



MANAGEMENT INFORMATION CIRCULAR

Annual Meeting of Shareholders of

CINEPLEX INC.

To be held on May 18, 2011

April 8, 2011

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares of Cineplex Inc. (the “**Corporation**”) will be held at 10:30 a.m. Eastern Daylight Time on Wednesday, May 18, 2011 at the Scotiabank Theatre, 259 Richmond Street West, Toronto, Ontario, for the following purposes:

- (a) to receive the consolidated financial statements of Cineplex Galaxy Income Fund, a predecessor of the Corporation, for the period ended December 31, 2010 and the report of the auditors thereon;
- (b) to elect directors for the coming year;
- (c) to appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the coming year and to authorize the directors to fix the remuneration to be paid to the auditors; and
- (d) to transact such other business as may properly come before the Meeting and any and all adjournments thereof.

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

DATED at Toronto, Ontario this 8th day of April, 2011.

By Order of the Directors

“Ellis Jacob”

President and Chief Executive Officer

Note: If you are a Shareholder and you are not able to be present at the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy to CIBC Mellon Trust Company so as to arrive not less than 48 hours before the time set for the holding of the Meeting or any reconvened meeting after an adjournment or postponement thereof (excluding Saturdays, Sundays and holidays) or deposit it with the Chair 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 toll-free at (866) 781-3111, or by mail (a) in the enclosed envelope, or (b) in an envelope addressed to Cineplex Inc., c/o Proxy Department, CIBC Mellon Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or (c) deposited by hand with CIBC Mellon Trust Company, attention: Proxy Department, 320 Bay Street, Banking Hall Level, Toronto, Ontario. The Directors of the Corporation have fixed the record date for the Meeting as April 11, 2011 (the “**Record Date**”). Only Shareholders of record at the close of business on the Record Date will be entitled to notice of the Meeting.

CINEPLEX INC.

MANAGEMENT INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation by the directors (the “**Directors**”) of Cineplex Inc. (the “**Corporation**”) of proxies to be used at the annual meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of the Corporation to be held on Wednesday, May 18, 2011 at the Scotiabank Theatre, 259 Richmond Street West, Toronto, Ontario, commencing at 10:30 a.m. Eastern Daylight Time, and at any reconvened meeting after any postponement or adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting. All dollar amounts in this information circular are expressed in Canadian dollars. The information contained herein is given as at March 31, 2011, except where otherwise noted.

THE CORPORATION

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

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

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

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

PROXY SOLICITATION AND VOTING

Solicitation of Proxies

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

Appointment and Revocation of Proxies

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

To be valid, proxies must be deposited at the offices of CIBC Mellon Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by facsimile to (416) 368-2502 (or toll free facsimile within North America to (866) 781-3111), 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 10:30 a.m. Eastern Daylight Time on Monday, May 16, 2011, 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 Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney thereof. Persons signing as officers, attorneys, executors, administrators, directors, etc., should so indicate and may be asked to provide satisfactory evidence of such authority.

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

Voting of Proxies

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

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

QUORUM

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

INFORMATION FOR BENEFICIAL HOLDERS OF SECURITIES

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

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

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

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

COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at March 31, 2011, there were 57,530,827 Common Shares outstanding. Pursuant to the articles and by-laws of the Corporation, Shareholders of record at the Record Date are entitled to notice of and to attend the Meeting in person or by proxy, and to one vote per Common Share on any vote at the Meeting.

At the Meeting, each Shareholder of record at the close of business on April 11, 2011, the record date established for the notice of the Meeting (the "**Record Date**"), will be entitled to one vote for each Common Share held on all matters proposed to come before the Meeting.

To the knowledge of the Directors, no person beneficially owns or exercises control or direction over more than 10% of the outstanding Common Shares

MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements

The annual report, the financial statements of the Fund for the period ended December 31, 2010 and the Auditors' Report thereon accompanying this information circular will be placed before the Shareholders at the Meeting. No formal action will be taken at the Meeting to approve the financial statements. If any Shareholder has questions regarding such financial statements, such questions may be brought forward at the Meeting.

Election of Directors

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

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

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

Name, Principal Occupation and Residence	Age	Date Appointed as Director of the Corporation / Trustee of the Fund / Director of the GP	Common Shares Beneficially Owned or Over Which Control or Direction is Exercised⁽¹⁾	Value of Common Shares Beneficially Owned or Controlled⁽²⁾
Robert Bruce ⁽³⁾ President, Communications Rogers Communications Inc. Ontario, Canada	54	December 2010 / May 2010 / May 2010	0	\$0
Joan Dea ⁽⁴⁾ Chief Executive Officer Beckwith Investment Corp. California, USA	47	December 2010 / November 2006 / November 2006	0	\$0
Ian Greenberg ⁽⁴⁾ President and CEO Astral Media Inc. Quebec, Canada	68	December 2010 / May 2010 / February 2010	0	\$0
Ellis Jacob ⁽⁵⁾ President & CEO Cineplex Inc. Ontario, Canada	57	December 2010 / May 2010 / November 2003	207,933	\$4,815,728 ⁽⁶⁾
Sarabjit Marwah ⁽³⁾ Chief Operating Officer & Vice- Chair The Bank of Nova Scotia Ontario, Canada	59	December 2010 / November 2009 / November 2009	5,000	\$115,800
Anthony Munk ⁽³⁾ Managing Director Onex Corporation Ontario, Canada	50	December 2010 / May 2010 / November 2003	34,618	\$801,753

Name, Principal Occupation and Residence	Age	Date Appointed as Director of the Corporation / Trustee of the Fund / Director of the GP	Common Shares Beneficially Owned or Over Which Control or Direction is Exercised(1)	Value of Common Shares Beneficially Owned or Controlled(2)
Edward Sonshine ⁽⁴⁾⁽⁷⁾ President & CEO RioCan Real Estate Investment Trust Ontario, Canada	64	December 2010 / May 2010 / February 2010	10,000	\$231,600
Robert Steacy ⁽³⁾⁽⁸⁾ Corporate Director Ontario, Canada	61	December 2010 / May 2005 / May 2005	5,000	\$115,800
Phyllis Yaffe ⁽⁴⁾ Corporate Director Ontario, Canada	62	December 2010 / February 2008 / February 2008	2,000	\$46,320

Notes:

- (1) The information as to Common Shares beneficially owned, directly or indirectly, including by associates or affiliates, not being within the knowledge of the Corporation, has been furnished by the respective nominees.
- (2) Represents the total value of the Common Shares beneficially owned by the noted nominee as at the close of trading on March 31, 2011.
- (3) Member of the Audit Committee of the Board.
- (4) Member of the Compensation, Nominating and Corporate Governance Committee of the Board.
- (5) Mr. Jacob has been the President and Chief Executive Officer, as well as a Director, of the Corporation since December 2010. Prior to this, he had been the President and Chief Executive Officer of the GP since October 2003. He is not an independent Director by virtue of his position with the Corporation.
- (6) Represents the total value of the Common Shares beneficially owned based on the price of the Common Shares on the Toronto Stock Exchange as at the close of trading of March 31, 2011 (closing price of \$23.16). Mr. Jacob has an additional 83,407 unvested Common Shares through the Corporation's Long-term Incentive Plan, with a total value of \$1,931,706 as at March 31, 2011. PSUs granted to Mr. Jacob in February 2011 and DSUs elected in February, 2011 are not included in the Common Share ownership reflected above.
- (7) Mr. Sonshine previously served as a Trustee of the Fund and a director of the GP from October 2003 through August 2005.
- (8) Mr. Steacy was a director of ITI Education Corporation ("ITI"), which 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 as a result of failure of ITI to file interim financial statements.

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

- **Robert Bruce.** Mr. Bruce currently serves as President, Communications for Rogers Communications Inc., having previously served as President, Rogers Wireless from May 2005 to September 2009. In his current role, he is responsible for marketing, sales, distribution, retail stores, customer care and operations for both cable and wireless. Mr. Bruce joined Rogers Wireless in September 2001 as Executive Vice President and Chief Marketing Officer 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 the Chief Executive Officer of Beckwith Investment Corp., a private investment and advisory company. From 2003 to 2008, Ms. Dea worked with BMO Financial Group, most recently as Executive Vice President, Head of Strategic Management and Corporate Marketing. In that capacity, she was responsible for strategy development and performance management, branding and customer experience and major change initiatives. From 1989 to 2003, Ms. Dea worked at the Boston Consulting Group and its predecessor firm, Canada Consulting Group, where she was a leader on issues of global competitiveness, customer experience strategies and financial services. She became a partner in 1994. She began her career in Corporate Finance with Chemical Bank. In addition to her role as a Director of the Corporation, Ms. Dea is a member of the Board of Directors of Torstar Corporation and is a leader with several community organizations. She was named one of the 100 most powerful women in Canada in 2007.

