and Directors, including potential grounds for dismissal from the Boards.

OTHER BUSINESS

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

ADDITIONAL INFORMATION

Further information relating to the Audit Committee and the Fund's external auditors is available in the Fund's annual information form dated March 28, 2008 in the section entitled "Audit Committee" which is available on the System for Electronic Document Retrieval and Analysis (SEDAR) at www.sedar.com.

Financial information is provided in the Fund's comparative financial statements and management's discussion and analysis for the period ended December 31, 2007, the interim financial statements of the Fund for periods subsequent to the end of the Fund's last fiscal year and the Fund's current annual information form (together with any documents incorporated therein by reference), all of which are available upon written request from the Secretary of Cineplex Entertainment GP, 1303 Yonge Street, Toronto, Ontario M4T 2Y9 and are available at the Fund's website www.cineplex.com or on SEDAR at www.sedar.com.

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

APPROVAL OF TRUSTEES

The contents and the sending of this information circular to the Unitholders have been approved by the Board of Trustees of the Fund.

By Order of the Board of Trustees of
Cineplex Galaxy Income Fund

"Ellis Jacob"

President and Chief Executive Officer

April 16, 2008

SCHEDULE "A"

RESOLUTION OF THE HOLDERS UNITS OF CINEPLEX GALAXY INCOME FUND

BE IT RESOLVED:

As an ordinary resolution of holders of units of Cineplex Galaxy Income Fund (the "**Fund**"), that:

1. the adoption by the Fund of an unit option plan, and the ratification of the grant of certain options, as described in the Fund's circular and approved by the board of trustees of the Fund, is hereby authorized and approved.

2. any trustee, director or officer of the Fund or Cineplex Entertainment Limited be and is hereby authorized and directed to do and perform such acts and things and execute, deliver and file all such documents as they determine necessary, convenient or proper to carry out the purpose or intent of the foregoing resolution, such determination to be conclusively evidenced by the doing of such acts or things and delivery, filing or execution of such document.