



HIRING EMPLOYEES OR FORMER EMPLOYEES OF THE INDEPENDENT AUDITOR

The following policy with respect to the hiring of employees or former employees of the independent auditor ("Policy") was adopted by the Board of Directors ("Board") of Cineplex Inc. (collectively, with its subsidiaries and affiliates, "Cineplex").

1. PURPOSE

- 1.1. One of the purposes of the Cineplex's Audit Committee is to assist with the Board's oversight of the independence of the external auditor appointed pursuant to Part XII of the *Business Corporations Act (Ontario)*.
- 1.2. This policy has been adopted by the Audit Committee to avoid any impairment of the external auditor's independence which could result if Cineplex employs certain individuals with a current or past relationship with Cineplex's external auditor who could (or could be perceived to have the ability to) adversely influence the quality or effectiveness of any Cineplex audit.
- 1.3. All capitalized terms used below are defined under section 3 of this Policy.

2. PROHIBITION

- 2.1. Cineplex will not employ a spouse, spousal equivalent, parent, dependent, nondependent child or sibling of a Covered Person in any Accounting Role or Financial Reporting Oversight Role.
- 2.2. Cineplex will not employ in a Financial Reporting Oversight Role:
 - a) any Audit Team Member who is a member of the Audit Engagement Team during the current audit engagement period or during the then applicable Cooling Off Period; or
 - b) any former Audit Professional who influences the external auditor's operations or financial policies, has capital balances in the external auditor or has financial arrangements with the external auditor (except such arrangements which are permitted pursuant to applicable securities regulations).
- 2.3. The Board will not nominate for election as director by the shareholders and will not appoint to fill any vacancy on the Board:
 - a) any current Audit Professional;

- b) a spouse, spousal equivalent, parent, dependent, nondependent child or sibling of a Covered Person;
- c) any former Audit Professional who influences the external auditor's operations or financial policies, has capital balances in the external auditor or has financial arrangements with the external auditor (except such arrangements which are permitted pursuant to applicable securities regulations); and
- d) any Audit Team Member who is a member of the Audit Engagement Team during the current audit engagement period or during the then applicable Cooling Off Period.

3. DEFINITIONS

- 3.1. "Accounting Role" means a role in which a person is in a position to or does exercise more than minimal influence over the contents of account records or anyone who prepares them.
- 3.2. "Audit Engagement Team" means all partners, principals, shareholders and professional employees participating in an audit, review or attestation engagement of Cineplex, including audit partners and all persons who consult with others on the Audit Engagement Team during the audit, review, or attestation engagement regarding technical or industry-specific issuers, transactions or events.
- 3.3. "Audit Professional" means a partner, principal, shareholder or professional employee of Cineplex's external auditor.
- 3.4. "Audit Team Member" means:
 - a) the lead partner on Cineplex's Audit Engagement Team (being the lead or coordinating audit partner having primary responsibility for the audit or review);
 - b) the concurring partner on Cineplex's Audit Engagement Team (being the partner performing a second level of review to provide additional assurance that the financial statements subject to the audit or review are in conformity with applicable generally accepted accounting principles and the audit or review and any associated report(s) are in accordance with applicable generally accepted auditing standards); and
 - c) any other individual on Cineplex's Audit Engagement Team who spent more than 10 hours of audit, review or attest services during the Cooling Off Period;

but does not include an individual (including the lead partner or concurring partner) who becomes an employee of Cineplex as a result of a business combination between Cineplex and that individual's employer provided that:

- a) the individual did not become an employee of the predecessor employer in contemplation of the business combination; and
- b) the Audit Committee is aware of the individual's employment relationship with the predecessor employer.

- 3.5. "Chain of Command" means all persons who:
- a) supervise or have direct management responsibility for the audit, including at all successively senior levels through the chief executive officer of Cineplex's external auditor;
 - b) evaluate the performance or recommend the compensation of the audit engagement partner; or
 - c) provide quality control or other oversight of the audit.
- 3.6. "Cooling Off Period" means the one (1) year period after the date when the consolidated financial statements of Cineplex were filed with relevant securities regulator or stock exchange. Audit procedures shall be deemed to have commenced for the current audit engagement period the day after Cineplex has mailed the prior year's annual report.
- 3.7. "Covered Person" of Cineplex's external auditor means:
- a) the Audit Engagement Team;
 - b) the Chain of Command; and
 - c) any other partner, principal, shareholder or managerial employee of Cineplex's external auditor who has provided 10 or more hours of non-audit services to Cineplex for the period beginning on the date such services are provided and ending on the date the accounting firm signs the report on the financial statements for the fiscal year during which those services are provided, or who expects to provide 10 or more hours of non-audit services to Cineplex on a recurring basis.
- 3.8. "External Auditor" means the auditor of Cineplex.
- 3.9. "Financial Reporting Oversight Role" means a role in which a person is in a position to or does exercise influence over the contents of the consolidated financial statements or anyone who prepares them, including the:
- a) member of the board of directors;
 - b) chief executive officer;
 - c) president;
 - d) chief financial officer;
 - e) vice president finance;
 - f) director of financial reporting; or
 - g) any position equivalent to any of the foregoing positions.