- ***Ian Greenberg.*** Mr. Greenberg has been the President and Chief Executive Officer of Astral Media Inc. since 1996. He serves as a member of the board of directors of Astral Media Inc. in addition to his role as a Director of the Corporation. He is actively involved in a number of industry and charitable associations, including the MS Society of Canada, the Canadian Cancer Society, United Way, Centraide and the Montreal Museum of Fine Arts. A graduate of Harvard Business School's Advanced Management Program, Mr. Greenberg was named one of Québec's most influential business personalities by *Revue Commerce* in February 2001. In 2007, Mr. Greenberg received the prestigious Ted Rogers and Velma Rogers Graham Award for his unique contribution to the Canadian broadcasting system and in November 2008, he was inducted into the Canadian Association of Broadcasters' Hall of Fame.
- ***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, Mr. Jacob was Chief Executive Officer and co-founder of Galaxy. Prior to founding Galaxy, Mr. Jacob represented Alliance Atlantis Communications Inc. as Head of Integration during 1998 and 1999. From 1987 to 1998, Mr. Jacob held various positions with COC as Vice President, Finance, Chief Financial Officer, Executive Vice President and, ultimately, Chief Operating Officer. Mr. Jacob is a director and member of the finance committee of the Toronto International Film Festival Group. He is a director of the Motion Picture Theatre Associations of Canada and a member of board of directors of the National Association of Theatre Owners as well as a member of its executive committee. In addition to his role as a Director of the Corporation, Mr. Jacob also is a member of the board of directors and chair of the audit committee for Husky Injection Molding Systems Ltd. and a member of the board of directors and a member of the audit committee for each of Dundee Corporation and Dundee Capital Markets Inc. Mr. Jacob is an active community member, currently serving as a member of the board of directors for the Baycrest Centre for Geriatrics, a member of Baycrest's Strategic Planning Committee, chair of Baycrest's Finance and Audit Committee and a member of the Board of Governors for Mount Sinai Hospital. He holds the ICD.D designation from the Institute of Corporate Directors and was appointed a Member of the Order of Canada in 2010.
- ***Sarabjit Marwah.*** Mr. Marwah is currently the Vice-Chairman and Chief Operating Officer of The Bank of Nova Scotia ("**Scotiabank**"). He is responsible for 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 several Scotiabank subsidiaries as well as The Hospital for Sick Children. He was past Chair of the Humber River Regional Hospital, a past member of the board of directors of the C.D. Howe Institute, Torstar Corporation, and the 2008 and 2009 United Way Cabinets, and remains active in several community organizations.
- ***Anthony Munk.*** Mr. Munk is currently a Managing Director of Onex Corporation, a leading North American private equity firm. Prior to joining Onex in 1988, Mr. Munk was a vice-president with First Boston Corporation in London, England. He is chair of the board of directors of Husky Injection Molding Systems Ltd. and a member of the boards of directors of each of Barrick Gold Corporation, RSI Home Products, Tomkins Building Products, Inc.
- ***Edward Sonshine, O.Ont., Q.C.*** Mr. Sonshine is the President and Chief Executive Officer, as well as a member of the board of trustees of RioCan Real Estate Investment Trust, having held that position since the company's founding in 1993. In addition to his Director role with the Corporation, Mr. Sonshine is a member of the boards of directors of each of the Royal Bank of Canada and Chesswood Group Limited and is chair of the board of Chesswood Group Limited. Mr. Sonshine is also active in the community and currently serves as Vice Chair of Mount Sinai Hospital and as Chair of the Israel Bonds Organization of Canada. Mr. Sonshine was appointed Queen's Counsel in 1983 and a Member of the Order of Ontario in 2011.

- **Robert J. Steacy.** Mr. Steacy retired as Executive Vice President and Chief Financial Officer of Torstar Corporation in 2005, where he served as the senior financial officer for 16 years. Mr. Steacy has been a Chartered Accountant since 1976 (Institute of Chartered Accountants of Ontario). In addition to sitting on the Board of the Corporation, he currently serves as a director of each of Canadian Imperial Bank of Commerce and Domtar Corporation, serving as chair of the audit committee of Domtar Corporation. Mr. Steacy also serves as a director of Postmedia Network Canada Corporation, a private media company and OCP Holdings Corporation, a private investment company.
- **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 a member of the boards of directors of Astral Media Inc. and Lions Gate Entertainment Corporation and is the lead director on the board of directors of Torstar Corporation. She is also chair of the Board of Governors for Ryerson University and Chair of Women Against Multiple Sclerosis. Ms. Yaffe was selected as the Canadian Women in Communications 1999 Woman of the Year and received the Lifetime Achievement Award from Women in Film and Television in 2000.

Appointment of Auditors

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

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

EXECUTIVE AND OTHER COMPENSATION

Compensation of Executive Officers

Under applicable securities legislation, the Corporation is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and the Corporation's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeded \$150,000. The Fund, however, did not carry on business; its sole purpose was to hold, indirectly, the securities of Cineplex Entertainment LP. Pursuant to an administration agreement, executive officers of Cineplex Entertainment LP were responsible for the management of Cineplex Entertainment LP and the Fund. As such, the information presented herein includes the required disclosure about the compensation of the CEO, CFO and Cineplex Entertainment LP's three most highly compensated executive officers. Following completion of the Arrangement, the executive officers of Cineplex Entertainment LP became executive officers of the Corporation.

For the year ended December 31, 2010, the Named Executive Officers ("NEOs") are: Ellis Jacob, President and Chief Executive Officer; Gord Nelson, Chief Financial Officer; Dan McGrath, presently Chief Operating Officer; Michael Kennedy, Executive Vice-President, Filmed Entertainment; and Jeffrey Kent, Chief Technology Officer.

Compensation Discussion and Analysis

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

The CNCG Committee annually reviews the compensation strategy, policies and principles for executive officers, including the apportionment of pay between fixed compensation and performance-based compensation. The CNCG Committee reviews and approves all compensation and benefits of the NEOs. The CNCG Committee retained the consulting firm Towers Watson for review of executive compensation matters during 2010. This included a review of all elements of executive compensation and their relative mix in the context of the Arrangement. During 2010, \$55,395 was paid to Towers Watson for their services to the CNCG Committee; no other services were provided by Towers Watson directly to Cineplex. No consulting services were provided in 2009 and thus no amounts were paid for that year.

Objectives

The CNCG Committee's executive compensation philosophy is guided by its objective to attract, motivate and retain executives critical to the success of the Corporation and the enhancement of Shareholder value. To achieve these objectives, the CNCG Committee seeks to:

- align the financial interests of the NEOs with those of Shareholders, in both the short and long-term;
- provide incentives to meet and exceed performance-based goals; and
- differentiate the level of compensation paid to NEOs based on market benchmarks, individual performance and contribution to overall business performance, development and achievement of business strategy, leadership qualities and scope of responsibilities.

During 2010, in order to ensure that Cineplex had compensation that was competitive and appropriate and also pending the transition from an income trust to a corporation, a market review was conducted by Towers Watson to compare salary, target bonus, target total cash, expected value of long-term incentives, and total direct compensation. With input from the CNCG Committee, two groups of comparators were established. A select proxy sample of North American industry-related companies provided a point of comparison for the CNCG Committee in evaluating and setting compensation at Cineplex for the roles of Chief Executive Officer, Chief Financial Officer, Executive Vice President (now Chief Operating Officer) and Executive Vice President, Filmed Entertainment.

The select proxy sample included Canadian comparators as follows:

Astral Media	The Forzani Group Ltd.
Corus Entertainment	Torstar Corp.
Groupe Aeroplan	Yellow Pages
RioCan REIT	

The select proxy sample also included US comparators as follows:

AMC Entertainment
Carmike Cinemas

Cinemark Holdings
Lions Gate Entertainment Corp.
Regal Entertainment

For those roles and also for the Chief Technology Officer role, the CNCG Committee also reviewed a select survey sample comprised of 31 general industry companies with revenue between \$500 million and \$2.5 billion. Where insufficient data was available for the select survey sample, Towers Watson used broader samples from their compensation data bank. For context, they included the scope of responsibility (measured by revenue responsibility) specific to each benchmark when providing market data. Actual revenue for this larger group was \$739 million at the 25th percentile, \$1.225 billion at the 50th percentile and \$1.697 billion at the 75th percentile.

AGF Management Limited	New Flyer Industries
ARC Resources Ltd.	Open Text Corporation
Catalyst Paper Corporation	Parkland Income Fund
CCL Industries	Patheon Inc.
Cogeco Cable Inc.	Pengrowth Corporation
Fort Chicago Energy Partners L.P.	SFK Pulp
High Liner Foods Incorporated	ShawCor Ltd
IAMGOLD Corporation	Sierra Wireless Inc.
Inter Pipeline Fund	Stantec Inc.
Kingsway Financial Services Inc.	SunOpta Inc.
Kinross Gold Corporation	Tembec Inc.
Laurentian Bank of Canada	The Forzani Group Ltd.
MacDonald Dettwiler and Associates Limited	TMX GROUP INC.
MDS Inc.	Uni-Select
MTS Allstream Inc.	Vermilion Energy Trust
	Yellow Pages Income Fund

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

Elements of Compensation

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

Compensation element	How it is paid	What it is designed to reward
Base Salary	Cash	Rewards skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive.
Annual Cash Incentive	Cash	Rewards executives for their contribution to the achievement of annual financial and non-financial goals. Payouts, made after the end of a fiscal year, are based on how the executive and the Corporation performed against established measures and objectives.
	Deferred Share Units (“DSUs”)	Executives may elect to defer a portion of their annual cash incentive. Provides another vehicle through which executives can achieve Common Share ownership requirements.
Mid and Long-Term Incentives	Long Term Incentive Plan Units (old long-term incentive plan relating to 2010)	Encouraged Fund unit (“Unit”) ownership while rewarding significant performance that resulted in the Fund exceeding its per Unit distributable cash targets. Provided alignment between the interests of executives and holders of Units (“Unitholders”). A final award was made under the Long

Compensation element	How it is paid	What it is designed to reward
	performance) (“ LTIP Units ”)	Term Incentive Plan in March 2011 relating to 2010 performance. For 2011, the Board adopted replacement long term incentive plans (performance share units and common share options) summarized below.
	Performance Share Units (commencing in 2011) (“ PSUs ”)	Provides a strong link between pay and performance by measuring and rewarding three years of forward looking performance on a variety of corporate measures. This cash plan is aligned to Common Share price performance, further linking executives and Shareholders. A PSU “floor” allows executives to include a portion of PSU value in Common Share ownership requirements. See section entitled <i>Deferred Compensation Plans - Performance Share Unit Plan</i> .
	Common Share Options (“ Options ”)	Rewards contribution to the long-term performance of Cineplex and demonstrated potential for future contribution. Links the interests of executives and Shareholders for Common Share price appreciation over a ten-year period. See section entitled <i>Performance-based Incentives - Mid and Long-Term Incentive Compensation - Option Plan</i> .
Other elements of compensation		Program Objectives
Pension and benefits		Provide pension and benefits that are generally competitive and that minimize financial risk for Cineplex.
Perquisites		Part of the overall competitively-positioned executive compensation package.
Common Share ownership		Aligns executive interests with Shareholder interests by requiring executives to meet minimum Common Share ownership requirements.

During 2010, the compensation of the NEOs consisted of two principal elements: (i) fixed compensation; and (ii) performance-based compensation. Fixed compensation included salary, benefits and retirement contributions. Performance-based compensation included an annual cash incentive bonus, awards made pursuant to the long-term incentive plan (the “**LTIP**”) of Cineplex Entertainment LP, and awards made pursuant to the option plan (the “**Option Plan**”) of the Corporation.

(i) *Fixed Compensation Elements*

(a) *Base Salaries*

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

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

NEOs have annual performance objectives that include individual goals that relate to business performance of Cineplex and/or the NEO’s business unit function. The extent to which a NEO has achieved these goals in one year will influence his total compensation package for the following year. Salaries for NEOs are reviewed at the same time as salaries for all full-time employees, and in the absence of any compelling market data specific to a role, adjustments are generally in line with the overall salary budget of the organization. In light of market conditions and the incentive awards made in 2010, base salaries for NEOs were not increased in 2010 nor during the prior two years.

For the year ended December 31, 2010, base salaries represented the following percentage of each NEO's total compensation:

Ellis Jacob	17.8%
Gord Nelson	24.1%
Dan McGrath	24.1%
Michael Kennedy	32.7%
Jeffrey Kent	27.2%

This percentage will vary from year to year primarily due to variations in the annual bonus earned and the annual Options award.

(b) Benefits and Perquisites

All NEOs participate in the group benefits plan for all employees which provides health, dental and out-of-country benefits coverage on a cost-sharing basis. In addition to this group coverage, Ellis Jacob receives an annual allowance of up to \$20,000 to cover his personal and immediate family's medical costs not reimbursed under the group benefits plan. The remaining NEOs receive an annual allowance of \$10,000 for the same purpose. This coverage provides additional support to these individual during times of illness and is intended to aid in their preventative health care and quick recovery in times of illness. Only the amounts actually paid under this allowance in 2010 are included in the Summary Compensation Table.

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

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

Disability coverage is available under the group benefits plan based on the lesser of: (i) 66.67% of the first \$3,000 of pre-tax monthly earnings plus 50% of any portion of pre-tax monthly earnings in excess of \$3,000 less the sum of \$5,000 and 100% of direct deductible sources of income; (ii) 85% of post-tax monthly earnings, less 100% of direct or indirect deductible sources of income; and (iii) \$10,000, the maximum monthly benefit. This benefit is paid for by the NEOs directly.

As at December 31, 2010, additional disability coverage in the following amounts of monthly benefit was provided by Cineplex to each NEO as follows:

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

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

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

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

(c) *Retirement Contributions*

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

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

This schedule of contributions is regularly reviewed against market data and is deemed to provide a competitive retirement incentive for employees. The above benefit is available to all full-time Cineplex employees at the same employer contribution levels. Details of specific contributions made by Cineplex to each NEO’s DC Plan account are set out in the Summary Compensation Table and in the Pension Arrangements section below.

Pursuant to the terms of his employment agreement, an amended and restated supplementary executive retirement plan (the “**SERP**”) was established by Cineplex Entertainment LP for Ellis Jacob as of October 1, 2010 to replace the previously existing supplementary executive retirement plan. The SERP was updated to supplement the retirement income of Mr. Jacob in recognition of his service in predecessor organizations and the entertainment industry in general.

The maximum aggregate annual pension that Mr. Jacob is entitled to receive under the SERP and under the DC Plan is \$400,000 which amount will be reduced in the event that Mr. Jacob terminates his employment before his 62nd 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 at any time on or after age 60 or if he voluntarily terminated his employment with more than six months’ notice if under the age of 60.

(ii) *Performance-based Incentives*

(a) *Annual cash incentive*

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

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

The bonus design for each of the NEOs in 2010 was as follows:

	Ellis Jacob	Gord Nelson	Dan McGrath	Michael Kennedy	Jeff Kent	
Bonus Target	100%	55%	55%	40%	40%	
Bonus Maximum	150%	75%	75%	60%	60%	
Achieved Percentage	120%	64%	64%	43%	46%	
Bonus Measures						2010 Targets
Adjusted EBITDA	50%	50%	50%	50%	50%	\$160,507,000
Individual Performance	25%	25%	25%	20%	25%	Board or CEO Assessment
Concession Margin per Patron	8.33%	8.33%	8.33%	-	8.33%	\$3.37
Other Operating Expenses per Patron	8.33%	8.33%	8.33%	-	8.33%	\$3.40
Total Other Revenue	8.33%	8.33%	8.33%	-	8.33%	\$100,369,000
Film Measures	8.33%	8.33%	8.33%	30%	8.33%	Confidential
% of Actual Bonus relating to Undisclosed Targets as a % of Total Compensation of the NEO	0.7%	0.42%	0.42%	1.73%	0.4%	

Adjusted EBITDA is calculated by adjusting EBITDA for non-controlling interests, extraordinary gains and gains or losses on disposal of assets. EBITDA is calculated by adding income tax expense, amortization and interest expense net of interest income to the net income of the Corporation.

Concession Margin per Patron is arrived at by dividing total Concession Revenues, less Cost of Concessions, as set out in the financial statements, by annual attendance. Other Operating Expenses per Patron is arrived at by dividing Other Operating Expenses as set out in the financial statements by annual attendance. Total Other Revenue is as set out in the financial statements. A description of Film Measures and the performance targets are not disclosed because they represent information that disclosure thereof would be detrimental to our competitive position. The level of difficulty in reaching this undisclosed target is the same as for other measures in the bonus plans. Each NEO has an individual performance measure. This is a qualitative and discretionary assessment by the Board or CEO based on each NEO's performance during the past year against overall strategic objectives, individual performance objectives, leadership skills and other competencies required at the executive level.

For NEOs, the bonus opportunity for achieving the Bonus Measures for the year ended December 31, 2010 had targets ranging from 40% to 100% of base salary and the maximum opportunity ranging from 60% to 150% of base salary as set out in the preceding table.

Actual bonus amounts paid to the NEOs are identified in the Summary Compensation Table. These bonuses were calculated based on the achievement of each bonus measure between the threshold and maximum set for each measure as described above.

In 2011, the bonus plan for all of the NEOs except Mr. Kennedy will contain a new element to measure Guest Service. The bonus plan for Mr. Kennedy will continue to focus primarily on film measures that are specific to his responsibilities. As a result of the new element to measure Guest Service for all other NEOs, the bonus elements that currently are weighted at 8.33% will be weighted for 2011 at 5%. In addition and as a result of the compensation review conducted by Towers Watson, the bonus maximum for all NEOs will be adjusted from 150% to 200% of target effective January 1, 2011.

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

(A) *LTIP*

The officers, including the NEOs, and key employees of Cineplex Entertainment LP were eligible to participate in the LTIP. The purpose of the LTIP was to provide eligible participants with mid-term (less than five years) compensation opportunities that would enhance Cineplex Entertainment LP's ability to attract, retain and motivate key personnel and reward officers and key employees for significant performance that resulted in the Fund exceeding its per Unit distributable cash targets. Pursuant to the LTIP, Cineplex Entertainment LP set aside a pool of funds based upon the amount, if any, by which the Corporation's per Unit distributable cash exceeded certain defined threshold amounts. Cineplex Entertainment LP or a trustee/custodian would then purchase Units in the market with this pool of funds and would hold the Units until such time as ownership vested to each participant.

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

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

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%

Following completion of the Arrangement, all entitlements to Units under the LTIP became entitlements to Common Shares. A final award was made under the LTIP in March 2011 which will be reported in next year's Summary Compensation Table. No further grants will be made under the LTIP.

(B) *Option Plan*

In 2008, the Fund adopted the Option Plan to focus and reward senior executives for enhancing long-term Shareholder value through: (a) aligning the interests of certain officers and employees of Cineplex Entertainment LP ("Participants") with those of Shareholders; (b) providing compensation opportunities to attract, retain and motivate Participants; and (c) providing Participants with an incentive for excellence in individual performance.

Under the Option Plan, Options to purchase Common Shares of the Corporation may be granted to Participants in respect of unissued Common Shares. In determining the number of Options to be granted to a Participant, consideration is given to the individual's present and potential contribution to the success of Cineplex, based on the assessment of the CEO. The CNCG Committee considers the recommendation of the CEO and annually decides the number and allocation of Options per Participant to be granted by the Board. Commencing in 2011, Options will be granted to selected individuals at the Executive Director level and above.

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

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

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

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

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

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

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

owner, legal or beneficial, directly or indirectly, of more than 50% of the Common Shares or exercises control or direction over more than 50% of the Common Shares.

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

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

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

Option-Based Awards

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

In light of the incentive awards made under the LTIP Plan in 2010, no Options award was made in 2010. An Options award was made in February 2011 and will be reported in next year's Summary Compensation Table.

Option Dilution

The following dilution calculations include total Options available to grant and granted but not yet exercised. As at December 31, 2010, there were 4,292,610 Options available to grant and granted and not yet exercised (from the 5,250,000 Common Shares reserved for issuance as provided under the Option Plan), representing a year-end dilution level of 7.51% on the 57,160,815 outstanding Units. As part of the conversion of the Fund to the Corporation, as at January 1, 2011, certain LP Units were converted to Common Shares, resulting in a higher number of total Common Shares outstanding. In addition, the entitlement to convert Options for Units became an entitlement to convert Options for Common Shares. As at January 1, 2011, following completion of the Arrangement, there were 4,292,610 Options available to grant and granted and not yet exercised (from the 5,250,000 Common Shares reserved for issuance as provided under the Option Plan), representing a dilution level of 7.47% on the 57,430,834 outstanding Common Shares.

Plan Category	Number of Securities to be issued upon exercise of outstanding Options	Weighted-average exercise price of outstanding Options (\$)	Number of securities remaining available for future issuance under Option Plan
Equity Compensation plans approved by security holders	1,520,944	\$15.15	2,771,666
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	1,520,944	\$15.15	2,771,666

Common Share Ownership Requirements

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

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

Notes:

- (1) Ownership expectation as to all NEOs other than the CEO will be effective as at January 1, 2014.
- (2) As at March 31, 2011, Mr. Jacob’s holdings as defined above totalled 276,432.35 shares and share equivalents with a value of \$6,402,173, based on a share price of \$23.16, in excess of the guideline requirement.

Deferred Share Unit Plans

In November, 2008, the Fund adopted a deferred share unit plan (the “**Three Year DSU Plan**”) that was intended to facilitate equity ownership for those employees who were subject to Unit ownership guidelines. In January 2011, the Corporation adopted the Three Year DSU Plan and also adopted a second deferred share unit plan providing for a longer deferral period (the “**Payment on Termination DSU Plan**”). For purposes of this management information circular, the Three Year DSU Plan and the Payment on Termination DSU Plan are collectively referred to as the “**DSU Plans**”. Under the DSU Plans, NEOs and certain other senior officers are entitled to elect to receive all or a portion of the annual cash incentive bonus to which they are entitled, if any, during the such calendar year in the form of a DSU rather than a cash payment. See the section entitled *Deferred Compensation Plans – Deferred Share Unit Plans* for further description of the DSU Plans.

The DSU Plans do not provide any additional compensation to the NEOs and are not considered additional elements of compensation.

Performance Share Unit Plan

In January 2011, the Corporation adopted a performance share unit plan (the “PSU Plan”). Certain employees of Cineplex, as selected by the CEO of the Corporation and approved by the CNCG Committee, are eligible to participate in the PSU Plan. This plan replaces the LTIP and is described in more detail in the section entitled *Deferred Compensation Plans – Performance Share Unit Plan*. No grants were made under the PSU Plan in 2010.

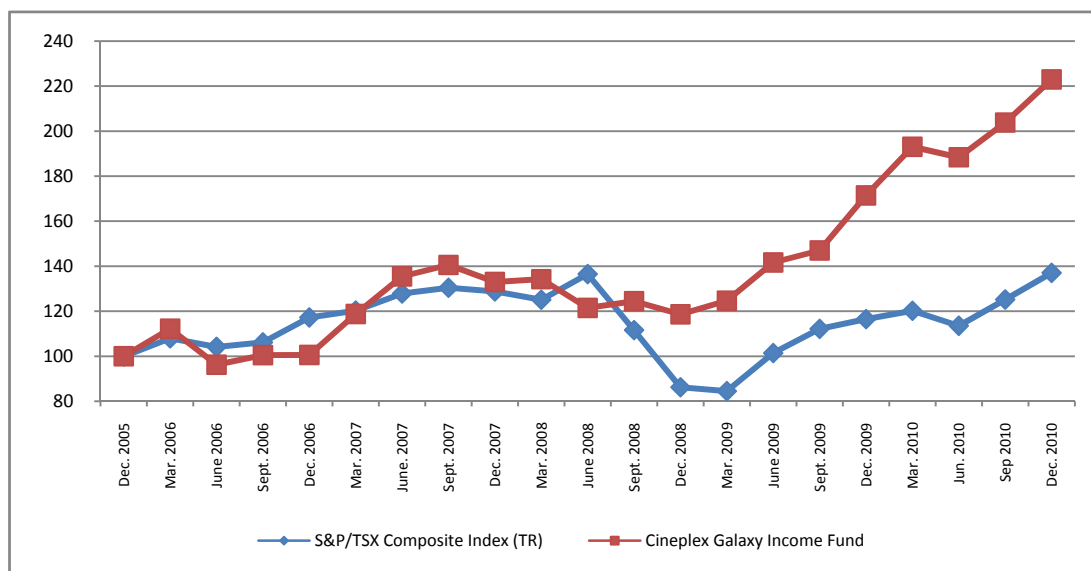
Change of Control Payments

The Corporation’s compensation plans in which the NEOs participate, including employment agreements entered into with the NEOs, generally provide for payments or other adjustments to be made upon a change of control. The CNCG Committee believes that such arrangements are necessary in order to retain its executives in the event that there is a threatened or actual change in control and to remain competitive with the practices of other issuers. Entitlements upon a change of control are described under the section entitled “*Termination and Change of Control Benefits*”.

Prior to the Arrangement, Cineplex Entertainment LP amended the compensation plans for the NEOs to provide that no change of control payments would be made on the sole basis of the Fund converting to a corporation pursuant to the Arrangement.

Performance Graph

The following graph compares the return for \$100 invested in Units on December 31, 2005 with the total return of the S&P/TSX Composite Index (the “Index”), assuming the reinvestment of distributions in additional Units.



Since the inception of the Fund, the Fund has consistently performed higher than the Index.

For purposes of this discussion of the relationship between executive compensation and Unitholder value, executive compensation is based on the amounts disclosed in the Summary Compensation Tables in the information circulars relating to fiscal periods from 2006 to 2010 for the five most highly compensated executive officers in each year. There are two key factors which impact the comparison of executive compensation to Unitholder return during the most recent five-year period:

- a) The disclosure requirements have changed during this period, with more elements now included in the definition of compensation, such as current service pension costs and distributions on equity; and
- b) In October 2006, the Department of Finance (Canada) announced the “Tax Fairness Plan” whereby income tax rules applicable to publicly traded trusts and partnerships were significantly modified. As a result of this announcement, the unit prices of all publically traded trusts suffered a significant negative impact.

As a result of the above factors, it is more appropriate to review the comparison of executive compensation to Unitholder return for the four-year period from 2007 to 2010. During that period, the total return delivered to Unitholders through capital appreciation and receipt of distributions was approximately 101.9% whereas the total increase in compensation to NEOs was 23.5%. For the latest fiscal year (2010), the total return delivered to Unitholders was 29.1% compared to a reduction in executive compensation of 10.6%.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Unit-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation ⁽³⁾		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Compensation (\$)
					Annual Incentive Plans (\$) ⁽³⁾	Long-term Incentive Plans (\$) ⁽³⁾			
Ellis Jacob ⁽⁶⁾ Chief Executive Officer	2010	803,419	1,827,804	0	964,618 ⁽⁷⁾	0	665,350	239,896	4,501,087
	2009	803,419	1,828,067	529,575	1,046,069	0	348,600	220,242	4,775,972
	2008	803,419	1,740,965	455,000	756,609	0	218,800	165,875	4,140,668
Gord Nelson ⁽⁸⁾ Chief Financial Officer	2010	348,148	769,581	0	222,324 ⁽⁷⁾	0	17,408	87,730	1,445,191
	2009	348,148	769,685	264,788	233,246	0	17,408	81,075	1,714,350
	2008	348,148	733,036	227,500	196,808	0	16,819	59,363	1,581,674
Dan McGrath Chief Operating Officer (previously EVP)	2010	348,148	769,581	0	222,324	0	15,667	88,451	1,444,171
	2009	348,148	769,685	264,788	233,246	0	13,926	87,656	1,717,449
	2008	348,148	733,036	227,500	196,808	0	10,091	62,206	1,577,789
Michael Kennedy EVP, Filmed Entertainment	2010	342,792	480,971	0	146,248	0	17,140	60,442	1,047,593
	2009	342,792	481,046	138,150	155,503	0	13,360	59,739	1,190,590
	2008	342,792	549,770	117,000	143,492	0	7,997	43,456	1,204,507
Jeffrey Kent Chief Technology Officer	2010	294,586	577,221	0	135,586	0	11,783	65,178	1,084,354
	2009	294,586	577,278	138,150	147,531	0	9,290	60,539	1,227,374
	2008	294,586	549,770	117,000	117,003	0	8,539	44,074	1,130,972

Notes:

- (1) The Unit-based awards column represents the total amount funded to the LTIP trustee/custodian on behalf of the NEOs including both vested and unvested Units. The 2010 LTIP award was made based on the formula set out in the LTIP disclosure section above. The dollar value allocated by the GP board of directors for each NEO’s LTIP award was applied, after tax, to purchase whole Units which had the market value listed above at the time of purchase, based on a weighted average Unit value of \$23.36. In the case of the Mr. Jacob, he elected to receive 100% of his award in units and pay the tax obligation directly. LTIP payouts include the total amount funded to the LTIP custodian on behalf of the NEO, including both vested and unvested Units. The LTIP custodian purchased Units in the market and will hold 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 reported in the year in which the executive’s service was rendered. The LTIP compensation obligation was recorded as an accrued liability until the corresponding LTIP pool of funds was utilized to acquire Units, at which point, it was reclassified to Unitholders’ capital, as the Fund was obligated to deliver a fixed number of Units the value of which would vary with the market value of the Units. Subsequent changes in the fair value of the Units are not recognized. Following completion of the Arrangement, all entitlements to Units under the LTIP became entitlements to Common Shares.
- (2) The Corporation anticipates that Option holders will exercise, and that the administrators of the Plan will settle, the Options for cash. The Corporation, therefore, accounts for Options issued under the Option Plan as cash-settled liabilities. The Options are recorded at fair value at each balance sheet date, based on the market price of Units/Common Shares in excess of the exercise price, taking into the account the Options vested on a graded schedule. No Options were granted in 2010.
- (3) All amounts reflected in the “Non-Equity Incentive Plan Compensation” column relate to the annual cash incentive program and are based on the Bonus Measures.

- (4) The “Pension Value” amounts for Ellis Jacob are the total of the amounts shown in both of the “Compensatory Change” columns of the Defined Benefit Plans and Defined Contribution Plans tables set forth under “*Pension Arrangements*”. The pension amounts for the remaining NEOs are the amounts shown in the “Compensatory Change” column of the Defined Contribution Plans table set forth under “*Pension Arrangements*”.
- (5) The “All Other Compensation” column includes annual car allowances, medical insurance premiums and fees, and monthly distributions on unvested LTIP Units.
- (6) While Mr. Jacob was also a Director of the GP board of directors and a Trustee of the Fund, he received no compensation for those services.
- (7) While the full value of their annual incentive plan payment for 2010 is reflected above, Messrs. Jacob and Nelson elected to receive 50% of their annual incentive plan payment for 2010 as DSUs.
- (8) Mr. Nelson was an officer of COC when it instituted proceedings under the *Companies’ Creditors Arrangement Act* in February, 2001. Mr. Nelson remained as an officer through the restructuring of COC, which emerged from creditor protection on March 21, 2002.

Employment Agreements

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

Each employment agreement provides that the executive will be provided with a compensation package (salary, incentives and benefits). The base salaries paid to each of the NEOs as at December 31, 2010 are set out in the Summary Compensation Table. In light of market conditions and the incentive awards made in 2010, base salaries were not increased in 2010 and have not been increased for three consecutive years.

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

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

All of the NEOs are eligible to participate in any long-term incentive plans that may exist from time to time. The Board determines the amount of any annual awards under these plans and the amount of each individual award based on the relative contribution of the individual as assessed by the CEO and the CNCG Committee. Monthly dividends are paid on unvested LTIP Units awarded and the monthly distribution amounts paid on unvested LTIP Units in past years are included in the All Other Compensation column of the Summary Compensation Table.

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

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

In November 2010, Ellis Jacob’s employment agreement was updated to extend the term from December 31, 2010 to December 15, 2015. Other material changes to the agreement included an adjustment of the annual incentive plan maximum from 150% of target to 200% of target commencing in 2011, an update to the maximum pension amount payable in the event of retirement at or after age 62 to \$400,000 per annum (as further described below), and an extension of post-retirement health benefits from age 75 to death. With respect to the PSU Plan and Option Plan, any grants made to the CEO before retirement will vest fully on a post-retirement basis (as further described below).

As a result of outstanding performance and in recognition of a commitment to a further 5 year term of employment, a special award was granted to the CEO in February 2011 in the amount of 500,000 Options and PSUs with a value of \$1.5 million. The Options will vest at a rate of 25% per year over 4 years. These awards will be disclosed in detail in next year's Summary Compensation Table.

Incentive Plan Awards

The following table sets out all outstanding Unit-based awards for each NEO as at December 31, 2010. The value of unvested Unit-Based Awards noted in the following chart are included in the values noted in the 2008 and 2009 Unit-Based Awards rows of the Summary Compensation Table. Following completion of the Arrangement, all entitlements to Units under incentive plan awards became entitlements to Common Shares.

Name	Option-Based Awards				Unit-Based Awards	
	Number of Common Shares Underlying Unexercised Options (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised "In-The-Money" Options (\$)	Number of Common Shares in Unit-Based Awards That Have Not Vested (#) ⁽²⁾	Market or Payout Value Of Unit-Based Awards That Have Not Vested (\$) ⁽³⁾
Ellis Jacob	295,000	14.00	02/18/2014	2,480,950	102,603	2,299,333
	270,000	17.03	02/12/2013	1,452,600		
Gord Nelson	127,500	14.00	02/18/2014	1,072,275	43,200	968,112
	75,000	17.03	02/12/2013	403,500		
Dan McGrath	115,000	14.00	02/18/2014	967,150	43,200	968,112
	58,334	17.03	02/12/2013	313,837		
Michael Kennedy	60,000	14.00	02/18/2014	504,600	29,111	652,377
	30,000	17.03	02/12/2013	161,400		
Jeffrey Kent	60,000	14.00	02/18/2014	504,600	32,401	726,106
	30,000	17.03	02/12/2013	161,400		

Notes:

- (1) Includes both unvested and vested options.
- (2) The number of Units that have not vested is the outstanding unvested LTIP balance for each participant as at December 31, 2010. Units shown in 2010 are 1/3 of the balance of LTIP Units relating to 2008 performance and 2/3 of the balance of Units relating to 2009 performance. The original "grant" value of LTIP Common Shares issued in 2008, 2009 and 2010 are included in the Summary Compensation Table.
- (3) The market value of the unvested LTIP Units was \$22.41 per Unit as at December 31, 2010.

The following table sets out the value of incentive plan awards vested or earned for each NEO during the past year.

Name	Option-Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Unit Based Awards – Value Vested During the Year (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) ⁽³⁾
Ellis Jacob	1,594,813	1,891,342	964,618
Gord Nelson	797,407	811,168	222,324
Dan McGrath	797,407	811,168	222,324
Michael Kennedy	413,700	582,950	146,248
Jeffrey Kent	413,700	614,765	135,586

Notes:

- (1) One-third of the 2008 Option grant vested on February 12, 2010 and one-third of the 2009 Option grant vested on February 18, 2010.
- (2) The amounts reflected in "Unit-Based Awards – Value Vested During the Year" represent that portion of the LTIP Units awarded in 2008, 2009 and 2010 as set out in the Summary Compensation Table that vested in 2010 on their scheduled anniversaries.

- (3) The amounts reflected in the final column, “Non-Equity Incentive Plan Compensation – Value Earned During the Year”, represent the “Annual Incentive Plan” cash payments or amounts deferred into DSUs for 2010 as reflected in the “Annual Incentive Plan” column in the Summary Compensation Table.

Pension Arrangements

Cineplex’s pension plans are described above under “*Compensation Discussion & Analysis*” and the tables below outline the details for 2010 relating to each NEO.

Defined Benefit Plan Table – SERP - Ellis Jacob

Name	Number of Years Credited Service (#)	Annual Benefits Payable (\$)		Accrued Obligation at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accrued Obligation at Year End (\$)
		At Year End	At Age 65				
Ellis Jacob	11	268,025	368,228	2,188,000	642,900	554,600	3,385,500

The “Compensatory Change” value noted above is included as part of the “Pension Value” noted in the Summary Compensation Table as it relates to Ellis Jacob for 2010.

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

Name	Accumulated Value at Start of Year (\$)	Compensatory Change (\$)	Non-Compensatory Change (\$)	Accumulated Value at Year End (\$)
Ellis Jacob	119,387	22,450	24,198	166,035
Gord Nelson	170,201	17,408	22,961	210,570
Dan McGrath	61,123	15,667	6,382	83,172
Michael Kennedy	49,020	17,140	15,885	82,045
Jeffrey Kent	43,895	11,783	3,129	58,807

As to each NEO other than Ellis Jacob, the amount reflected above as the “Compensatory Change” is noted as the 2010 “Pension Value” in the Summary Compensation. As to Ellis Jacob, the amount noted in Summary Compensation Table combines the “Compensatory Change” values noted in the Defined Benefit Plan Table as well as the Defined Contribution Benefit Plan Table.

Defined Benefit Plan

Pursuant to the terms of his employment agreement, the SERP was established by Cineplex Entertainment LP for Mr. Jacob effective as at January 1, 2006 and amended and restated as at October 1, 2010.

Under the terms of the SERP, if Mr. Jacob terminates his employment before his 60th birthday (Mr. Jacob is currently 57 years of age), provided that he provides at least six months prior written notice of such termination, Mr. Jacob will be entitled to the lesser of:

(A) a target pension equal to 2% of his average total annual compensation (base salary and an annual bonus deemed to be equal to 50% of base salary) for the three fiscal years most recently completed prior to termination multiplied by Mr. Jacob’s years of service (“**Pensionable Service**”) (which shall be deemed for all purposes to have commenced on July 1, 1999); or

(B) \$350,000 multiplied by Mr. Jacob’s Pensionable Service, divided by Pensionable Service projected to Mr. Jacob’s 60th birthday; in each case, less any pension benefit provided to Mr. Jacob under Cineplex Entertainment LP’s defined contribution pension plan (the “**Registered Pension Plan Offset**”).

If Mr. Jacob terminates his employment on or after his 60th birthday, but before his 61st birthday, he will be entitled to \$350,000 annually, less the Registered Pension Plan Offset. If Mr. Jacob terminates his employment on or after his 61st birthday, but before his 62nd birthday, he will be entitled to \$375,000 annually, less the Registered Pension Plan Offset. If Mr. Jacob terminates his employment on or after his 62nd birthday, he will be entitled to \$400,000 annually, less the Registered Pension Plan Offset. Provided Mr. Jacob's employment is not terminated as described below, he is entitled (at his option) to elect to receive a lump sum payment equal to the commuted value of the applicable benefit described above.

If Mr. Jacob's employment is terminated: (i) by Cineplex Entertainment LP without cause; (ii) by Mr. Jacob based on constructive dismissal or similar circumstances or within 12 months following a change of control; or (iii) by Mr. Jacob or Cineplex Entertainment LP as a result of Mr. Jacob becoming disabled, Mr. Jacob will be entitled (at his option) to either receive a lump sum payment of the present value of an annuity that would provide for annual payments determined as if he had attained age 65 but with such payments to commence as of the termination of his employment, or to receive such annual payments commencing as of the termination of his employment.

The maximum aggregate annual pension that Mr. Jacob is entitled to receive under the SERP and under the DC Plan is \$400,000, which amount will be decreased in the event that Mr. Jacob terminates his employment before his 62nd birthday.

The total amount accrued under the SERP as at December 31, 2010 related to Mr. Jacob is approximately \$3,385,500. The total cost of the SERP attributable to Mr. Jacob's 2010 service is approximately \$642,900 as reflected in the Defined Benefit Plan table above.

Defined Contribution Plan

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

Taking the schedule and maximums into account as set out in the "*Fixed Compensation Elements – Retirement Contributions*" section above, the NEOs received DC contributions in 2010 as a percentage of 2010 base salary as follows:

Ellis Jacob	2.8% (limited by contribution maximum)
Gord Nelson	5.0%
Dan McGrath	4.5%
Michael Kennedy	5.0%
Jeffrey Kent	4.0%

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

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

Deferred Compensation Plans

Deferred Share Unit Plans

In November 2008, the Fund adopted the Three Year DSU Plan that was intended to facilitate Unit ownership for those employees who were subject to Unit ownership guidelines. In January 2011 after conversion from the Fund to

the Corporation, the Corporation adopted the Three Year DSU Plan and adopted a second plan, the Payment on Termination DSU Plan. The difference between the Three Year DSU Plan and the Payment on Termination DSU Plan relates to the vesting of DSUs, with DSUs granted under the Three Year DSU Plan vesting three years from the date of grant and DSUs granted under the Payment on Termination DSU Plan vesting upon the cessation of employment of the holder of such DSUs.

Under the DSU Plans, NEOs and certain other senior officers are entitled to elect to receive all or a portion of the annual cash incentive bonus (the “**Annual Incentive Plan Payment**”) to which they may be entitled, if any, during the such calendar year in the form of DSUs rather than a cash payment.

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

Under the Three Year DSU Plan, DSUs granted in lieu of the Annual Incentive Plan Payment will vest on December 15 of the third calendar year following the year in respect of which the Annual Incentive Plan Payment is payable (the “**Vesting Date**”). On or after the Vesting Date (but in no event later than December 31 of the calendar year in which the Vesting Date falls), the vested DSUs will be settled for cash consideration determined by multiplying the number of vested DSUs by the “fair market value” of a Common Share on such date. If the services of a participant in the Original DSU Plan are terminated prior to the Vesting Date, the participant is entitled by given written notice to the Corporation, to redeem such participant’s DSUs on a date which shall not be prior to the sixth trading day following the release of the Corporation’s quarterly or annual results and shall be no later than (i) the end of the calendar year following the year in which the participant’s employment was terminated, and (ii) the Vesting Date for an amount equal to the “fair market value” of all DSUs held by such participant under the DSU Plan. If the participant fails to provide notice to the Corporation, the participant will be deemed to have elected to redeem all DSUs as of the earliest to occur of: (i) the end of the calendar year following the year in which the participant’s employment was terminated; and (ii) the Vesting Date.

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

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

control or direction over more than 50% of the Common Shares (on a fully diluted basis) and holders of Common Shares prior to such acquisition hold less than 50% of the Common Shares (on a fully diluted basis) following such acquisition.

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

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

Mr. Jacob elected to take 50% of his 2010 Annual Incentive Plan Payment in DSUs pursuant to the Payment Upon Termination DSU Plan and Mr. Nelson elected to take 50% of his 2010 Annual Incentive Plan Payment in DSUs pursuant to the Three Year DSU Plan. None of the other NEOs elected to receive DSUs under the DSU Plans.

Performance Share Unit Plan

In January 2011, the Corporation adopted the PSU Plan which is intended to: (a) focus participants on, and reward participants for achieving, the mid-term business and financial goals of the Corporation; and (b) to assist the Corporation in attracting, retaining and rewarding employees. Under the PSU Plan, certain Cineplex employees will be awarded grants of PSUs. Each PSU notionally represents the value of one Common Share on the date of the grant. Additional partial PSUs will be credited to each PSU participant equal to cash dividends paid on the same number of Common Shares, based on the “fair market value” of a Common Share at the time cash dividends are made on the Common Shares.

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

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

Under the terms of the PSU Plan, a participant’s Adjusted Award will vest on the Financial Statement Approval Date for the applicable Performance Period. Any PSUs for a Performance Period that do not vest because the Adjustment Factor is zero will expire as of the vesting date. On a date selected by the CNCG Committee, which shall be within 30 days after the vesting date, and subject to any withholding obligations, a participant will be entitled to redeem their vested PSUs and the Corporation will make a lump sum cash payment in an amount equal to the number of vested PSUs held by such participant multiplied by the weighted average closing price of the Common Shares for the thirty days immediately prior to the end of the relevant Performance Period.

If a participant resigns or is terminated for cause, such participant will, unless otherwise determined by the CNCG Committee in writing, forfeit all rights to the PSUs held by such participant. If the employment of a participant is terminated: (i) due to the death, qualified retirement, or permanent disability; (ii) without cause; or (iii) if the

participant is transferred to a non-eligible position within Cineplex, then a pro rata portion of the PSUs held by such participant will vest on the date immediately prior to the occurrence of such termination event.

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

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

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

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

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

As the PSU Plan was adopted by the Corporation in January 2011, no PSUs were granted in 2010. PSUs granted in 2011 will be disclosed in detail in next year’s Summary Compensation Table.

Termination and Change of Control Benefits

Under the terms of each NEO’s employment agreement, in the event of termination other than for cause or disability, and including upon a “change of control” (as defined below), the employment agreements for the NEOs provide that the NEO will be paid a lump sum amount equal to 36 months (Mr. Jacob), 24 months (Messrs. McGrath and Nelson), 18 months (Mr. Kennedy) and 15 months (Mr. Kent), respectively, of salary and bonus. The NEO will also continue to receive benefits for a maximum period of between 15 months and three years following the termination of the executive (other than in the case of Mr. Jacob, who will continue to receive such benefits for the remainder of his life). For purposes of the employment agreements, a “change of control” is defined as any sale, disposition, assignment, reorganization, amalgamation, merger or other transaction, or series of related transactions, as a result of which an entity or group of entities unrelated to Cineplex acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the

owner, legal or beneficial, directly or indirectly, of more than 50% (33 1/3% in the case of Ellis Jacob) of the Common Shares (on a fully diluted basis) or exercises control or direction over more than 50% (33 1/3% in the case of Ellis Jacob) of the Common Shares (on a fully diluted basis) following such acquisition. Each of the employment agreements for the NEOs includes non-competition and non-solicitation covenants in effect for 12 months following the date on which the executive ceases to be employed by Cineplex Entertainment LP.

The charts below outline the amounts due to each of the NEOs under various termination conditions. The employment agreements for each of the NEOs provide that all unvested LTIP Units will vest immediately upon a change in control.

In addition, the Option Plan, DSU Plans and PSU Plan provide that the vesting terms under each such plan may be accelerated upon a change of control. A “change of control” is defined in the Option Plan, the DSU Plans and the PSU 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 unrelated to the Corporation or any of its subsidiaries acting jointly or in concert, or entities associated or affiliated with any such entity or group within the meaning of the *Securities Act* (Ontario), becomes the owner, legal or beneficial, directly or indirectly, of more than 50% of the Common Shares or exercises control or direction over more than 50% of the Common Shares (on a fully diluted basis) and holders of Common Shares prior to such acquisition hold less than 50% of the Common Shares (on a fully diluted basis) following such acquisition. Prior to the Arrangement, each of the Option Plan and the Three Year Vesting DSU Plan were amended such that the completion of the Arrangement would not constitute a “change of control”.

Further, subject to the overriding discretion of the CNCG Committee with respect to an Option, an Option and all rights to purchase Common Shares pursuant thereto shall expire and terminate immediately upon the Participant who holds such Option ceasing to be an officer or employee of Cineplex Entertainment LP, except that: (i) other than in the case of termination for cause, all vested and exercisable Options held at the time a Participant ceases to be an eligible person may be exercised by the Participant for a period of 30 days following the time that such Participant ceases to be an eligible person and after such 30 day period shall expire and terminate; (ii) in the case of retirement, all Options held at the time a Participant ceases to be an eligible person will continue to vest and may be exercised by the Participant for a period of three years following the time that such Participant ceases to be an eligible person and after such three year period shall expire and terminate; (iii) in the case of death or disability, all vested and exercisable Options held at the time a Participant ceases to be an eligible person may be exercised by the Participant for a period of one year following the time that such Participant ceases to be an eligible person and after such one year period shall expire and terminate; and (iv) where an employment agreement provides otherwise.

Under the terms of the DSU Plans, if a DSU participant’s services are terminated for any reason, all DSUs held by such DSU participant will vest and be redeemed by the Corporation for their “fair market value” within the time frames applicable to each DSU Plan, as described above under *Deferred Compensation Plans – Deferred Share Unit Plans*.

Under the terms of the PSU Plan, if a PSU participant’s services are terminated for any reason other than resignation or termination for cause, a prorated portion of the PSUs held by such PSU participant will vest and be redeemed by the Corporation for their “fair market value” within the time frames set out in the PSU Plan, as described above under *Deferred Compensation Plans – Performance Share Unit Plan*.

The following charts outline payments that would be made under various termination scenarios, all with an effective departure date of December 31, 2010. In all cases any outstanding salary, bonus and unused vacation relating to the period of employment up to the date of departure would be due and payable but are not included in the chart. The amounts reflected in the below charts are not reflected in the Summary Compensation Table as no NEO terminations occurred during 2010.

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

Name	Period of Notice	Salary & Bonus Notice (\$) ⁽¹⁾	Unit-Based Awards (\$) ⁽²⁾	Option-Based Awards (\$) ⁽³⁾	Three Year DSU Plan (\$)	Payment on Termination DSU Plan (\$)	Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾
Ellis Jacob	36 months	4,820,514	2,299,333	3,933,550	0	0	117,544 + 68,910	546,359
Gord Nelson	24 months	1,079,259	968,112	194,793	0	0	34,816	57,882
Dan McGrath	24 months	1,079,259	968,112	0	0	0	42,500	59,325
Michael Kennedy	18 months	719,863	652,377	0	0	0	20,040	26,845
Jeff Kent	15 months	515,526	726,106	0	0	0	14,729	30,337

Notes:

- (1) Salary and Bonus Notice payments to Ellis Jacob will be made within 10 business days; all other NEOs can select lump sum or salary continuance. In the event of a change of control, all payments are made on a lump sum basis within 10 business days.
- (2) Value of Unit-Based Awards (Unvested LTIP Units) is calculated at closing price on December 31, 2010 of \$22.41 per Unit. These LTIP Units will vest on the regular schedule over a two-year period. In the event of a change of control, all LTIP Units vest immediately. No additional Share-based awards are granted upon departure.
- (3) In the case of the Mr. Jacob, this includes all outstanding Options, both unvested and vested. In the case of the remaining NEOs, this represents Options granted in 2008 and 2009 that were vested and unexercised as at December 31, 2010. No additional Options are granted upon departure.
- (4) In the case of Ellis Jacob, \$117,544 of the Pension Value represents the incremental annual SERP pension payable for his lifetime with 60% continuing to his spouse upon his death. A lump sum commuted value may be selected in lieu of the annual pension. \$68,910 represents three years of DC plan employer contributions during the notice period. In the event of resignation with six months' notice, there is no incremental annual SERP pension and no further DC plan contributions. For the remaining NEOs, the Pension Value is equivalent to DC plan employer contributions during the notice period.
- (5) Distributions paid on LTIP Units during the vesting period are included in All Other Compensation as follows:

Ellis Jacob	\$71,693
Gord Nelson	\$30,186
Dan McGrath	\$30,186
Michael Kennedy	\$19,531
Jeffrey Kent	\$22,640

All Other Compensation does not include the value of group benefits that continue during the Notice Period. In the case of Ellis Jacob, All Other Compensation includes insurance costs relating to the Notice Period totalling \$222,802, the extension of health and other insurance benefits for the remainder of his life valued at \$251,864 and the LTIP distributions set out above. For the remaining NEOs, All Other Compensation includes insurance costs relating to the Notice Period plus the LTIP distributions set out above. In the event of termination due to change in control, All Other Compensation is as above minus the distributions on LTIP Units.

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

No compensation will be paid upon termination under these conditions, other than compensation payable in connection with the Payment on Termination DSU Plan. As the Payment on Termination DSU Plan is effective January 1, 2011, there would not have been any amounts payable to NEOs under the Payment on Termination DSU Plan for an effective departure date of December 31, 2010. Any amounts under the Three Year DSU Plan, the Option Plan or the LTIP that vested to an NEO prior to the date of resignation would remain vested in that NEO.

All NEOs due to Disability

Name	Period of Notice	Salary & Bonus Notice (\$)	Unit-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Three Year DSU Plan (\$)	Payment on Termination DSU Plan (\$)	Pension Value (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾
Ellis Jacob	36 months	0	2,299,333	3,933,550	0	0	117,544	546,359
Gord Nelson	24 months	0	968,112	1,475,775	0	0	0	57,882
Dan McGrath	24 months	0	968,112	1,280,986	0	0	0	59,325

Name	Period of Notice	Salary & Bonus Notice (\$)	Unit-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Three Year DSU Plan (\$)	Payment on Termination DSU Plan (\$)	Pension Value (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾
Michael Kennedy	18 months	0	652,377	666,000	0	0	0	26,845
Jeffrey Kent	15 months	0	726,106	666,000	0	0	0	30,337

Notes:

- (1) Value of Unit-Based Awards (unvested LTIP Units) is calculated at closing price on December 31, 2010 of \$22.41 per Unit. These LTIP Units will vest on the regular schedule over a two-year period.
- (2) The Option Plan provides for unvested and vested options to be exercised within one year from date of departure due to disability.
- (3) In the case of Ellis Jacob, this represents the incremental annual SERP pension payable for his lifetime with 60% continuing to his spouse upon his death, and no further DC plan contributions. A lump sum commuted value may be selected in lieu of the annual pension.
- (4) All Other Compensation is the same as set out in item (5) to the previous table. Continued benefits coverage during the notice period is dependent upon the carrier's plan policies.

Compensation of Trustees of the Fund

The following table sets out all amounts of compensation provided to the Trustees for the year ended December 31, 2010. While Ellis Jacob did not receive compensation for his services as a director of the GP board of directors or as Trustee of the Fund, his total compensation is discussed under "*Compensation of Executive Officers*".

Director/Trustee Compensation Table

Name	Fees Earned ⁽¹⁾	Total Compensation (\$)
Robert Bruce	37,500	37,500
Joan Dea	50,000	50,000
Ian Greenberg	50,000	50,000
Krystyna Hoeg	25,000	25,000
Sarabjit Marwah	50,000	50,000
Anthony Munk	50,000	50,000
Edward Sonshine	50,000	50,000
Robert Steacy	65,000	65,000
Phyllis Yaffe	75,000	75,000

Notes:

- (1) Robert Bruce joined the Board in the second quarter of 2010. Krystyna Hoeg left the Board in the first quarter of 2010. Robert Steacy and Phyllis Yaffe received additional compensation for their Chair roles as described below.

For service during 2010, Trustees each received an annual retainer of \$50,000. In addition, the Chair of the Audit Committee of the Fund received an additional annual retainer of \$15,000, and the Board Chair received an additional annual retainer of \$25,000. The Trustees were also reimbursed for out-of-pocket expenses for attending meetings. Mr. Jacob, as a member of management, did not receive any compensation for acting as a Trustee of the Fund and does not receive any compensation for acting as a Director.

No equity compensation was awarded to the Trustees in 2010.

During 2010, a compensation review of Director fees was conducted using benchmark data from a group of 12 Canadian companies with annual revenues between \$178 million and \$1.97 billion. As a result of this review and taking into consideration that no meeting fees are paid in addition to the annual retainer, the annual retainer of Directors has been increased effective January 1, 2011 to \$70,000, with additional annual retainers for the Board Chair of \$40,000, the Chair of the Audit Committee of \$20,000, and the Chair of the CNCG Committee of \$15,000. Reasonable travel and out-of-pocket expenses will continue to be reimbursed.

Share Ownership Guidelines for Directors

Effective January 1, 2011 the Directors will be subject to Common Share ownership guidelines of three times the annual retainer of \$70,000, resulting in Common Share ownership levels of \$210,000 per Director (including Directors with Chair or Committee Chair responsibilities). Directors will have until January 1, 2014 to meet this ownership level. Current ownership levels are reported in the *Election of Trustees* section in this circular. To deal with fluctuations in the Common Share price, the ownership value will reference the higher of market or acquisition value.

DSU Plan for Directors

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

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

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

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

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

Upon a “change of control”, and at the discretion of the CNCG Committee, all DSUs granted under the Directors’ DSU Plan will immediately vest. Alternatively, to the extent that the change of control would also result in a capital reorganization, arrangement, amalgamation or reclassification of the capital of the Corporation and the CNCG Committee does not accelerate the vesting of DSUs, the CNCG Committee may make adequate provisions to ensure that, upon completion of the proposed change of control, the number of DSUs outstanding under each DSU Plan and/or determination of the fair market value shall be appropriately adjusted in such manner as it considers

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

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

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

Elections made under the DSU plan relating to 2011 compensation will be reported in next year's Director Compensation Table.

DIRECTORS' AND OFFICERS' INSURANCE

The Directors and officers of the Corporation and its subsidiaries are covered under directors' and officers' insurance policies that provide an aggregate limit of liability to the insured Directors and officers of \$40,000,000. For the insurance term year November 2010 through November 2011, Cineplex paid a total premium of \$114,500 or a rate per million of coverage of \$2,863. For the prior insurance term of November 2009 through November 2010, Cineplex carried an aggregate limit of \$30,000,000 for a total premium of \$158,766 or a rate per million coverage of \$5,292.

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

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Directors, other than as disclosed in this information circular, no "informed person" had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with the Fund since the commencement of the Fund's 2008 fiscal year. "**Informed Person**" means: (a) a Director or executive officer of the Corporation; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all Common Shares; and (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE GOVERNANCE

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

standard of corporate governance and compliance with the corporate governance guidelines of the Canadian Securities Regulators.

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

Board Composition and Independence

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

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

Each of Joan Dea, Robert Steacy and Phyllis Yaffe has no relationship with Cineplex that could be said to affect their independence.

Regarding the following individuals, notwithstanding the relationships noted below, the Board has determined that Messrs. Bruce, Greenberg, Marwah, Munk and Sonshine are independent for purposes of applicable securities laws as the relationship noted could not reasonably be expected to interfere with the Director’s exercise of his independent judgment:

- Robert Bruce is an executive officer of Rogers Communications Inc., with whom Cineplex Entertainment LP or a subsidiary has entered into arrangements for the provision of media services from time to time and in the ordinary course of business. Mr. Bruce and the Board each consider the level of media services involved not to be material.
- Ian Greenberg is an executive officer of Astral Media Inc., with whom Cineplex Entertainment LP has entered into arrangements for the provision of media services from time to time and in the ordinary course of business. Mr. Greenberg and the Board each consider the level of media services involved not to be material.
- Sarabjit Marwah is an executive officer of Scotiabank, which is a lead party to Cineplex’s financing syndicate and with whom Cineplex Entertainment LP has partnered in the SCENE loyalty program. Mr. Marwah and the Board have each determined that the relationship between Cineplex and Scotiabank could not reasonably be expected to interfere with Mr. Marwah’s exercise of his independent judgment.
- Anthony Munk became a Director of the GP in 2003 as he was appointed by the then controlling Unitholder, Onex Corporation. Onex Corporation and Cineplex Entertainment LP no longer have a financial relationship. Mr. Munk and the Board have determined that the historical relationship between Cineplex and Onex Corporation could not reasonably be expected to interfere with Mr. Munk’s exercise of his independent judgment.
- Edward Sonshine is an executive officer of RioCan, from whom Cineplex Entertainment LP and its subsidiaries lease a number of properties. While the relationship is material to both RioCan and the Corporation, Mr. Sonshine and the Board have determined that the relationship could not reasonably be expected to interfere with Mr. Sonshine’s exercise of his independent judgment.

During 2010, the Fund board of Trustees and the GP board of directors held eight in-camera sessions in combined meetings of the two boards. At each Board meeting, the non-management directors and Trustees held an in-camera session exclusive of members of management for the purpose of facilitating open and candid discussion amongst the members.

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

Committees

The Board maintains an Audit Committee and a CNCG Committee. The Audit Committee is currently comprised of Messrs. Steacy, Marwah, Bruce and Munk, all of whom are independent. Mr. Steacy is chair of the Audit Committee. The terms of reference for the Audit Committee of the Corporation is attached as a Schedule to the Corporation's Annual Information Form dated March 31, 2011, which is available on SEDAR at www.sedar.com.

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

Attendance

The following table sets forth the number of formal board and committee meetings held and attendance by each of the former members of the board of Trustees of the Fund and the GP board of directors during the year ended December 31, 2010:

Trustee/Director	Trustee Meetings Attended	GP Director Meetings Attended	Audit Committee Meetings Attended	CNCG Committee Meetings Attended
Robert Bruce	5 of 5	5 of 5	2 of 2	N/A
Joan Dea	7 of 8	7 of 8	N/A	4 of 5
Ian Greenberg	4 of 5	7 of 8	N/A	4 of 5
Edward Sonshine	5 of 5	8 of 8	N/A	5 of 5
Robert Steacy	8 of 8	8 of 8	4 of 4	N/A
Ellis Jacob	8 of 8	8 of 8	N/A	N/A
Sarabjit Marwah	8 of 8	8 of 8	4 of 4	N/A
Anthony Munk	5 of 5	8 of 8	4 of 4	N/A
Phyllis Yaffe	8 of 8	8 of 8	N/A	5 of 5

The above table does not reference attendance at the May 2010 annual meeting of Unitholders or at the December 2010 special meeting of Unitholders. Where an individual Trustee/director of the GP did not sit on a noted committee during 2010, their attendance is not applicable and is recorded above as such.

Position Descriptions

The mandate of the Board includes a description of the Chair's responsibilities and each committee has terms of reference by which its chairperson can be assessed. The Board has not developed further written position descriptions for the Chair of the Board or the chairs of the committees of the Board. The CEO's responsibilities are set out in his employment agreement.

Selection, Orientation and Continuing Education

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

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

Notes:

⁽¹⁾Has held a senior officer position or that of Chair of the board of a major organization.

⁽²⁾Director of a major organization (public, private, non-profit).

The CNCG Committee is responsible for establishing and administering the orientation and continuing education of Board and committee members to ensure that all Directors fully understand the role of the Board and its committees and the nature and operation of Cineplex’s business. Each new Director is provided with an orientation session upon joining the Board and presentations are made regularly to the Board on different aspects of Cineplex’s business. In addition, the CNCG Committee is regularly provided with governance updates from external sources to ensure that they are fully briefed on governance requirements and best practices.

Ethical Business Conduct

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

Nomination of Directors

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

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

Compensation

The Board, acting on the recommendations of the CNCG Committee, reviews the adequacy and form of compensation of Cineplex executives and Directors, 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. This is conducted by reviewing survey data bi-annually to compare Canadian board compensation based on size of organization, type of entity, meeting and attendance requirements, committee representation, and additional Board Chair and Committee Chair responsibilities. Additional data is also gathered from boards of organizations used in benchmarking executive compensation and is discussed in that section. In 2010, the CNCG Committee engaged the services of Towers Watson as an external consultant to review and develop new long-term compensation plans for senior management of the Corporation.

Assessments

The CNCG Committee is responsible for developing processes to assess Board and committee effectiveness and to consider the development needs of the Board, individual Directors, committees and their members. The CNCG Committee seeks input from both internal and external counsel to develop an assessment process for the Board as well as each Committee. The CNCG Committee revises such process annually as may be required. Formal assessments are performed annually through the use of confidential surveys (compiled on a “blind” basis by external legal counsel) which direct questions regarding individual members as well as committee performance. Each committee and the Board discuss the compiled results at an in-camera session and the Chair has separate conversations with each member to review results as well. The CNCG Committee also obtains informal feedback from members of the Board.

Each year the CEO sets performance objectives that outline the strategic, business, and leadership development initiatives that will be undertaken in the coming year (in addition to deliverables that are directly measured under the various incentive plans), which objectives are reviewed and approved by the CNCG Committee. The CEO reports his performance against these objectives at year end. In addition, formal assessments are also performed annually regarding the performance of the CEO, both from the members of the Board and also from Cineplex executives. The findings of the CNCG Committee are reported to the Board for discussion which can be held either with or without management present. A formal review of the findings and the Board's overall assessment of CEO performance are reviewed with the CEO.

Retirement

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

OTHER BUSINESS

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

ADDITIONAL INFORMATION

Further information relating to the Audit Committee and the Corporation's external auditors is available in the Corporation's annual information form dated March 31, 2011 in the section entitled “*Audit Committee*” which is available on SEDAR at www.sedar.com.

Financial information is provided in: (i) the Fund's comparative financial statements and management's discussion and analysis for the period ended December 31, 2010, both of which have been filed by the Corporation as a successor entity to the Fund; (ii) the interim financial statements of the Corporation for periods subsequent to the

end of the Fund's last fiscal year and the Corporation's current annual information form (together with any documents incorporated therein by reference), all of which are available upon written request from the Secretary of the Corporation, 1303 Yonge Street, Toronto, Ontario M4T 2Y9 and are available at Cineplex's website www.cineplex.com or on SEDAR at www.sedar.com.

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

APPROVAL OF DIRECTORS

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

By Order of the Board of Directors of
Cineplex Inc.

"Ellis Jacob"

President and Chief Executive Officer

April 8,2011

SCHEDULE A

CINEPLEX INC.

MANDATE OF THE BOARD OF DIRECTORS

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

(i) *Composition*

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

(ii) *Responsibilities of the Board of Directors*

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

- (i) the adoption of a strategic planning process and approval, on at least an annual basis, of a strategic plan which takes into account, among other things, the opportunities and risks of the Corporation’s business and investments;
- (ii) to the extent feasible, satisfying itself as to the integrity of the CEO and senior officers of the Corporation and its subsidiaries and that the CEO and other senior officers create a culture of integrity throughout the organization;
- (iii) the identification of the principal risks for the Corporation and ensuring the implementation of appropriate risk management systems;
- (iv) succession planning;
- (v) adopting a disclosure policy which enables the Corporation to communicate effectively and addresses how the Corporation interacts with all of its stakeholders, including analysts and the public, contains measures for the Corporation to avoid selective disclosure and is reviewed at such intervals or times as the board deems appropriate;
- (vi) the integrity of the internal control and management information systems of the Corporation and its subsidiaries;
- (vii) establishing and maintaining a standing Audit Committee of the board;
- (viii) reviewing and reassessing the adequacy of the terms of reference of the Audit Committee at such intervals or times as the board deems appropriate;
- (ix) receiving recommendations of the Audit Committee respecting, and reviewing and approving, the audited, interim and any other publicly announced financial information of the Corporation;
- (x) developing the Corporation’s approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Corporation;

- (xi) implementing a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors;
- (xii) implementing a process for examining the size of the board of directors and undertaking, where appropriate, a program to establish a board size which facilitates effective decision-making;
- (xiii) implementing a process for reviewing the adequacy and form of compensation of directors and ensuring that compensation realistically reflects the responsibilities and risk involved in being a director;
- (xiv) meeting regularly with management of the Corporation or any other of the Corporation's investments to receive reports respecting the performance of the Corporation, new and proposed initiatives, the Corporation's business and investments, management concerns and any areas of concern involving the Corporation; and
- (xv) meeting regularly without management of the Corporation or its subsidiaries present.

(iii) *Responsibilities of the Chair*

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

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

(iv) *Decisions Requiring Prior Approval of the Board of Directors*

Approval of the board of directors shall be required for:

- dividends;
- significant acquisitions/dispositions;
- related party transactions;
- the release of any financial information to be publicly disseminated;

- the issuance or repurchase of shares of the Corporation;
- the terms of reference of committees of the board; and
- any other matter that would give rise to a “material change” to the Corporation.

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

(v) *Measures for Receiving Shareholder Feedback*

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

(vi) *Expectations of Management*

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

(vii) *Definitions*

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

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

- a person who is, or has been within the last three years, an employee or executive officer of the Corporation/Cineplex Entertainment LP, or any of its predecessor, subsidiary or affiliated entities;
- 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;
- a person who: (i) is a partner¹ of the Corporation’s internal or external auditor; (ii) is employed by the firm that is the Corporation’s internal or external auditor; or (iii) was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit (or that of its predecessor or subsidiary entities) within that time;
- 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

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

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

- (e) a person who is, or has been, or whose immediate family member is, or has been within the last three years, an executive officer of an entity if any of the Corporation or its predecessor or subsidiaries' current executives serves or served at that same time on the entity's compensation committee;
- (f) a person who received, or whose immediate family member who is employed as an executive officer of the Corporation or any of its predecessor or subsidiary entities received, more than \$75,000 in direct compensation from the Corporation or its predecessor or subsidiary entities during any 12 month period within the last three years, other than: (i) as remuneration for acting in his or her capacity as member of the board of directors or trustees of any board committee; or (ii) fixed amounts of compensation under a retirement plan for prior service with the Corporation or any of its predecessor or subsidiary entities if the compensation is not contingent in any way on continued service; and
- (g) a person who is an affiliated entity of the Corporation or any of its predecessor or subsidiary entities.

Approved January 1, 2011